



HELENA LAMBERG

Creating Relational Customer Orientation

Analyzing change process within
a professional high-tech organization



ACADEMIC DISSERTATION

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To Juha and Ronja

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Abstract

The purpose of this study is to describe and analyze the creation of relational customer orientation in a professional high-tech organization. The objective is pursued by investigating the case organization's strategic change process towards increased relational customer orientation. The research answers the research question of 'How can a professional high-tech organization create relational customer orientation?'

This research is positioned in the marketing discourse around the concept and phenomenon of customer orientation. The study delves into the understudied area of creating customer orientation within an organization, having a relational perspective to the phenomenon. Theoretical bases of this research are the customer and market orientation discourse, relationship marketing, as well as organizational studies. This is a single case study, the scientific philosophy of which is grounded in the interpretive paradigm. Accordingly, this study's worldview emphasizes involving oneself in the research subject.

As a main result of this study, there is a constructed conceptual framework, a model of creating relational customer orientation in a professional high-tech organization. The model identifies four dimensions that are important in the creation of relational customer orientation. These dimensions are 'organizational characteristics', 'actor processes relating the customer interactions', 'leadership style' and the 'total relationship offering'. Each dimension includes aspects, which are the core focus in an organization that wishes to create relational customer orientation.

The study contributes to the increase of theoretical understanding on the creation of customer orientation in an organization. An abductively built model gives a comprehensive and data driven depiction and operationalization of an abstract phenomenon under study. Further, this research introduces a new term 'relational customer orientation', to emphasize the topical relational aspects to customer orientation also on a definition level. The findings of this research can be used in practice in planning and implementing a change process towards increased relational customer orientation. As a focal managerial implication, this research finds out those dimensions in an organization that are the core focus of change in creating relational customer orientation.

KEY WORDS: Customer orientation, relational customer orientation, change process, professional high-tech organization

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1 INTRODUCTION

"The world is changing...the more the change affects the basic mindset of the personnel, the rougher the change"

"The culture of this company has been such that we have developed technology – we have done fine and innovative solutions. After technology development, we have started to sell those solutions. The basic idea has been to develop technology, and it hasn't necessarily been the customer need that has been driving that development."

"In my opinion, we cannot compete with automation system alone. All the main players in the market can offer just about the same. We need more in order to differentiate ourselves...At the same time we have seen that the needs of our customers are changing. Today, when our customer is planning on making an automation project investment, he is at the same time pondering on the whole lifecycle of his production process – and wants to know more about the total offering of the automation supplier."

"Today our customers want bigger entities and service. This means that we need to change to serve our customers throughout the whole lifecycle of their production processes – this means commitment on long-term customer relationships and can mean partnership at its best...The change is from product or technology orientation to service and customer orientation"

Extracts from the management interviews of the case organization

1.1 Background and motivation

The previous data extracts demonstrate the change that is ongoing in many industrial organizations, and not least the high-tech companies. A product or technological solution is rarely enough to differentiate a supplier from its competitors. It is listening to your customers' needs that count in the competitive business environment. As industrial customers want to generate more responsibility to their suppliers in their endeavor to concentrate on their core competencies, supplier companies are encouraged to build a total offering that

includes, to an ever-increasing extent, different kinds of services. Following this, industrial organizations are increasingly taking the role of professional organizations. Also, looking from the point of view of the supplier, industrial organizations see the business potential of their installed base, and thus wish to maintain and develop long-term business relationships with selected customer organizations. As one manager put it in the previous extracts, the change is from product or technology orientation to customer orientation.

This is a serious change in many companies as it has to do with the basic mindset of the personnel or the dominant logic of an organization (about dominant logic see Prahalad & Bettis 1986; Bettis & Prahalad 1995; Prahalad 2004). As can be seen from the extracts, the dominant logic of the case organization has been to develop superior technology. Moreover, it has not necessarily been the customer need driving the technology development, which would be the case in a customer-oriented organization. This research follows a change process of one of Metso Automation's business units towards increased customer orientation, from relational perspective, in exploring how a professional high-tech organization can create relational customer orientation. According to Stockport (2000), the strategic transformation is about the ability of an organization to transform itself to ensure long-term survival. This suggests a radical change in the way an organization serves its customers, and in the product and services it offers. Furthermore, it can imply major changes in internal matters such as, for example, the structure.

Considerable research has shown that organizations are more successful when they embrace customer orientation (e.g. Kohli & Jaworski 1990; Narver & Slater 1990; Déshpande et al. 1993; Berry 1997; Han et al. 1998; Day 1999b; Slater & Narver 2000). As such, the marketing literature affirms the value of customer orientation to organizational performance but is relatively silent on the implementation or creation of this orientation. The transformation process is difficult to investigate, and researchers agree that the understanding of creating a customer-focused orientation in an organization is inadequate (Narver et al. 1998; Day 1999a; Kennedy et al. 2003, Gebhardt et al. 2006). This is an important area of research as more and more companies are pursuing increased customer orientation. Moreover, as has been pointed out (e.g. Gounaris 2004) not many organizations for some reason yet have been able to adopt this desirable orientation.

Studying transformation to increased customer orientation from a relational perspective spans a disciplinary boundary between management and marketing studies. Management literature discusses generic transformation processes (e.g. Schneider et al. 1998; Schein 1999), but does not specifically explore the transformation to customer orientation, which is of interest to marketers – and under examination in this study.

Although the understanding of creating customer orientation is inadequate, I have identified some previous research that I consider to relate to the research at hand (Narver et al. 1998; Day 1999a; Kennedy et al. 2003; Foley & Fahy 2004; Gounaris et al. 2004; Strong & Harris 2004; Kirca et al. 2005; Gebhardt et al. 2006). Many of these relating studies investigate and describe the actual phased

change process from the change management perspective. In my opinion, there is still a need to go deeper into understanding the possible dimensions in an organization that are at the core of creating customer orientation from a relational perspective, and therefore are the focal objects of change.

The dominant worldview of the previous related studies can be located towards the objectivist end. Customer orientation is a concept around which there is frequent research done. In studying a scantily explored phenomenon (i.e. creation of customer orientation) relating to a concept that has quite fixedly developed theory, it may well be that a more subjectivist worldview on the research might bring new insights from reality that cannot be noticed when the phenomenon is studied theory drivingly. This research aims at understanding what is happening in real business life and tries to bring this reality into theoretical words. I feel that this is possible by participating in the case organization's everyday life, by speaking the same organization specific language with the informants, and thus getting a comprehensive understanding of what has happened in the change process. This is possible in this research, because I work in the case organization and have been living the change process myself. This 'inside' view of studying a phenomenon in the area of customer orientation is an approach that has limited previous experience, the main emphasis still being the positivist world view (see e.g. Lowe et al. 2004). When considering my values as a researcher, perspectives and approached procedures of the research done that are reflected in this written dissertation, I would say that basic characteristics of interpretivism are represented here, located in the subjective world view of marketing (see e.g. Arndt 1985; Schwandt 1994). According to this worldview one has to understand the world 'as it is' from inside rather than outside (e.g. Burrell & Morgan 1979, 5). I believe that one can understand the social world by obtaining first-hand knowledge of the subject under investigation. It pays off to get close to the phenomenon studied – get inside and involve oneself on the research subject (also Burrell & Morgan 1979, 6-7, 28-29).

The perspective to examining the creation of customer orientation is relational in this study. The reason for this choice stems from the reality of today's industrial organizations where the tendency is towards operating customer orientedly as such, but also and to ever increasing extend the focus is at developing long-term business relationships with the selected key customers. As I have observed the 'ideal aspiration' of several industrial organizations seems to follow the basic ideas of what Vargo & Lusch (2004) call service-dominant logic, aiming at being *both* customer-oriented and relational. In this ongoing era of close customer relationships, the ability to create customer value has become the focal point of business (e.g. Jones et al. 2003). I believe that this has affected what is meant by customer orientation in industrial organizations. As the business potential of installed base and close customer relationships is clearly seen (e.g. Lemon et al. 2001) – requires a truly customer oriented way to operate a close attention to selected customer relationships. As Jayachandran et al. (2005) put it, the relational perspective to customers establishes a belief system in an organization that considers customer relationships as assets. It means

collaborating with and learning from customers and being adaptive to their individual and dynamic needs. Value is defined by and cocreated with the customer rather than embedded in output (Vargo & Lusch 2004). This can mean that the whole organization – its field of know-how, processes, offering and the earning logic has to be set to support customers' value creation.

The relational viewpoint to studying customer orientation is researched relatively scantily. Some studies have widened their examination of customer or market orientation to include inter-firm relationships (e.g. Siguaw et al 1998; Williams 1998; Helfert et al. 2002; Sin et al. 2002; Bigné & Blesa 2003; Bigné et al. 2004; Tuominen et al. 2004; Bennett 2005; Blesa & Bigné 2005; Sin et al. 2005; Javalgi et al. 2006; Zhao & Cavusgil 2006). In these studies, however, the level of analysis generally is a relationship itself, and the main focus is the relationship of customer orientation and customer relationships – they do not answer the question how customer orientation can be created looking at it from a relational perspective. In this study, I introduce a term *relational customer orientation* when referring to the relational perspective to customer orientation.

The focus of this study is inside a professional high-tech organization. This specific context gives its own nuance to this study. Because of the inherent complexity, many industrial companies are becoming very knowledge intensive. They demand highly differentiated professional skills and capabilities, a large part of the personnel working in the customer interface. This is also supported by the fact that the expanding proportion of total offering of industrial companies nowadays is built on service, as e.g. Gummesson (2002) has pointed out. This makes the creation of relational customer orientation especially challenging.

1.2 Purpose of the study

This study has been inspired by a true interest to search answers relating to a topical business goal of becoming a customer-oriented organization, the phenomenon that does not seem to be fully captured yet in the marketing discourse. I have been privileged to follow closely a change process of a professional high-tech organization that has stated as its goal a transformation from being technology oriented to being customer oriented, and specifically from a relational perspective. This access to an empirical case gave me an opportunity to develop further a theory of creating customer orientation.

The purpose of this study is to describe and analyze the creation of relational customer orientation in a professional high-tech organization. The objective is pursued by investigating the case organization's strategic change process towards increased relational customer orientation. The period examined is approximately three and a half years - from September 2002 to December 2005. The main focus of the investigation is on the inhibitors of relational customer orientation that the organization has or has had before the new strategy implementation, and on those solutions for increased relational customer orientation that have been made during the implementation process.

The research answers the following research question:

How can a professional high-tech organization create relational customer orientation?

The research includes three sub research questions, which are elaborated on in order to give an answer to the main research question. They also serve as specifying the main research question. The sub research questions are the following:

- What kind of stages can be identified in the implementation process of creating relational customer orientation?
- What kind of inhibitors are there for relational customer orientation in a professional high-tech organization?
- What kind of solutions can advance relational customer orientation in a professional high-tech organization?

The aim is to answer the sub questions using both theoretical and empirical material; however, the main emphasis is in the empiry. The aim is to get the reality speak for itself.

The results are interrelated to the chosen case organization. The first sub research questions gets into describing and analyzing the actual stages in the process of implementing relational customer oriented strategy. This question thus concentrates in the dynamics of the phenomenon studied.

The second and third sub research questions move into figuring out the dimensions in an organization that are the focal targets of change. The second sub research question focuses on the inhibitors for relational customer orientation. By pointing out the inhibitors, I have hoped to get into the fundamental reasons why many organizations have failed to adopt the desired customer orientation. The third research question focuses on solutions or suggested solutions to increase relational customer orientation.

In this research, the most important task from the theoretical point of view is the development of theory, not the testing of it. Moreover, the context of a professional high-tech organization has its role. The phenomenon of creating relational customer orientation within an organization might lose its depth and richness without contextual interrelation to the characteristics of organization studied. As a main result in this study, there is a conceptual framework – a model of creating relational customer orientation in a professional high-tech organization.

1.3 Positioning the study

This research is positioned in the marketing discourse around the concept and phenomenon of customer orientation. This research grasps the understudied area of creating customer orientation within an organization. More specifically, the perspective to customer orientation is relational in this study. Therefore, the secondary theoretical position of this research is interorganizational relationship marketing discourse¹.

The theoretical basis of this research is customer and market orientation discourse, to some extent literature of relationship marketing, as well as organizational studies – especially in the field of managing professional organizations. Empirically this study is based on a case study of a professional high-tech organization in the field of process automation solutions.

1.4 The context of the research – a professional high-tech organization

The context where the creation of customer orientation is studied naturally has its role in this study. As the competition is getting increasingly harder, a growing number of high-technology organizations are looking for other ways, besides leading edge high technology, to differentiate themselves from the competitors. Serving customers more comprehensively is one solution to differentiate. The role taken is often of a professional organization.

Defining professional high-tech organization

It is impossible to categorize an organization unambiguously under professional or knowledge-intensive, or non-professional or non-knowledge-intensive. As, for example, Alvesson (2001) points out the distinction between knowledge-intensive and non- (or less) knowledge-intensive organizations is not self evident, as all organizations and work involve "knowledge" and any evaluation of "intensiveness" is likely to be contestable. A high-tech organization is no doubt a knowledge-intensive organization – or in other words a professional organization – as such. But in this research, I call the specific research context a professional high-tech organization, wanting to highlight the proportion of different kinds of professional services out of the total offering this kind of an organization possess. This is not the case in the traditional definition of a high-tech organization, where the high-technology solution is the core aspect.

¹ *Möller & Halinen (2000, 173-177) categorize the research traditions contributing to relationship marketing into interorganizational (or business) relationship marketing, and consumer relationship marketing.*

The category of a knowledge-intensive organization overlaps with, and includes, the notion of a professional organization (e.g. Alvesson 2001). Knowledge-intensive organizations and professional organizations are many times used synonymously although there can be some minor conceptual distinctions. For example, Alvesson (2001) argue that knowledge-intensive organization is a broader concept than the concept of professional organization. In this research, I will approach these concepts as synonymous, preferring the concept professional organization.

To define a specific type of organization is a challenge, because no pure form exists. To explain what is meant by a professional high-tech organization, I utilize Lehtimäki's (1996) typology of organizations. Lehtimäki (1996, 26) has formed a typology based on the organization's products and the core technology used to create those products (Figure 1). An organization's products can be pure products, concrete services or knowledge services. The three forms of production process are based on the depth of the know-how needed on the part of the core staff. The dimensions are know-what (skills)-, know-how- and know-why-based technologies.

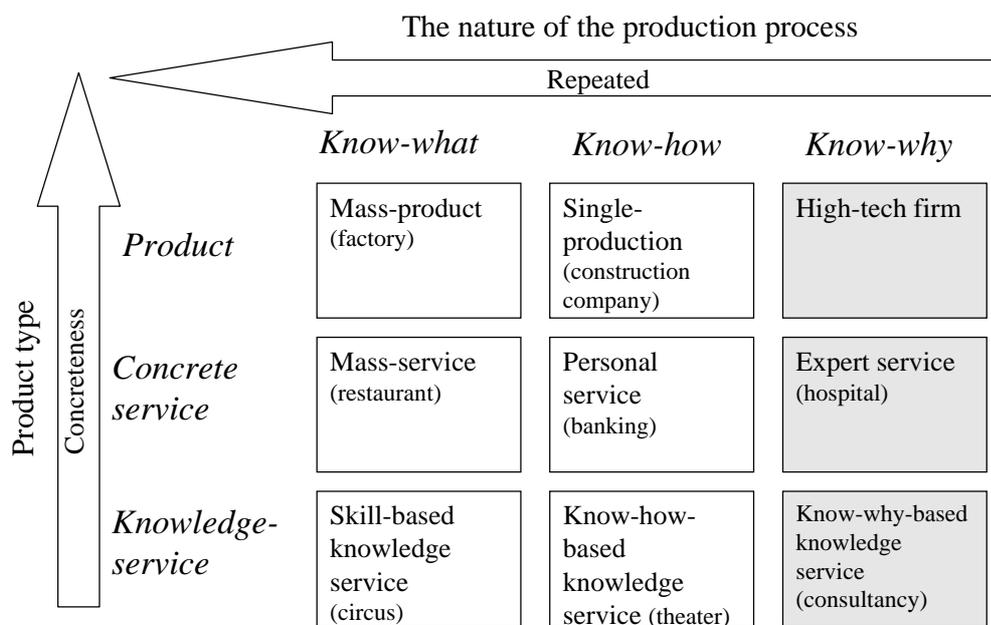


Figure 1. Typology based on the product and production technology (Lehtimäki 1996, 26) (Gray highlight added).

I call the organization under study a professional high-tech organization as a combination of three know-why based organization types (highlighted in the figure) of Lehtimäki's (1996) typology: High-tech firm, expert service and know-why-based knowledge service. The case organization's total offering comprises of high-technology products but also to a large extent different kinds of services. Some services are more concrete industrial maintenance services and some and increasing proportion are different kinds of knowledge services. The case

organization is characterised by typical features of professional organizations. However, the high technology is in central role as well.

To draw a definition of a professional high-tech organization in this study, it is important to understand how high-tech organizations and professional organizations are defined. Räsänen (1994) argues that 'high technology' can be best understood as a function of a couple of key factors, which affect the nature and characteristics of products. According to Räsänen (1994) the newness of technology-base and the customer perceived value-added determine the level of "highness" of the used technology. Accordingly, a product can be defined as high technology when it includes the newest technology available, and a high level of knowledge intensity is present. The knowledge can be embedded in the product itself, in the manufacturing process, or both. Räsänen (1994) argues that although paper machines incorporate a high level of knowledge intensity they are not high technology products because their technology-base is over one hundred years old. On the contrary, an automation system and e.g. electronic products or processes fulfil the criteria. Rajala (1997, 15) defines high technology as "the leading edge technology involving a high level of knowledge intensity, which enhances the value of the product or process to the customer in the sense that it provides better quality, or it makes the use of the object easier compared to the old technology."

Rajala (1997) argues that a company can be classified as a high-technology one if it either creates this technology or uses it. According to Mohrman & Von Glinow (1990) (see also Chorev & Anderson 2006) four criteria are usually applied to determine *whether firms are "high tech"*. (1) These firms employ a large proportion of scientist, engineers, and technologists, compared with non-high-tech companies. (2) High-tech firms have an unusually high percentage of research and development (R&D) expenditures. (3) The emergence of new technology makes existing technology obsolete very quickly. (4) High technology industries have the potential for extremely rapid growth, since the application of new technologies make the emergence of a stream of new products and processes possible. Other characteristics frequently mentioned include global markets, the existence of entrepreneurial firms that commercialize emergent technologies, complex products, and uncertainty in the marketplace.

According to Mohrman & Von Glinow (1990) in traditional high-tech firms technology is the dominant theme. Technology and technological applications are both the products of the organization and tools of its work. Technological knowledge is sought and developed. Maintaining up-to-date technological expertise is a primary career concern for many individuals populating these organizations. Rajala (1997) argues that it is expected that keeping at the pace of the leading edge, or the state-of-the-art technology presupposes that high-tech companies strive to develop better technological solutions than their competitors. Chorev & Anderson (2006) point out that because of the clear technology focus of traditional high-tech companies, they tend to have product rather than customer focus prevailing. In addition, they may lack marketing experience and even neglect marketing to focus on developing a better product.

Professional organizations are the ones where most work is said to be of an intellectual nature and where well-educated employees form the major part of the organization (e.g. Starbuck 1992; Alvesson 2001). Consequently, Sveiby (1997, 19-20) characterizes a professional organization as the one where most employees are highly qualified and highly educated professionals – that is, they are knowledge workers. Although knowledge products can be multiplied or even cloned, the interaction between the producer and the customer remains key to the core competence (concept introduced by Prahalad & Hamel 1990) of the professional organization, a competence that is unique and cannot be imitated (Nurmi 1998).

According to Sveiby (1997, 19-20), knowledge workers' work consists largely of converting information to knowledge. These companies have few tangible assets. Their intangible assets are much more valuable than their tangible assets. Moreover, knowledge organizations are not islands. They would not exist if for local clusters of customers and suppliers that support and enhance their knowledge bases. In professional organizations, the dependence on personnel is strong and substituting leaving professionals is difficult (Eklund 1992, 63). According to Kolehmainen (2004, 89-91) in professional organizations, there are flat hierarchies with a small number of managers and office staff, whereupon expert workers form the operating core and therefore the majority of the personnel. There is high horizontal job specialization among experts, organized either formally or informally into specific competence areas needed in business. Behind the formal organization of business, the work of experts is many times group work or teamwork that is carried out within temporary projects based on client commissions. Expert work within professional organizations can be characterized by theoretical knowledge of the expertise area, with the need for contextual knowledge and experience due to the high level of client orientation of the service. Moreover, according to Nurmi (1998) creativity rather than automation is the key to productivity in knowledge-intensive firms. Working smarter is more important than working harder. Quality is more important than quantity. Quality is intrinsic to the work of the knowledge worker; it is not separate.

Accordingly, in this study a **professional high-tech organization** is defined as an:

Industrial knowledge-intensive organization, the total offering of which comprises high-technology solutions, concrete services and know-why-based knowledge services. It is characterized by features of a professional organization – most work is of an intellectual nature, well-educated expert workers forming the operating core and the majority of the personnel. The interaction with customers is the key to its core competence, a large part of its personnel working in the customer interface.

Basic characteristics

The basic assumption of a professional organization, such as a professional high-tech organization is that knowledge as a product adds value for customers (e.g. Alvesson). According to Nurmi (1998) costs and investments can then be priced to match the high value. Knowledge production cannot be departmentalised from other functions, as is customary in industrial manufacturing. The person who develops a knowledge service is often the best producer of the service and sometimes even best at selling it to the customer. In fact, a customer may contribute to the development and production of the service (e.g. Nurmi 1998, see also Alvesson 1993 and 2001). When successful knowledge workers leave a company, they take service, customers, and a part of its core competence along with them (Nurmi 1998).

The organization of a company is traditionally regarded as a structure in two dimensions. Vertically, it consists of layers between management and operations. Horizontally, it is divided into functions, departments or units, each of which specializes in the area of expertise. Such a structural view is not necessarily appropriate for professional firms, where the organization should be flat with few and penetrable layers (Nurmi 1998; Kolehmainen 2004). According to Nurmi (1998) a hierarchical, functional organizational structure is not contingent with professional organizations. Horizontally, a professional organization cannot be strictly departmentalized, because interpersonal interaction goes beyond the lines. The flow of information from bottom to top – from where the core competence emerges to where the coordination of the firm is supposed to take place – is much more vital than from top to bottom. A very high level of communication is needed to ensure a minimum amount of coordination that will maintain the firm as an integrated entity (Nurmi 1998).

In professional organizations, management participates in operations, thereby is learning and adding to the learning and core competence of a firm. Commanding from top to bottom and reporting from bottom to top are replaced by mutual learning (Nurmi 1998, see also Kolehmainen 2004). Leadership can only be maintained based on competence and credibility. Esteem counts for more than status, leadership more than management. Operative people are not objects of management, but the subjects that create value-added for the customer. Knowledge workers believe that the customer is far more important than their superiors are. A superior can say or do little against a person who brings money to the firm by creating customer satisfaction. Managers can extinguish the drive of an individual, but the drive really depends more on the worker/customer interaction. The role of managers is thus different from traditional industrial organizations. Managers work as strategic brokers between the environment and the firm, as well as within the firm. They know where to find the best expertise, they get people to meet each other, and they organize meetings for these purposes. They create a proper atmosphere (Nurmi 1998).

Characteristics challenging relational customer orientation

The basic characteristics of a professional high-tech organization can bring about challenges in endeavour to increased relational customer orientation. One such challenge is the potential technology oriented mindset of the personnel that features traditional high-tech organizations. Other such challenges have to do with the basic nature of professional organizations.

Professional organizations typically take the form of loosely coupled systems. The parts of such a system influence each other and react to each other whilst retaining their separateness and their own characteristics. Loose coupling may appear among individuals, sub-units, ideas and organizations, as well as between hierarchical levels, environments, activities, intentions and actions (Orton & Weick 1990). The organization becomes "a total of many loose autonomous units" (Reponen 1999, 241). In professional organizations there may prevail incoherent and conflicting views instead of coherent views or joint vision of the organization (e.g. Day 1991). From the perspective of customer relationship management, this may be problematic, because a shared understanding about ways to develop and maintain customer relationships may be missing (Anderson & Narus 2004).

Characteristic to professional organizations, individual experts may diverge into their own expertise and collegial groups, creating social bonds with the people they see as having similar views to their own (Argyris 1999, 67; Empson 2001; Thomas-Hunt et al. 2003). This supports the emergence of strong collegial subgroups, and can mean fragmentation on an individual and group level (Orton & Weick 1990). From the relationship management point of view, this could lead to a situation where the customer is not served on the organizational level. This could mean for example multiple selling efforts conducted simultaneously by professionals within the same organization (e.g. Nätti 2005). Based on the same phenomenon, specialist groups and individual experts might be competent in providing specific narrowly defined services, but lack the ability to combine expertise with other professionals in the same organization to create added value for the customer (Kirjavainen 1997, 55).

Maintaining and developing customer relationships requires cooperation between customer contact professionals who might be organized in separate units or functions (e.g. Grant 1997). Due to fragmentation, an individual professional's autonomous working orientation may reduce the sharing of customer specific information (e.g. Nätti 2005). It can be hard for professionals to understand the significance of customer knowledge for purposes of the whole organization (e.g. Lowendahl et al 2001). Consequently, the organization's common customer knowledge can be weak if there is no commonly shared knowledge, but plenty of individual-bound knowledge in its tacit² form. As a

² According to Demarest (1997, 378) tacit knowledge is "held in memory by a single individual or in the day-to-day business practices of a small number of people, but it is not formally encoded or available for dissemination or emulation". Explicit knowledge is clearly

result, the customer might be the only one with a complete picture of the customer relationship (Starbuck 1992; Day 2000).

In addition to e.g. loose coupling, cooperation between customer contact professionals may be weak in professional high-tech organizations because of other underlying tendencies. These include hidden status and power structures and organizational structures which can cause incoherence within an organization (e.g. Argyris 1999, 49), such as competition between experts and teams, individualistic culture, barriers between different professional, collegial or task-oriented groups (e.g. Thomas-Hunt et al. 2003). There are also human feelings (e.g. Argyris 1999, 70) such as ambition and jealousy that can hinder intra-organizational cooperation (e.g. Starbuck 1992).

1.5 The structure of the study and guidelines for the reader

For the sake of clarity, the structure of the dissertation was designed so that it reports the research in a traditional, logical order, although the actual research process was not as straightforward as this (about the research process, see chapter 3). The abductive research logic of this study has made the research process cyclical rather than linear and straightforward. The construction of theoretical and empirical understanding has been intertwined.

The main purpose of this first chapter has been to explain the motivation for this research as well as its position in the marketing discourse (see figure 2). Moreover, the purpose of the research is discussed. The context of this research, i.e. the professional high-tech organization, was presented in this introductory chapter, to make the theoretical framework in the following chapter more compact, concentrating purely on customer orientation having a relational perspective. Chapter 2 presents the theoretical framework of this research, and thus positions the dissertation into the stream of previous studies and research approaches. Chapter 2 has two central aims that can be depicted from its structure: firstly, it provides conceptual analysis around the key concept of this research, and secondly the chapter presents an analytical framework – the preliminary model – of this research. The third chapter discusses the research strategy that comprises a research approach and research process. The research approach explains the scientific philosophy i.e. the interpretive paradigm behind this research and discusses the abductive research logic. In the explanation of the research process, the preunderstanding, chosen method, data generation strategy and analysis, and interpretation are explained.

Chapter 4 covers the empirical part of this research. There the basic characteristics of the case organization are described. Then the actual stages of the strategic change process during the period of 3.5 years is analyzed and

formulated and defined, easily expressed, and codified and stored in databases (Bollinger & Smith 2001, 9)

described as well as discussed in relation to previous related research. In addition to giving the basic case description, chapter 4 answers the first sub research question: What kind of stages can be identified in the implementation process of creating relational customer orientation?

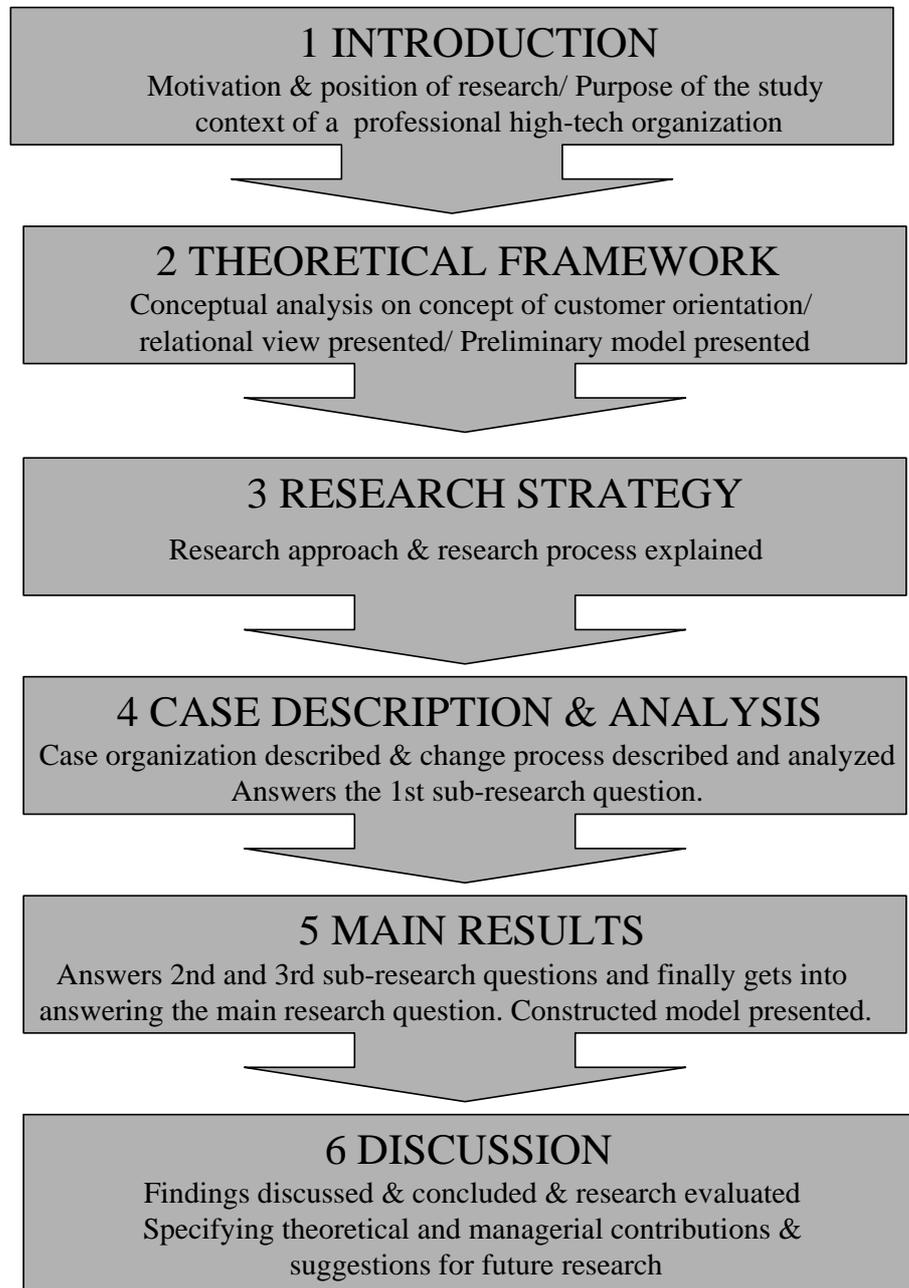


Figure 2. *The structure of the study*

In chapter 5, the inhibitors and solutions for relational customer orientation in the case organization are firstly defined and described, and then analyzed and discussed. Thus, chapter 5 answers two other sub research questions: What kind of inhibitors are there for relational customer orientation in professional high-

tech organization? In addition, what kind of solutions can advance relational customer orientation in professional high-tech organization? Finally, chapter 5 answers the main research question: How can a professional high-tech organization create relational customer orientation by getting into building a constructed model of creating relational customer orientation within a professional high-tech organization.

In the concluding chapter 6, the main findings of the research are firstly discussed and concluded. Then the research is evaluated including discussion and assessment on the quality of the research and the two-fold role of the researcher. Then both the theoretical and managerial implications are pointed out, finally getting into suggestions for future research.

2 BUILDING A FRAMEWORK FOR THE CREATION OF RELATIONAL CUSTOMER ORIENTATION

This chapter presents the theoretical framework of this research, and thus positions the dissertation into the stream of previous studies and research approaches. Two central aims can be depicted from its structure. Firstly, it provides conceptual analysis around the key concept of this research, and secondly, the chapter presents an analytical framework – the preliminary model – of this research. The chapter discusses the concept and theories of customer orientation and presents the relational viewpoint to the phenomenon studied. The chapter presents also as its analytical framework, the preliminary model of dimensions and aspects that potentially relate to the creation of relational customer orientation. This preliminary model itself has been formed as a result of analyzing the first set of interview data, and a thorough literature review. In this chapter, this preliminary model is presented in a purely theoretical form, pointing out previous research about the subjects of which the preliminary model is composed.

2.1 On Customer Orientation

Changes in the market environment, defined as the harsh international competition, rapid changes in technology leading to shortened product life cycles, the outsourcing tendencies in the industrial segment and ever-demanding financial requirements to mention view, have shifted the management's focus towards a renewed commitment to serving customers. Many organizations attempt to develop and maintain a customer orientation within a firm.

2.1.1 Defining customer orientation

Conceptualization of customer orientation has evolved from definitions of marketing concept (e.g. McKitterick 1957; Levitt 1960; King 1965) and market orientation discourse (e.g. Kohli & Jaworski 1990; Narver & Slater 1990). The marketing concept is essentially a business philosophy or a policy statement, which suggests that the long-term purpose of the firm is to satisfy customer

needs for maximizing corporate profits (e.g. Webster 1988). One of the earliest recognitions of the importance of the customer to business success was occurring within the business community. John McKitterick (1957) of General Electric extended the original development of marketing concept by suggesting that the purpose of the organization is to respond to the customer rather than to attempt to change the customer to fit the organization's purposes. One of the seminal contributions to the development of the marketing concept was made by Levitt (1960), who argued that business definition should focus on customer needs rather than on the specific products used to satisfy those needs. Later King (1965) proposed in his definition of the marketing concept that the purpose of the total corporate effort should be helping customers solve selected problems. The early development of the marketing concept, which served as the foundation for the interest in customer orientation, can be summarized as being primarily philosophical and prescriptive.

Consistent with these early conceptualizations of marketing concept, customer orientation has been considered to develop from the discourse around market orientation. Marketing is generally considered as a business philosophy, when market orientation is the implementation of this philosophy to practice. Often customer orientation and market orientation are considered synonymous concepts (e.g. Shapiro 1988; Deshpandé et al. 1993; Day 1994; Kennedy 2003). As Shapiro (1988) notes, the terms "customer oriented", "market oriented", "market driven" and "close to the customer" are so close together in meaning that few important distinctions between these terms exist. Generally, however, customer orientation is considered the focal element of market orientation (e.g. Kohli & Jaworski 1990; Narver & Slater 1990, Narver et al. 1998; Hunt & Morgan 1995; Strong & Harris 2004; Gephardt 2006).

Two articles (Kohli & Jaworski 1990 and Narver & Slater 1990) are considered as opening discussions to the research around the concept of market orientation. The importance of using information from customers served as the basis for Kohli & Jaworski's (1990, 6) definition of market orientation highlighting the implementation perspective to customer orientation: "Market orientation is the organizationwide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organizationwide responsiveness to it". Kohli & Jaworski (1990) emphasize organizational activities as what comes to the implementation of marketing concept to practice. Thus, their perspective is purely behavioral. Narver & Slater (1990) consider market orientation as a business culture. They suggest that market orientation of an organization involves three behavioral components. They are customer orientation, competitor orientation and inter-functional coordination, and two decision criteria – long-term focus and profitability.

Later on the general definition of market orientation has uniformed towards the Narver & Slater's (1990) proposition (see e.g. Jaworski & Kohli 1996). Hooley et al. (2000) point out that the conceptualization of Narver & Slater (1990) is both conceptually and operationally appealing because it encapsulates the main aspects of the Kohli & Jaworski's (1990) intelligence gathering,

dissemination, and responsiveness constructs while at the same time assessing cultural factors. This, it is argued, marks a shift towards a conciliation and integration of the two conceptualizations, to some extent, however still emphasis differences of the perspective are occurring. Narver & Slater (1990) suggest that customer orientation may play the biggest role in market orientation. Also Hajjat (2002) indicate that customer orientation should take the precedence over all other components (see Narver & Slater 1990) of market orientation, pointing out that according to Perreault & McCarthy (1997) the best way to beat the competition is through customer orientation rather than competitor preoccupation.

In this research, the concept around which the research is focusing is customer orientation, the perspective being relational³. A fine line exists between the concepts of customer and market orientation. Thus, both the previous research that purely focuses on customer orientation and the theoretical discussion around market orientation have been used as the basis for building a theoretical understanding of the phenomenon and as a tool for discussion and reflection of the empirical study. I chose to use the concept customer orientation, because the relational view puts customers and building, maintaining and enhancing long-term customer relationships to the core of a business purpose. Moreover, a central component of market orientation discourse (e.g. Narver & Slater 1990), a competitor orientation, is excluded from the examination. Excluding the competitor orientation from the examination in this study was a conscious choice on my part. Through analyzing the empirical data, it became clear that other components of market orientation, i.e. customer focus, inter-functional coordination and long-term focus (e.g. Narver & Slater 1990), seem to be more strongly related to the creation of the relational customer orientation.

Characteristics of customer orientation – summary on previous research

Customer orientation suggests that a firm concentrate on providing service that meet customer needs (e.g. Noble et al. 2002). To nurture customer orientation, it is frequently argued that organizations should collect information from customers about needs and wants and use customer-supplied information to design and deliver total offering (e.g. Schneider & Bowen 1993). A customer orientation engages excellence in customer interactions, market and customer familiarity and an emphasis on co-operation (Deshpande et al. 1993; Noble et al. 2002).

According to Dwyer & Tanner (2002, 188) customer or market orientation is rare. As the orientation develops in an organization, it becomes a significant resource for sustaining a competitive advantage. Compared to its internally focused competitors, a customer-oriented company selects its target markets more wisely and offers a total offering better matched to customer preferences. Considerable research has shown that organizations are more successful when

³ I use the term relational customer orientation to imply the relational view to the customer orientation.

they embrace a customer orientation (e.g. Narver & Slater 1990; Kohli & Jaworski 1990; Ruekert 1992; Slater & Narver 1994; Berry 1997; Déshpande et al. 1993; Jaworski & Kohli 1993, 1996; Fritz 1996; Han et al. 1998; Day 1999b; Becker & Homburg 1999; Pelham 1999; Sin & Tse 2000; Slater & Narver 2000; Webb et al. 2000 Gounadis et al. 2004; Souchon et al. 2004). This indicates that customer or market orientation has an immediate positive effect on a company's performance. Customer or market orientation is said to affect an organization's profitability either directly or indirectly through employees' satisfaction and attitudes (Jaworski & Kohli 1993; Mengüç 1996), sales force orientation (e.g. Siguaw et al. 1994; Guenzi 2003), organizational learning (e.g. Slater & Narver 1995; Hurley & Hult 1998; Baker & Sinkula 1999), channel relations (Siguaw et al. 1998; Baker et al. 1999; Langerak 2001) and innovation (Han et al. 1998; Hurley & Hult 1998). According to Slater & Narver (1994), a competitive market environment does not affect the strength of market orientation-performance relationship, meaning that benefits of market orientation are long-term even though environmental conditions are often transient, and thus being market or customer oriented is cost-effective in spite of any possible moderating effects of the environment.

According to Dwyer & Tanner (2002, 189), three payoffs point to a sustainable competitive advantage from a customer orientation. First, a customer-oriented firm should benefit from better marketing programs, efforts that fit the needs of customers. Second, the customer-oriented firm is difficult for competitors to spot easily. Finally, customer orientation is apt to be unique. It is typically a very distinctive skill because it is complex, intangible, and inimitable. Dwyer & Tanner (2002, 189) point out that customer orientation is not something one puts on like a new T-shirt. It requires supportive administrative and social systems, formal and tacit routines, and professional associates who incorporate the orientation into their entire work lives. Accordingly customer oriented selling in the industrial markets has been studied extensively (e.g. Saxe & Weitz 1982; Dubinsky et al. 1995; Williams 1998; Schultz & Good 2000; Kennedy et al. 2001; Stock & Hoyer 2002; Martin & Bush 2003; Thakor & Joshi 2005) indicating that organizations should focus on providing their sales staff with appropriate relational selling concepts available in order for them to contribute to the development and enhancement of long-term business relationships with selected customer organizations, instead of paying attention to just single transactions.

Market orientation and its relation to strategy design and performance has also received its attention (Slater & Narver 1996; Morgan & Strong 1998; Vijande et al 2005), arguing that market orientation is the antecedent to business strategy design and performance. In addition, scales have been developed to measure customer or market orientation in an organization (Kohli et al.1993; Hajjat 2002), and of sales people (Saxe & Weitz 1982).

While insights into the outcomes of customer orientation have been extensively studied (e.g. Srivasta et al. 1998; Steinman et al. 2000), the antecedents to customer-orientation within an organization are relatively understudied and often described as in need of further study (Kelley 1992;

Deshpande et al. 1993; Strong & Harris 2004). Moreover, the marketing literature is relatively silent on the implementation of this orientation. Transformation process is difficult to investigate, and researchers agree that the understanding of implementing a customer-focused culture is inadequate (Narver et al. 1998; Day 1999a; Kennedy et al. 2003, Gephardt et al. 2006).

The relational perspective to customer orientation is also an area that is studied relatively scantily. Some studies have widened the examination of customer or market orientation to include inter-firm relationships (e.g. Siguaw et al 1998; Helfert et al. 2002; Bigné & Blesa 2003; Bigné et al. 2004; Tuominen et. al. 2004; Blesa & Bigné 2005; Zhao & Cavusgil 2006). In these studies, the level of analysis generally is a relationship itself, and the main focus is the relationship or effect of market or customer orientation on customer relationships. How an organization can create customer orientation from relational perspective within an organization, however, lacks examination. I consider this perspective important as industrial organizations increasingly aim to be both customer-oriented and relational.

Definitions

Although the basic message of the customer orientation concept is fairly consistent, there still seems to be nuance differences in its numerous definitions (table 1). The main similarities of the definitions are worth noting. Firstly, each focuses on the customer as the core component of the definition, and secondly each acknowledges the importance of being responsive to customers. The *premises* of defining customer orientation stem mainly from the discussions around marketing concept (e.g. McKitterick 1957; Levitt 1960; King 1965; Vargo & Lusch 2004), and from market orientation discourse (e.g. Kohli & Jaworski 1990; Narver & Slater 1990; Ruekert 1992; Day 1994; Hunt & Morgan 1995; Deshpandé & Farley 1998; Narver et al. 1998; Strong & Harris 2004). Moreover, one general premise to study customer orientation is sales management, when the concept clearly points to business-to-business sales activities (e.g. Saxe & Weitz 1982; Williams 1998; Thakor & Joshi 2005). Moreover, as what comes to the premise of the definition, customer orientation conceptualization can emphasize its organizational characteristics (Shapiro 1998), take a strategy perspective (Jayachandran et al. 2005; Olson et al. 2005; Osarenkhoe 2006), or have a relational view to it (Williams 1998; Strong & Harris 2004; Vargo & Lusch 2004; Jayachndran et al. 2005; Osarenkhoe 2006).

As what comes to the *perspective* of the definition of customer orientation (table 1), some emphasize customer orientation as being a business philosophy (McKitterick 1975; Levitt 1960; King 1960) or a business culture (Narver & Slater 1990; Narver et al. 1998; Jayachandran 2005). Some researchers see customer orientation more from the activity or organization's behavior point of view, the perspective then being behavioral (Saxe & Weitz 1982; Shapiro 1988; Kohli & Jaworski 1990; Hunt & Morgan 1995; Thakor & Joshi 2005; Osarenkhoe 2006). More and more researchers see customer orientation as a synthesis comprising both the cultural and behavioral perspectives (Ruekert

1992; Deshpandé et al. 1993; Day 1994; Deshpandé & Farley 1998; Williams 1998, Strong & Harris 2004; Olson 2005; Vargo & Lusch 2004). In this research customer orientation is understood as a synthesis of organization's culture and its relating activities.

If you look at the *definitions* of customer orientation (table 1), it is evident that all have a customer and being responsive to customer as core components of a definition. Already the first widely known statement of customer orientation by McKitterick (1957) emphasizes that organization should make the business do what suits the interest of the customer. Other features that are often mentioned are the importance of knowing the customer (Shapiro 1988; Kohli & Jaworski 1990; Narver & Slater 1990; Ruekert 1992; Day 1994; Hunt & Morgan 1995; Williams 1998; Vargo & Lusch 2004; Thakor & Joshi 2005), as well as satisfying (McKitterick 1957; Levitt 1960; Saxe & Weitz 1982; Ruekert 1992; Deshpandé 1993; Day 1994; Deshpandé & Farley 1998; Williams 1998; Thakor & Joshi 2005) and creating value (Narver & Slater 1990; Narver et al. 1998; Vargo & Lusch 2004; Olson et al. 2005) for the customer. Moreover, numerous definitions emphasize that being customer oriented means organization-wide commitment and cross-functional processes to enable cooperation between functions, in order to satisfy the customers (Shapiro 1988; Kohli & Jaworski 1990; Deshpandé & Farley 1998; Narver et al. 1998; Vargo & Lusch 2004; Jayachandran et al. 2005).

Table 1. *Definitions of customer orientation.*

Author(s)	Definition	Premise	Perspective
McKitterick (1957)	So the principal task of marketing function in a management concept is ... to be skilful in conceiving and then making the business do what suits the interest of the customer	Marketing concept	Business philosophy/cultural
Levitt (1960)	Bottom-line objectives of competitive organizations. The ultimate aim of any company is to achieve customer satisfaction.	Marketing concept. Early customer orientation conceptualization	Business philosophy/cultural
King (1965)	The purpose of the total corporate effort should be helping customers solve selected problems	Marketing concept	Business philosophy/cultural
Saxe & Weitz (1982)	Salesperson helps customers make purchase decisions that will satisfy customer needs. Highly customer oriented salesperson aims at increasing long-term customer satisfaction and thus avoids actions, which sacrifice customer interest to increase the probability of making an immediate sale.	Sales management	Behavioral

Shapiro (1988)	For a company to be considered customer oriented, three characteristics must be evident. First, information of salient buying influences must permeate each corporate function. Second, strategic and tactical decisions must be made interfunctionally and interdivisionally. Third, divisions and functional units must make coordinated decisions and execute them with a sense of commitment.	Customer-oriented organization characteristics point of view.	Behavioral
Kohli & Jaworski (1990)	Organizationwide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments and organizationwide responsiveness to it.	Component of market orientation.	Behavioral
Narver & Slater (1990)	Sufficient understanding of one's target buyers to be able to create superior value for them continuously. Requires that a seller understands a buyer's entire value chain, not only as it is today, but also as it will evolve over time subject to internal and market dynamics.	One of three behavioral components of market orientation.	Cultural
Ruekert (1992)	The degree to which business unit: (1) obtains and uses information from customers, (2) develops a strategy that will meet customer needs, and (3) implements that strategy by being responsive to customer needs and wants.	Market orientation. Strategy perspective	Synthesis
Deshpandé et al. (1993)	The set of beliefs that puts the customer's interest first, while not excluding those of other stakeholders such as owners, managers, and employees, in order to develop a long-term profitable enterprise.	Synonymous to market orientation	Synthesis
Day (1994)	Superior skills of understanding and satisfying customers. Transforms marketing into a potent competitive weapon, shifting organizational values, beliefs, assumptions, and premises towards a two-way relationship between customers and the firm.	Market orientation	Synthesis
Hunt & Morgan (1995)	(1) the systematic gathering of information on customers and competitors, both present and potential, (2) the systematic analysis of the information for the purpose of developing market knowledge, and (3) the systematic use of such knowledge to guide strategy recognition, understanding, creation, selection, implementation and modification.	Market orientation. Activity perspective.	Behavioral
Deshpandé & Farley (1998a)	The set of cross-functional processes and activities directed at creating and satisfying customers through continuous needs-assessment.	Market orientation	Synthesis/ Behavioral

Narver et al. (1998)	Business culture in which all employees are committed to the continuous creation of superior value for customers.	Market orientation	Cultural
Williams (1998)	A philosophy and behavior directed toward determining and understanding the needs of the target customer and adapting the selling organization's response in order to satisfy those needs better than the competition, thereby creating a competitive advantage	Sales management Relational view.	Synthesis
Strong & Harris (2004)	The cultural and behavioural aspect of market orientation. As such is a strategic element which is of equal importance to competitor orientation as well as inter-group communications.	Aspect of market orientation. Relational view.	Synthesis
Jayachandran et al. (2005)	Relational customer orientation establishes a "collective mind" or a belief system for the organization that considers customer relationships an asset and drives the choice of means (processes) to accomplish this outcome.	Customer relationship orientation. Relational view.	Cultural
Olson et al. (2005)	Firms with strong customer orientation pursue competitive advantage by placing the highest priority on the creation and maintenance of customer value.	Customer oriented organization . Strategy perspective	Synthesis
Thakor & Joshi (2005)	A focus on uncovering and satisfying the customer's long-term needs by listening and working with the customer	Sales management	Behavioral
Vargo & Lusch (2004)	Collaborating with and learning from customers and being adaptive to their individual and dynamic needs. Value is defined by and cocreated with the customer rather than embedded in output. Outcomes are not something to be maximized but something to learn from as firms try to serve customers better and improve their performance.	Marketing concept: Service-dominant logic. Relational view.	Synthesis
Osarenkhoe (2006)	Customer oriented company is one whose actions are consistent with a suitable customer relationship strategy.	Customer relationship management strategy. Relational view	Bahavioral

A relational view to customer orientation takes defining the concept a step further emphasizing the importance of long-term customer relationships with selected customers. As Jayachandran et al. (2005) put it customer orientation especially from a relational perspective establishes a belief system for the organization that considers customer relationships as assets. According to Osarenkhoe (2006) a customer-oriented company is one whose actions are consistent with a customer relationship strategy.

Vargo & Lusch (2004) argue that new perspectives of intangible resources, the cocreation of value and relationships are converging to form a new dominant logic for marketing, one in which service provision rather than goods is

fundamental to economic exchange. According to Vargo & Lusch (2004) this service-dominant logic means more than simply being customer oriented in its traditional sense. It means "collaborating with and learning from customers and being adaptive to their individual and dynamic needs. Value is defined by and cocreated with the customer rather than embedded in output. Outcomes are not something to be maximized but something to learn from as firms try to serve customers better and improve their performance" (Vargo & Lusch 2004, 6). Vargo & Lusch's (2004) service-dominant logic is customer oriented and relational. They point out that interactivity, integration, customization, and coproduction are the hallmarks of a service-centered view and its inherent focus is on the customer and the relationship. It is in this sense of doing things, not just for the customer but also in concert with the customer. As Vargo & Lusch (2004, 12) put it: "The common denominator of customer oriented relational focus is a view of exchange that is driven by the individual customer's perceived benefits from potential exchange partners' offerings". Vargo & Lusch (2004) explain why their view to marketing is relational. According to them, regardless of whether the total offering is provided interactively or indirectly by a tangible product, value is co-produced. Service provision and the cocreation of value imply that exchange is relational.

Drawing from these complements to the definition of customer orientation, in this research **relational customer orientation** is defined as:

The organization is set to cocreate individual customers' value. The cross-functional aim is to serve customers in order to improve their performance. Long-term business relationship with selected customers is focal to customer orientation.

The definition highlights both the cultural as well as the behavioral perspectives of an organization in its endeavour to cocreate value with the customers. Cocreating value with the customer eventually means improving a customer's business performance. In this definition, the importance of long-term customer relationships is highlighted.

2.1.2 Relational view to customer orientation

The transition from a transactional to more relational customer orientation is viewed as the next step in developing strategies to meet the needs of individual customer organizations and to produce the types of relationships customers seek (Da Silva et. al. 2002). As Jayachandran et al. (2005) put it, customer orientation from relational perspective establishes a belief system in an organization that considers customer relationships as assets. The key denominator of relational customer orientation is that value is cocreated with customers (Vargo & Lusch 2004), placing ever-increasing emphasis on customer interactions and to coordinating inter-functional processes within the customer interface, for example.

In marketing literature, the relational perspective has been studied under the school of thought of relationship marketing. From the 1970s an alternative approach to relationship marketing has emerged within two streams of research: Relationship Marketing approach, which looks at management and marketing from a service perspective, and the IMP (Industrial/ International Marketing and Purchasing) Group, which takes the interaction and the network approach to understanding industrial businesses (e.g. Healy et al. 2001, Möller & Halinen 2000). A common denominator of these two schools is that marketing is more a management issue than a function, and that managing marketing has to be built on relationships rather than on transactions (Healy et al. 2001). Another way to categorize the research streams of relationship marketing is the one by Möller & Halinen (2000) who categorize the research traditions into interorganizational (or business) relationship marketing, and consumer relationship marketing (including services marketing). According to Möller & Halinen (2000) the managerial challenges confronted in interorganizational relationship marketing are more complex than in consumer relationship marketing and the managerial frameworks available are less developed. This research is, in addition to the customer orientation discourse, positioned secondarily to the interorganizational relationship marketing discourse, because of the chosen perspective.

According to the relational view, a customer is no longer seen as an object of marketing operations, but rather as a subject who can choose how to behave and be active in the relationship (e.g. Storbacka & Lehtinen 1997, 82). Traditional consumer-oriented marketing theories have seen the customer as a behavioristic automaton who acts in the stimulus-reaction-pattern. This view of marketing does not fit well into the reality of business-to-business marketing that is based on collaborating and bonding strategies (Grönroos 1994, also Gummesson 1994; Day 2000). The relationship marketing approach focuses on inter-organizational relationships (Möller & Halinen 2000), and is based on the themes of developing, maintaining and coordinating customer relationships. The aim of the discourse is to shift the focus from transactional customer activities to viewing the customer relationship as an ongoing and maintained phenomenon (Möller & Halinen 2000; Anderson & Narus 2004). The key idea of relationship marketing is its aim to create superior customer value by managing business relationships (Möller & Halinen 2000; Sharma & Grewal 2001; Sheth et al. 2000; Simpson et al. 2001). Firms establish relationships with selected customers with whom superior customer value is designed, offered, redefined and realized in close cooperation (Hoekstra et al. 1999). Thus, the ability to create and maintain close relationships with their customers is a durable basis for a competitive advantage of an organization (Day 2000).

Relationship marketing has dominated much of the managerial and academic discussion in industrial marketing during the 1990's and the beginning of new millenium (e.g. Ford et al. 1998; Gummesson 1999). Following changing company practices, a considerable amount of research has been carried out focusing on the relationships themselves as being the unit of analysis. There have been plenty of studies e.g. on the development of customer relationships (e.g. Dwyer et al. 1987; Ford 1982; Halinen 1997), building relationship

infrastructures (e.g. Cunningham et al. 1982; Halinen 1997), customer portfolio analysis (e.g. Campbell et al. 1983; Fiocca 1982), relationship profitability (e.g. Storbacka 1998), relationship value (e.g. Ravald & Grönroos 1996), and ending relationships (e.g. Tähtinen 1998; Alajoutsijärvi et al. 2000) just to mention a few of the topics in the theoretical discourse of relationship marketing.

Also increasing attention has been paid recently to the development and management of efficient intra-organizational solutions for carrying out relationship marketing ideas, as several authors have presented supportive arguments for this type of research (e.g. Möller & Rajala 1999; Kothandaraman & Wilson 2000; Workman 2003; Tuominen et al. 2001; Brady 2004). This area of research, in relationship marketing discourse, falls closest to the study at hand. One such area looking at intra-organizational solutions is the research on Key Account Management (KAM) (e.g. McDonald et al. 1997; Ojasalo 2001). Another tendency to place the examination of relationship marketing within a supplier organization is the interface between relationship marketing and internal marketing (concept introduced by Berry 1981). What Voima (2001) calls as the internal relationship management perspective, recognizes the interconnectedness of internal and external relationships (e.g. Varey 1995; Möller & Rajala 1999; Varey & Louis 1999; Tuominen et al. 2001; Voima 2001; Ahmed & Rafiq 2003; Ballantyne 2003, 2004; Brady 2004, Papasolomou 2006). This newer branch of the internal marketing discourse emphasises that people in an organization and their mindset should be re-oriented before an organization can really be customer oriented (e.g. Varey & Louise 1999; Papasolomou 2006).

A relational perspective to customer orientation emphasises the need for the support of the whole seller-organization in maintaining and developing relationships, and the need to access the variety of internal knowledge resources in order to benefit the customer (Grönroos 1994). In collaborative relationships, it seems that customer value cannot be delivered by one function or an individual alone and it should not be the responsibility of a few (Tzokas & Saren 2004). This means that in addition to work at the customer interface, the development of all types of internal resources, design and e.g. internal communication becomes important from the relational point of view (Grönroos 1996; Gummesson 1994). In addition, as e.g. Vargo & Lusch (2004) have pointed out, the value is cocreated with the customer. This *cocreation* of value with the customer is the key word in differentiating the relational perspective to the creation of customer orientation from the non-relational perspective. It places the focus of an organization even closer to individual customer relationships.

According to Helfert et al. (2002), studies in the area of customer or market orientation have far neglected the long-term relationship perspective. With this long-term orientation, a relationship perspective is needed which is a move away from a transactional approach (Day 2000). There is a widened interest to approach customer orientation from a relational perspective. An increasing number of studies has widened their examination of customer or market orientation to include inter-firm relationships (e.g. Siguaw et al 1998; Williams 1998; Helfert et al. 2002; Sin et al. 2002; Bigné & Blesa 2003; Bigné et al. 2004; Tuominen et al. 2004; Bennett 2005; Blesa & Bigné 2005; Sin et al. 2005;

Javalgi et al. 2006; Zhao & Cavusgil 2006). In these studies, the level of analysis generally is a relationship itself, and the main focus is the relationship of customer orientation and customer relationships. How an organization can create relational customer orientation within an organization is an area where limited research has been done. This research focuses on this topical question. The level of analysis is therefore within a supplier organization, not on a supplier-customer relationship.

2.1.3 Previous focal research relating the creation of customer orientation

Despite the fact that many organizations today pursue customer orientation the marketing literature is relatively silent on the implementation or creation of customer orientation or market orientation for that matter. Also relating to the subject the antecedents to customer orientation are relatively understudied (first known exception – Jaworski & Kohli 1993) and often described as in need of further study (Kelley 1992; Deshpande et al. 1993; Avlonitis & Gounaris 1999; Strong & Harris 2004). Although scant, some previous research exists that I have identified as relating to the phenomenon of the creation of customer orientation within an organization (Narver et al. 1998; Day 1999a; Kennedy et al. 2003; Foley & Fahy 2004; Gounaris et al. 2004; Strong & Harris 2004; Kirca et al. 2005; Gebhardt et al. 2006). This chapter presents this previous focal research that relates to either antecedents or the implementation of customer orientation (table 2). I identified these relating studies based on their stated purpose. As I discovered, there is still a need for further understanding on the actual dimensions and aspects in an organization that can be considered as objects of change in an organization that wishes to increase its customer orientation. These dimensions and aspects that can work as either inhibitors or solutions for customer orientation are the central focus of the present study.

These identified relating studies are each emphasizing a different perspective to the implementation or antecedents to customer orientation, and are representing different kinds of contexts – therefore the understanding on the phenomenon remains fragmented. Moreover, the *dominant* worldview of the previous related studies can be located towards the objectivist end, most of them approaching the phenomenon theory drivingly. Customer orientation is a concept around which there is frequent research done. By studying a scanty explored phenomenon (i.e. creation of customer orientation) relating to a concept that has quite fixedly developed theory, it may well be that a more subjectivist worldview on the research might bring new insights from reality that cannot be noticed when the new phenomenon is studied theory drivingly. This research aims at understanding what is happening in the real business life and strives to bring this reality into theoretical words.

Two of the focal studies presented in this chapter are *theoretical analyses* of previous research (Narver et al. 1998; Foley & Fahy 2004). Narver et al. (1998) have conducted theoretical analysis of previous research on market orientation to

seek an answer on how business can best create and increase a market orientation. Their perspective to the phenomenon is organizational learning. They examine the effectiveness of two implementation strategies to create a market orientation. These strategies are the "programmatic approach" and the "market-back approach". The programmatic approach is a priori approach in which a business uses education programs and organizational changes to attempt to implant the desired norm of continuously creating superior value for customers. The market-back approach is an experiential approach in which a business continuously learns from its day-to-day efforts to create and maintain superior value for customers and thereby continuously develops and adapts its customer-value skills, resources, and procedures. Narver et al. (1998) emphasize the importance of top-management leadership in creating a market orientation. According to Narver et al. (ibid.) both the abstract learning in the programmatic approach and the experiential learning in the market-back approach contribute to achieve market orientation. The implication is that the two strategies must be tailored and managed as a coordinated joint strategy for creating a market orientation.

As a result of a theoretical analysis of previous research on market orientation and capabilities, Foley & Fahy (2004) form a conceptual model of antecedents to market orientation within a capabilities framework, based on the decomposition of the market-sensing capability. Market-sensing capability means the ability of the organization to be aware of changes in its market, and to forecast accurate responses to marketing actions (Day 1994). This is potentially critical in developing a market focus and thus, ultimately, company performance. Foley & Fahy (2004) propose that market-sensing capability is comprised of four dimensions, which have to do with developing market orientation within an organization: learning organization, organization system, marketing information, and organization communication. With their article Foley & Fahy (2004) want to point out a need to develop an explicit analysis of how market orientation is created in a firm.

Strong & Harris (2004), Gounaris et al. (2004) and Kirca et al. (2005) have grasped to the phenomenon *quantitatively*. Strong & Harris (2004) and Kirca et al. (2005) have studied quantitatively the antecedents to customer orientation. Kirca et al. (2005) have conducted a quantitative meta-analysis aggregating empirical findings from the market orientation literature to provide a summary of the antecedents and consequences of market orientation. As a result, Kirca et al. (ibid.) demonstrate the importance of top management emphasis, interdepartmental connectedness, and market-based reward systems for the implementation of market orientation. Each of the factors is believed to operate independently to enhance market orientation.

Strong & Harris (2004) have made a survey of antecedents of customer orientation in high-tech companies. Their purpose is to explore factors that drive the development of customer orientation. The key objective is to provide insights into organizational approaches and tactics that impede or facilitate customer orientation. As a result of a review of strategic marketing, human resource management, and general management literature, Strong & Harris (ibid.) argue

that there are three main categories of approaches designed to enhance customer orientation: relational, human resource, and procedural. Further, these approaches were deconstructed into nine tactics, relational tactics being relational management, inter-group communications and satisfaction measurement; human resource tactics being customer-oriented training, employee evaluation and employee empowerment; and procedural tactics being customer focus systems, customer care procedures and customer visit procedures. This is one of the first holistic categorization of tactics designed to enhance customer orientation. Following the analysis of their survey, Strong & Harris (2004) conclude that each of the nine tactics were positively and significantly associated with customer orientation. Further, their research reveals strong evidence of significant associations between relational tactics and the extent of customer-oriented organization. The research highlights the centrality of relationships to effective exchange and the critical importance of managing those relationships in a considered and structured manner. Positive and significant associations are found between customer orientation and both the internal management of inter-group communications and the assessment of external customer satisfaction. In this sense, strong support emerges for the idea of a balanced approach to customer-centric change that considers both intra- and extra-organizational oriented factors. These findings reinforce the argument to consider relational factors in both the design and the delivery of customer-oriented change.

Gounaris et al (2004) investigate quantitatively behavioral implications of a company that adopts market orientation. Their study included 444 larger Greek companies that have marketing skills represented. Research findings suggest that four aspects of a firm's practices are influenced when it develops a market orientation: the planning process, strategy formation, strategy implementation and control. More specifically, their study suggests that companies that have aligned their culture according to the system of the value that market orientation stands for, use more systematically formal market research. Also, they collect and disseminate company-wide intelligence on their market within a broader framework of increased emphasis on strategic marketing planning and a long-term orientation regarding the development of their market position. With regard to the implementation of their strategy, a vast majority of activities such as logistics, pricing, and new product development are mainly placed under the responsibility of marketing function. In addition, Gounaris et al. (2004) argue that market-oriented companies focus specifically on customer-, market- and product-related information to control their efforts.

Narver's et al. (1998), Foley & Fahy's (2004), Gounaris' et al. (2004), Strong & Harris' (2004), and Kirca's et al. (2005) research, all bring valuable insights relating to the scantily studied area of creation of customer orientation founded on the previous literature of customer and market orientation. Narver's et al. (1998) theoretical analysis, however, confines inspection on two learning strategies, whereas Foley & Fahy (2004) build their theoretical propositions on capabilities framework. Strong & Harris (2004) argue that relational factors should be considered in implementing a customer orientation. In my study, this

perspective will be examined. Moreover, Strong & Harris' (ibid.) study focuses on inhibiting and facilitating tactics on a way to customer orientation. Unlike in my research, Strong & Harris (ibid) have defined those tactics in advance based on the literature review. My research explores aspects that inhibit customer orientation and solutions to increased relational customer orientation based on the empirical findings of the case studied. As, Gounaris et al. (2004) themselves expose, their focus of the study is on a transaction-oriented conceptualization of marketing. They suggest that relational view to the development and creation of market orientation is needed. Gounaris' et al. (2004), Strong & Harris' (2004), and Kirca's et al. (2005) quantitative perspectives to the phenomenon as well as Narver's et al. (1998) and Foley & Fahy's (2004) theoretical analysis might leave some relevant aspects from the reality unnoticed. In the phenomenon that lacks previous research, qualitative methods might bring new viewpoints from the reality (see e.g. Alasuutari 1999, 31-34).

Kennedy et al. (2003) seek an answer on how an organization adopts a customer orientation through *ethnographic research*. Their context of research is *non-profit* using two elementary schools in the United States as their "laboratories": one that was successfully navigating the transformation to an award-winning, customer-centered model and one that was struggling to implement a customer orientation. Kennedy et al. (2003) have chosen to study the role of three predefined organizational variables in the transformation process towards customer orientation. These aspects studied are leadership, interfunctional coordination, and the collection and dissemination of customer-focused data. Kennedy's research results support the important role of leadership throughout the organization in implementing customer orientation. For staff members to internalize a customer orientation, they must experience an unbroken circuit of unified leadership from top level to local managers. Results are in favour of interfunctional coordination required in customer orientation. In addition, customer focused data should be widely circulated and should become a shared organization-wide platform from which decisions are made in order for customer orientation to prosper and become self-reinforced. Kennedy's et al. (2003) research is to my understanding among the first rigorous qualitative studies on the subject of creating customer orientation. They take the strategy implementation point of view to study the phenomenon. I would say that of the studies I have identified to relate to the research phenomenon at hand, the study by Kennedy et al. (2003) is the closest to this research. It gets into the concrete possible development areas (i.e. dimensions) in the creation of customer orientation. Compared to this research, Kennedy et al. (2003) had defined prior to the empirical investigation three concentration areas, as to which they wished to increase the understanding of in creating customer orientation: the role of leadership, inter-functional coordination, and the collection and dissemination of customer focused data. These three dimensions had been identified as being the most central in previous research on the market and customer orientation. Kennedy et al. (2003) themselves indicated in their discussion that concentrating on three predefined areas was limiting, as it seems that there is more to the creation of customer orientation. Compared to the study by Kennedy et al.

(2003), this research at hand is more data driven. The study is open to other possible dimensions as well that might come up in the empirical findings. Also, the context of Kennedy's et al. (2003) research was non-profit. I feel that it is useful to study further the phenomenon in the business context.

Table 2. *Previous focal research on antecedents or creation of customer/ market orientation.*

Author(s)	Purpose	Method	Results
Narver et al. (1998)	Seek an answer on how a business can best create and increase a market orientation. Examines the effectiveness of two learning strategies to create a market orientation.	Theoretical analysis of previous research.	Importance of top-management leadership in creating a market orientation. Creating a market orientation is all about learning. Both the abstract learning in the "programmatic approach" and the experiential learning in the "market-back approach" contribute to achieve market orientation. They must be managed as a coordinated joint strategies.
Day (1999a)	Establish conditions that ensure change process success towards market-driven organization.	Case analysis of four different change programs.	A model of organizational change to greater market orientation including 6 stages: (1) demonstrating leadership commitment, (2) understanding the need for change, (3) shaping the vision, (4) mobilizing commitment to all levels, (5) aligning structures, systems, and incentives, (6) reinforcing the change.
Kennedy et al. (2003)	Seek an answer on how an organization adopts a customer orientation by refining understanding of the roles of leadership, interfunctional coordination and the collection and dissemination of customer-focused data in the transformation process.	Ethnographic research using 2 elementary schools as "laboratories". Non-profit context– a major public school district.	Support the important role of leadership throughout the organization in implementing customer orientation. For staff members to internalize a customer orientation, they must experience an unbroken circuit of unified leadership from top level to local managers. Results are in favour of interfunctional coordination required in customer orientation. Also, customer focused data should be widely circulated and should become a shared organization-wide platform from which decisions are made in order for customer orientation to prosper and become self-reinforced.

Author(s)	Purpose	Method	Results
Foley & Fahy (2004)	Present a theoretical framework that uses decomposition of the market-sensing capability as a way to facilitate understanding of the creation of market orientation.	Theoretical, conceptual analysis of previous research.	A conceptual model of antecedents to market orientation is developed within a capabilities framework, based on the decomposition of the market-sensing capability. Comprise of four dimensions, which have to do with developing market orientation within an organization: Organization systems, marketing information, organization communication and learning organization.
Gounaris et al. (2004)	Investigate bahavioral implications of a company that adopts market orientation.	Survey on 444 Greek companies.	Findings suggest that four aspects of firm's practices are influenced when it develops a market orientation: The planning process, strategy formation, strategy implementation and control.
Strong & Harris (2004)	Explore factors that drive the development of customer orientation. Key objective is to provide insights into organizational approaches and tactics that impede or facilitate customer orientation.	Survey of antecedents of customer orientation in high-tech companies.	One of the first holistic categorizations of tactics designed to enhance customer orientation. Reveal strong evidence of significant associations between relational tactics (i.e. relational management, satisfaction measurement, and inter-group dynamics) and the extent of customer-oriented organization. Highlights the centrality of relationships to effective exchange and the critical importance of managing those relationships in a considered and structured manner.
Kirca et al. (2005)	To provide quantitative summary of the antecedents and consequences of market orientation.	Quantitative meta-analysis aggregating empirical findings from the market orientation literature.	Identifies three factors as antecedents of a greater market orientation: top management focus, interdepartmental cooperation, and reward systems. Each of these factors is believed to operate independently to enhance market orientation.
Gebhardt et al. (2006)	Explore the process through which organizations change to adopt a greater market orientation	In-depth, longitudinal multifirm (6 firms) ethnographic investigation of firms that seek to create a greater market orientation.	A theoretical model to explain how firms create a market orientation. Model identifies 4 path-dependent stages of change: (1) initiation, (2) reconstitution, (3) institutionalization, (4) maintenance. Finds that creating a market orientation requires dramatic changes to an organization's culture and the creation of organizationally shared market understandings. Highlight the role of intra-organizational power and organizational learning in creating and sustaining a market orientation.

Day (1999a) and Gebhardt et al. (2006) have chosen to describe and explore the *phased change process* towards market-oriented organization. I see these studies looking at the phenomenon purely from the change management perspective. As a result, both present a phased change model to a greater market orientation. Day (1999a) uses a prescriptive approach to develop a model of organizational change to a greater market orientation. Consistent with previous work in marketing, the model focuses on formal management actions, such as changing incentives and organizational structures. Gebhardt et al. (2006), on the other hand, emphasise in their research the importance of cultural change and changes in organizational member's mindset.

Day (1999a) has conducted a case study of four different change programs and post-audits of some failed change initiatives to validate the change model and to explain the necessary conditions for a durable shift to a market orientation. The case organizations were representing different contexts: a retail investment company, a retail company, a construction company, and an industrial manufacturing company. According to Day (1999a), successful change programs have six overlapping stages (figure 3):

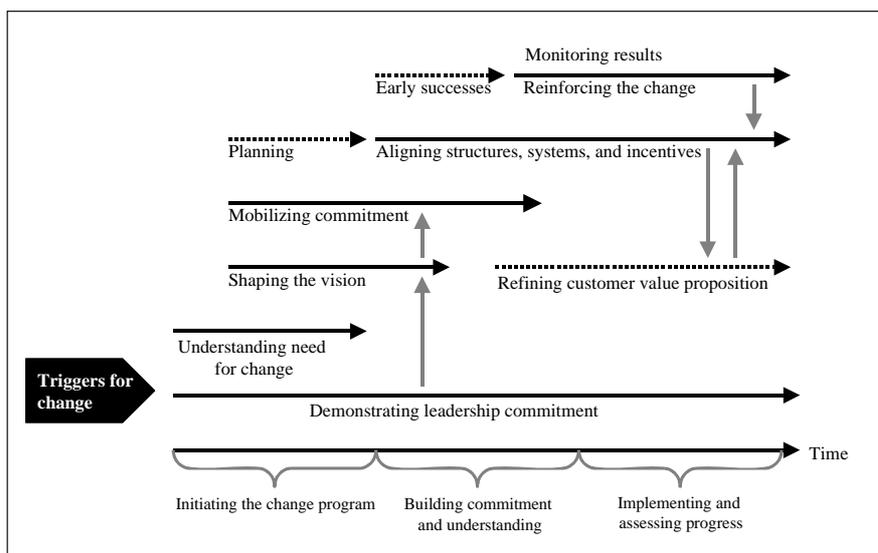


Figure 3. *Overlapping stages of the change program (Day 1999a).*

1. Demonstrating leadership commitment. A leader owns and champions the change, invests time and resources, and creates a sense of urgency.
2. Understanding the need for change. Key implementers understand market responsiveness, know the change needed, and see the benefits of the change initiative.
3. Shaping the vision. All employees know what they are trying to accomplish, understand how to create superior value, and see what to do differently.

4. Mobilizing commitment at all levels. Those responsible have experience and credibility and know how to form a coalition of supporters to overcome resistance.

5. Aligning structures, systems, and incentives. Key implementers have the resources they need to create a credible plan for alignment.

6. Reinforcing the change. Those responsible know how to start the program, keep attention focused on the change and benchmark measures, and ensure an early win.

These steps are not sequential. Instead, many stages initiated early in the program occur simultaneously. Each stage interacts with and reinforces other stages throughout the process.

Gebhardt et al. (2006) have made an in-depth, longitudinal, investigation of six companies that have successfully created a market orientation to develop a theoretical model to explain how firms create a market orientation. All six companies represent different context. Their model identifies four path-dependent stages of change (1) initiation, (2) reconstitution, (3) institutionalization, and (4) maintenance. Each stage includes multiple steps or activities (figure 4). Next, Gebhardt et al.'s (2006) process of creating a market orientation is explained in more detail.

Stage 1: Initiation

What initiates market orientation change efforts is the *recognition* of an external threat – being e.g. financial threat, threat of competitors or changing technology. In the *preparation* step, dissatisfied and powerful stakeholders initiate backstage preparations for the transformation, spearheaded by a new leader. Preparation activities include development of a guiding coalition based on a shared set of values and agreement on a broad plan for change.

Stage 2: Reconstitution

Reconstitution is the organization wide implementation of the plan for change. It comprises five steps: (1) demarcation, (2) value and norm development, (3) reconnection with the market, (4) removal of dissenters and hiring of believers, and (5) collaborative strategy. In *demarcation*, the guiding coalition presents its plan to the entire organization. The guiding coalitions perceived their existing firms' cultures as major impediments to organizational change and long-term success. Recognizing this, the guiding coalitions attempted to create a new set of organizational *values* that would create a more market-oriented culture. What really counts, is what those values mean and what the appropriate norms and behaviors tied to them are; the greatest challenge being to determine which behaviors *align with the market* as the reason d'être. To give an example, if organization members don't know what customer focus means, they cannot know what kind of behaviors are connected with customer focus. The next step is the *removal of cultural dissenters* and simultaneously modifying the recruitment processes so that values of new members closely match those of the organization. Next, the *collaborative development of strategy* leverages a firm's collective knowledge and capabilities, leading to more creative and realistic strategies, i.e. they can be implemented. In addition, the organization-wide comprehension of

strategic goals and their relation to the market provides context for why specific tasks are important, increasing the likelihood of success. Collaborative strategy also leads to the higher level of commitment to the strategy.

Stage 3: Institutionalization

By the time firms reach stage 3, they have undergone dramatic, fundamental changes. These changes, however important, remain informal to a significant degree. That is, the organizational culture and resulting behaviour have changed much more dramatically than the formal organization structure and supporting attributes. In stage 3, organizations institutionalize these changes. Institutionalization of market orientation requires *formalization* of organizational structures and processes, *alignment of rewards*, and *cultural indoctrination through training*. These changes institutionalize a *power shift* from the guiding coalition to the larger organization. With the exception of power shift, previous research has focused on similar formal changes as a way to develop a market orientation (Day 1999a). Gebhardt et al. (2006) find that these changes are central. However, they find that these actions follow a more fundamental cultural shift.

Stage 4: Maintenance

Organizational leaders develop processes and model behaviors in an effort to maintain a market orientation. Three processes reinforce a market-oriented culture: *cultural screening* of new members, *culture maintenance rituals*, and *ongoing market connection* activities to update market schemas and validate market-oriented process schemas. Firms also exhibit two characteristics protecting their market-oriented cultures from outside influences: *Cultural "flame keepers"* approve organizational changes based on cultural consistency, and there is *vigilance against management fads and fashions*.

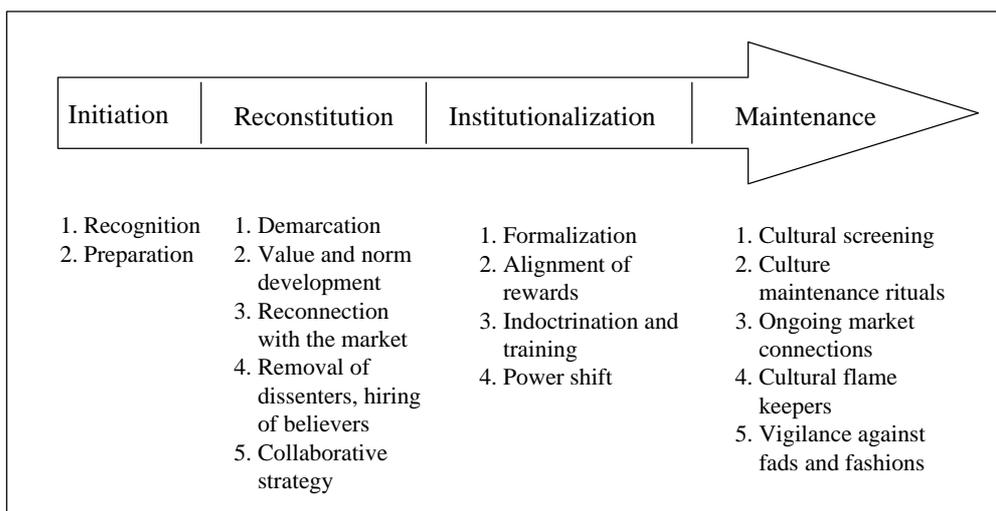


Figure 4. *Process of creating a market orientation (Gebhardt et al. 2006).*

In addition to the change process model, Gebhardt et al.’s (2006) research offer new insights into the nature of market orientation, including the role of

intraorganizational power and organizational learning in creating and sustaining a market orientation.

Both the studies (Day 1999a; Gebhardt et al. 2006) on transformation towards increased market orientation, give a clear-cut, varied description of the stages that an organization goes through in pursuing their goal. Day's (1999a) and Gebhardt et al.'s perspective to the phenomenon is purely the description of the transformation process itself. The major difference in Day's (1999a) and Gephart et al.'s (2006) perspectives is their view on the role or timing of cultural change. According to Day (1999b), the cultural change follows from behavioral change. He argues that although culture is always a major impediment to change, there is no evidence that efforts to change it first will succeed. According to Day (ibid.), change happens by altering behavior patterns and helping people understand how their behavior relates to performance improvement. Eventually, these changes will be absorbed into the underlying norms, beliefs and mindsets. Gebhardt et al. (2006) on the other hand argue that official managerial change actions such as structure and reward system follow a more fundamental cultural shift.

Reflection on the previous related studies

When looking at the previous related studies, the Kennedy et al.'s (2003) study is the closest to mine. Most of the previous relating research is focusing more on describing and exploring the implementation process having *the change management perspective* to it. These studies largely focus on describing or defining "tools" for the actual change management. In my opinion, there is still a need to go deeper into the dimensions that can inhibit or work as solutions for increased customer orientation within an organization that thus are the objects of change.

Narver et al. (1998) investigate the appropriateness of the use of two learning strategies in implementing market orientation. Day (1999a) and Gebhardt (2006) present an important opening for the studies that describe and analyze the actual phased development process towards increased market orientation. Gounaris et al.'s (2004) research adds understanding on the actual change process from an implementation viewpoint in introducing four behavioral implications of a firm that adopts market orientation. They point out that on one hand their findings can help define content of the "market-back approach" learning strategy introduced by Narver et al. (1998) for the assistance of implementation. Foley & Fahy (2004) present a theoretical framework of antecedents of market orientation based on capabilities framework. Their conclusion was that the phenomenon should be studied more thoroughly and empirically. Strong & Harris (2004) on the other hand study the antecedents to customer orientation focusing on operational practices. Whereas Kirca et al. (2005) summarize quantitatively the antecedents to market orientation from the market orientation literature. In a sense, all the identified studies to some extent are related to the study at hand, but they do not as such give an answer to the research problem of this study.

The previously identified previous research brings valuable insights to the research phenomenon of the present study – however the understanding stays quite fragmented. The review on previous research reveals the need for further understanding of the creation of customer orientation within an organization. What especially needs further investigation are the dimensions and aspects that can work as possible inhibitors and solutions for customer orientation within a business context. Moreover, the review shows that the topical relational perspective is largely lacking. E.g. Gounaris et al. (2004) have pointed out that their perspective to marketing has been purely transactional. They suggested that a relational perspective to study the phenomenon would be recommended. This research aims to give filling to these mentioned research gaps.

2.2 Synthesis of the focal concepts and their relation to each other

The purpose of this research is to describe and analyze the creation of relational customer orientation in a professional high-tech organization. The objective is pursued by investigating the case organization's strategic change process towards increased relational customer orientation. The main focus of the investigation is on the inhibitors of relational customer orientation that the organization has or has had before the new strategy implementation, and on those solutions for increased relational customer orientation that have and will be made during the implementation process.

The focal concepts of this research are thus relational customer orientation, creation of relational customer orientation and a professional high-tech organization. Figure 5 depicts the central concepts of this research and their relation to each other.

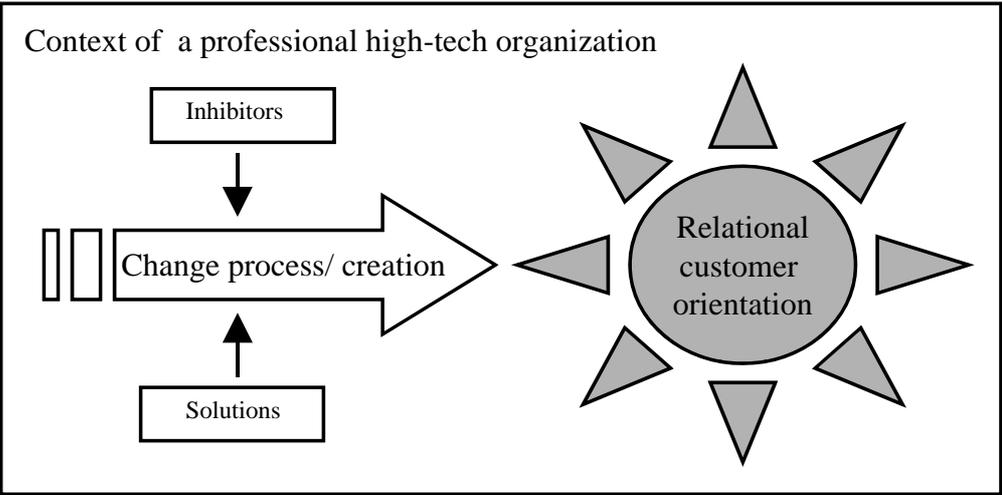


Figure 5. *Focal concepts of this research and their relation to each other.*

The main concept of this research is relational customer orientation. It is defined as 'the organization is set to cocreate individual customers' value. The cross-functional aim is to serve customers in order to improve their performance. Long-term business relationship with selected customers is focal to customer orientation'.

This research investigates how this relational customer orientation is created, grasping into the phenomenon by investigating the inhibitors and solutions for relational customer orientation. This change process or creation process is about the ability of an organization to transform itself to ensure long-term survival suggesting a radical change in e.g. internal matters (see e.g. Stockport 2000).

The context where the creation of relational customer orientation is investigated is a professional high-tech organization, which gives its own angle to the research phenomenon. A professional high-tech organization is defined in this research as an 'industrial knowledge-intensive organization, the total offering of which comprise of high-technology solutions, concrete services and know-why-based knowledge services. It is characterized by features of a professional organization – most work is of an intellectual nature, well-educated expert workers forming the operating core and the majority of the personnel. The interaction with customers is the key to its core competence, a large part of its personnel working in the customer interface.'

2.3 Analytical framework of the creation of relational customer orientation

The analytical framework including a preliminary model presented in this chapter has been formed as a result of an analysis of the first round of interviews and then going back to the literature. It is therefore formed as a combination of multidisciplinary theoretical aspects and my extended preunderstanding of the empirical phenomenon studied. In the analytical framework, the focus is on inhibitors and solutions for relational customer orientation. This framework helps to operationilize and structure the phenomenon; in the result chapters, the empirical material provides richer and more detailed insights. The empirical part of the dissertation shows whether all these dimensions are relevant or if there are some important additional dimensions that have not been noticed previously.

As a result of exploring the data from the first round of interviews and completing a thorough literature review, I named three dimensions in an organization that are concerned with the creation of relational customer orientation. These dimensions are:

- organizational characteristics,
- actor processes relating the customer interaction, and
- leadership style.

All these dimensions may both inhibit or facilitate relational customer orientation of a professional high-tech organization. It is important to notice that these dimensions and the themes and aspect covered under these dimensions are

intertwined and overlapping, therefore not easily separated. This presentation is thus one way to organize the relating themes of the phenomenon studied.

2.3.1 Organizational characteristics

Organizational characteristics may have a say in the creation of relational customer orientation, and furthermore, the choices made can either impede or facilitate relational customer orientation. As a result of analyzing the first round of interviews and a literature review, I chose three aspects of organizational characteristics, which may both inhibit or advance relational customer orientation in a professional high-tech organization (figure 6). These aspects are mindset, structure and operational practices. These closely relating aspects are not easily separable. An organization's mindset prevails in its structural choices and operational practices.

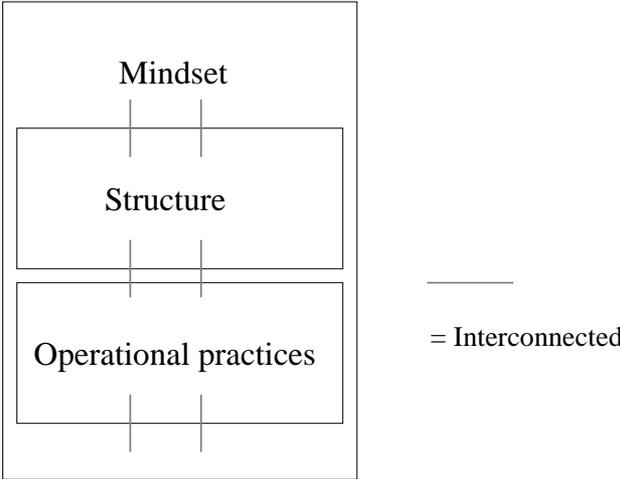


Figure 6. *Aspects of organizational characteristics that may potentially either inhibit or advance relational customer orientation in professional high-tech organization*

2.3.1.1 Mindset

In order for new cultural strategy to become reality as a result of the transformation process, it must become part of the unconscious mindset of the organization (Stockport 2000). Strategic change towards increased relational customer orientation calls for the ability of the organization to absorb new information about their environment including customer relationships into their mental models (e.g. Day 1991). According to Argyris (1999, 67) behaviour changes as well as change in the mental models that people use is needed in order to create organisational customer orientation. Day (2000) points out that

building relational customer orientation might mean for example, a new mindset and supporting norms. Kennedy et al. (2002) investigate the adoption of customer orientation in the individual worker level and define a construct of customer mindset. Customer mindset is defined as an individual's belief that understanding and satisfying customers, whether internal or external to the organization is central to the proper execution of his or her job. Accordingly, Dubinsky et al. (2003) refer to a need for 'relationship selling mindset' among personnel. This means understanding that the customer is no longer simply a source of revenue in the short run, but someone who possesses substantial financial worth over time.

In a strategy change process, new knowledge is embedded into prevailing knowledge base of an organization. The prevailing knowledge base in turn is likely to be strengthened – therefore knowledge tends to be filtered to fit into previous knowledge. This is why many organizations may find it hard to change and why many organizations see a need for change but are unable to act in order to fulfil this need (Prahalad & Bettis 1986; Grant 1988; Bettis & Prahalad 1995, Prahalad 2004). In this study the concept of mindset is used to describe the type of knowledge filter, in which organizational attention is focused only on things deemed relevant to the organization. This fits into prevailing assumptions, while other kinds of things e.g. knowledge, which could have renewing potential, may be ignored (see Prahalad & Bettis 1986; Bettis & Prahalad 1995, 7, Prahalad 2004 about dominant logic).⁴ The longer the mindset has been in place, the more difficult it may be to renew (e.g. Bettis & Prahalad 1995, 11, Boivin & Roch 2006). The danger of the mindset is that they are usually tacit and function largely below the level of awareness. When these assumptions of the mindset become dysfunctional, an organization is not able to evaluate the relevance of its basic assumptions in the prevailing situation critically. The unworkable activities in the customer interface might continue, and collective myopia might develop (Argyris 1999, 5; Schein 1985, 373).

Levitt & March (1988) use the concept of "competence trap" to describe a situation wherein an organization falsely projects into the future strategies that have worked for them in the past. Competence traps might be especially prevalent within organizations that carefully segment activities, keep functions separate and lead to professionals working in isolation (Day 1991; Day 1994). The change towards increased relational customer orientation may also feel as a threat to some individuals or groups, who may respond defensively to threat and potential embarrassment. Most organizations have powerful defensive routines, which inhibit change (Argyris 1999, 56; Senge 1990). Even though changes may

⁴ Bettis and Prahalad (Prahalad & Bettis 1986; Bettis & Prahalad 1995, Prahalad 2004) and Grant (1988) use the term "dominant logic" as opposed to the term "mindset" used in this study. Mindset is a term that came out from the data – thus was used by the informants. Also, for example, Stockport (2000), Kennedy et al. (2002), and Dubinsky et al. (2003) use the term mindset. Day (1991) uses the concept "mental models", while Argyris & Schön use the concept "theory in use" (Argyris & Schön 1987; Argyris 1999, 30) as well as the term "frame" (Argyris 1999, 13).

make sense, existing emotional attachments may stimulate considerable resistance towards new initiatives (Roth 2003). Before strategic change can really occur, the old logic has to be unlearned by the organization. Unlearning is at the heart of the change, and open-mindedness is the value that is a necessary facilitator in the past processes (Sinkula et al. 1997).

Culture and values

Culture and values in the organization are strongly intertwined with the concept of the mindset. Mindset can be considered to be an even more fixed and history-dependent phenomenon than organizational culture. Relational customer orientation pervades all parts of the organization's mindset, values, and norms, as well as influences interactions with the customer. Therefore, change towards increased relational customer orientation also has a strong cultural aspect. According to Brady (2004), one important internal barrier to relational customer orientation is culture. Thomas-Hunt et al. (2003) argue that a professional organization is a socially complex environment and in addition to physical distance in the working routines, the distance may be mental as well. This supports the emergence of individualism and strong collegial subgroups. Individual experts from different functional areas are likely to diverge into their own expertise and collegial group with people they see as having similar views to themselves. Also according to e.g. Bollinger & Smith (2001), organizational culture may have an important role in the likelihood that experts will work together.

Drucker (1954) is often referred as the one who inspired the marketing concept by saying that marketing was not a separate function but rather the whole business seen from the customer point of view. Then he was asserting marketing as a distinct organization culture, a fundamental shared set of beliefs and values that put the customer in the center of the firm's thinking about strategy and operations (Deshpandé & Webster 1989). Schein (1983, 14) defines organizational culture as: "the pattern of basic assumptions that a given group has invented, discovered, or developed in learning to cope with its problems of external adaptation and internal integration – a pattern of assumptions that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems". The definition indicates why an organization's culture may be resistant to change (Deshpandé & Webster 1989). Because a culture is a pattern of assumptions based on experience, a new culture or new element of it is accepted only if they are congruent with the experience of the members of the group and are perceived as offering a superior solution (Narver et al. 1998). Culture and values are not easy to manage. The role of value structures as an initiator and moderator of changes makes this a central topic of understanding of organizational dynamics (Buenger et al. 1996).

According to Dubinsky et al. (2003) factors influencing an organization's readiness to adopt relational values, include facilitative and supportive leadership, decentralized strategic planning, and structure (also Narver & Slater

1995). Thus, organizational structure can also be intertwined with the culture. Deshpandé & Webster (1989) distinguish between culture and climate. According to the culture is the deeply rooted set of values and beliefs that provide norms for behavior in the organization. The climate describes how the organization operationalizes its culture, the structures and processes that facilitate the achievement of the desired behaviors (e.g. Deshpandé & Webster 1989; Schein 1990). It is important for the organization's culture and climate to be complementary, because it is difficult to develop and sustain appropriate behaviors if the corresponding organizational values are not in place and, conversely, values are difficult to sustain if the appropriate examples do not exist (Day 1994). Also Buenger et al. (1996, 572) suggest that an organization's set of values is at least partially predictable based on the structure of its context. The values enacted by the organization may in turn influence certain aspects of its structure (vertical and/or horizontal coordination). They suggest the structural consequences of emphasising certain values. For organizations seeking control, vertical coordination through hierarchy is the most likely choice, while organizations seeking flexibility, would rely on horizontal channels to ensure information flow.

2.3.1.2 Structure

Organizational structures are established to coordinate work that has been divided into smaller tasks (Olson et al. 2005). Homburg et al. (2000) and Baker (2002) argue that to make organizations more customer oriented, structural changes are needed. The organizational structure presents an interesting angle to inhibitors and solutions for relational customer orientation, because it lies largely (as opposed to the e.g. mindset) within the management control (Sorenson 2003). By creating a suitable design, organizations can provide forums, for example, for knowledge sharing (Slater & Narver 1995). On the other hand, one of the internal barriers to relational customer orientation can be organization structure, as Brady (2004) argues. A so-called silo organizational structure, as an example, inhibits cooperation between departments, units and experts. Silo structure illustrates a situation where a company consists of a number of silo departments, with high walls built around them and little or no ability or desire to go between the departments. Each department does its own things without regard for other functions in a firm (Dwyer & Tanner 2002, 204-205). Kirjavainen (1997) argues that functionally organized expert groups might be competent in providing specific services, but lack the ability to combine expertise in order to create added value to the customers.

Barriers between functions can also lead to indirect inhibiting consequences. Thomas-Hunt et al. (2003) argue that there might be competition between professional or task-oriented groups. Also, according to Argyris (1999, 70), human feelings such as ambition and jealousy might inhibit the cooperation between experts in professional organizations in general. Starbuck (1992) points out that experts in the same organization might even act competitively. Brady

(2004) argues that there may be also inter-departmental rivalry that may inhibit cooperation. Argyris (1999) also stress that cooperation between experts in a professional organization may be inhibited because of hidden status and power structures, which affect e.g. knowledge sharing and cause incoherence in the organization.

Day (2000) points out that building relational customer orientation might mean renewed organizational structures. Homburg et al. (2000) argue that customer oriented organizations have a structure that uses groups of customers related by industry, application, usage situation, or some non-geographic similarity as the primary basis for structuring organization. According to Grant (1996) current management practices can be seen as attempts to change organizational structure and processes to achieve better integration, e.g. between different functions and actors. Burns & Stalker (1961) were the first to suggest that high performing firms, competing in complex and dynamic industries, adopt an "organic form", namely, an organizational architecture that is decentralized, with fluid job responsibilities and extensive lateral communication processes. Members of these organizations, both internal and external, recognize their interdependence and are willing to cooperate and share information to sustain the effectiveness of the organization (Slater & Narver 1995). Gupta & Govindarajan (1991) conclude that high environmental uncertainty requires high frequency and informality in communication patterns among organizational units for effective diffusion of knowledge.

According to Kirca et al. (2005), internal processes have a greater influence than organizational structure variables in implementing customer orientation. Mintzberg (1991) suggests grouping experts in functional units for housekeeping purposes but deploying them in project teams for specific tasks, as well as relying on teams, task forces, and integrating managers to encourage mutual adjustment within and between teams. Under these conditions, information is shared and decisions are made flexibly and informally to promote innovation and creativity. As standardization and bureaucratic routines are precluded as coordinating mechanisms, coordination becomes the responsibility of experts rather than individuals with hierarchical power. According to Gupta & Govindarajan (1991), organizations must make use of an extensive set of liaison devices, such as cross-unit committees, integrator roles, shared databases, and matrix structures to encourage information sharing and discussion.

Kolehmainen (2004, 91) point out that a project type of work that is typical to professional organizations emphasizes the need for coordination between functions, units and experts. According to Kolehmainen (2004, 90-91), project teams within professional organizations are not permanent organizations but based on changing client commissions. They have a clearly defined beginning, aim, implementation process and end. Because of knowledge intensity involved in professional organizations, also Möller & Rajala (1999) expect to find non-hierarchical groups such as project teams and teams within a business process setting in organizations. Also according to Day (1999a), many firms have adopted teams focused on managing distinct customers for achieving closer alignment. Each group that deals with customers must create a credible superior

value proposition for its customer. In industrial marketing studies, Key Account Management (KAM) has been suggested as a structural answer to coordinating customer relationships. The account manager system is traditionally targeted at establishing coordination of customer contact. The account manager system attempts to make the interaction as easy as possible for the customer (Möller & Rajala 1999). Key account managers have co-ordination tasks at a higher strategic level involving the co-ordination of dispersed value-adding activities, and at the operational level involving the co-ordination of internal resources (Millman 1996). This is one potential operational practice or procedure that may facilitate the creation of relational customer orientation.

2.3.1.3 Operational practices

Working habits, i.e. operational practices may also inhibit or advance relational customer orientation. According to Strong & Harris (2004) superior procedural or operational tactics go some way to generate strong customer interactions and harvest greater profitability for organizations. Customer contact employees can be gauged from a number of perceptions that customers have concerning service related attributes and practices of a business. These may include how customer contact employees behave, their attitudes towards their customers, and the image of the organization's customer service facilities (Bowen 1986). The need for organizations to look after their customers has never been more important than in today's competitive market place. High-performing organizations have experienced success by effectively managing their relationships with customers and implementing formal customer relationship management policies within an organization, such as regular customer visit programs and customer care tactics (Strong & Harris 2004). Also customer-oriented training augments employees' sensitivity to customer needs, thus stimulating actions that are consistent with the requirements of customer orientation (Ruekert 1992).

In addition to customer contact employees, senior managers are now visiting customers in increasing numbers. Not only do such visits contribute to the development of customer-supplier relationship, these visits stimulate the efforts made by employees and managers (MacKay 1998; Strong & Harris 2004). According to Irvine (1999) by definition *customer visit* refers to the practice of company employees and managers to meetings, sales visits, support calls or any other visits that organizational representative makes to the customer at his/her premises. The significance of such visits rests on the assumption that the organization can gain greater insights into the position and psyche of the customer through frequent contact (Wilson 1995). It has been suggested that customer visit tactics enhance customer relationships, as the procedure involves the gaining of trust and an increase in mutual commitment, as it induces mutual awareness of performance outcomes and expectations (Selnes 1996).

Strong & Harris (2004) argue that customer-focused and *specific customer care strategies* provide efficient mechanisms of customer response, and demonstrate a high level of commitment to customers, providing a means of

constant customer-supplier communication. In business-to-business market sectors, like the high-tech industry, *customer care tactics* are widely viewed as a key antecedent to customer loyalty and relationships (Ennew & Binks 1999), and the management of such tactics frequently recognized as being one of the most efficient mechanisms of building a defensible competitive position (Lewis 1993). Customer care tactics include technical advice and support, product guarantees, time from order to delivery, delivery reliability, accuracy of transactions, responsiveness to requests, and flexibility in meeting customer needs (Donaldson 1995).

Both customer visit and customer care operational practices in an organization need coordination in a professional high-tech organization between different experts, units and functions in order for an organization to present a coherent picture of the total offering to its customers, for example. One solution to encourage the professionals to work together is creating moderating operational practices such as cross-functional customer specific teams for cooperative working practices. Möller & Rajala (1999) argue that because of knowledge intensity involved in professional organizations, they expect teams to be the primary mode of conveying the supplier-customer relationship. If there are only a limited number of customers in business organizations, a team containing a complete set of actors can generally handle each one, meaning all the actors whose special competencies are needed in carrying out the business transactions and then maintaining the relationship. Kolehmainen (2004, 90-91) points out that expert work is based on shared expertise and responsibility for attaining the goal. A project group or team can include experts from one organization only, but can also cross the organizational boundaries also to clients and other contractors. After finishing the commission, the project group eventually dissolves and the expert composition of the next project will usually be very different.

2.3.2 Actor processes relating the customer interactions

A customer orientation consists of one overriding value: the commitment by all members of the organization to create superior value for customers continuously. Based on this value, the central principle of customer orientation is that every person in the organization understands that every individual and function can, and must, continuously contribute skills and knowledge to creating superior value for customers while meeting organizational objectives (Narver et al 1998; Kennedy 2003). Thus, work processes throughout the organization must be designed to add value to the ultimate customer (Kennedy 2003). Furthermore, as this research has a specific relational view to the phenomenon of creating customer orientation, it is essential to understand the role of those organizational processes that are at the core of building, maintaining and enhancing long-term customer relationships. As Grönroos (2004) points out, a long-term relationship with a customer organization proceeds in an interaction process where various types of contacts between the supplier firm and the customer occur over time.

Organizing customer interaction activities in industrial companies differs from that in consumer goods companies. Due to the complexity of industrial products, a large number of people representing different types of special expertise are involved in customer interactions (Möller & Rajala 1999). The more complex the solution to be exchanged is, the more it is essential to find personnel with a variety of skills and competencies. This tends to increase the number of organizational units involved in interaction within both the producer and the buyer companies. (Möller & Rajala 1999). Moreover, the expanding proportion of total offering of industrial companies nowadays is built on service, as e.g. Gummesson (2002) has pointed out. This is also the situation in professional high-tech organizations. Due to both the complexity of high-tech products and expanding proportion of different kinds of services out of the total offering, intensive personal interaction is needed for carrying out business and taking care of customers. In addition, as mentioned, actors representing different kinds of expertise and units are involved in those customer interactions on a daily bases.

In order for a professional high-tech organization to embrace relational customer orientation, it needs to design its work processes relating customer interactions in a way that supports the cooperation between actors, units and departments. These work processes that are covered under the dimension "actor processes relating the customer interaction" are themes of inter-functional coordination of customer interactions and dissemination of customer specific information (Figure 7).

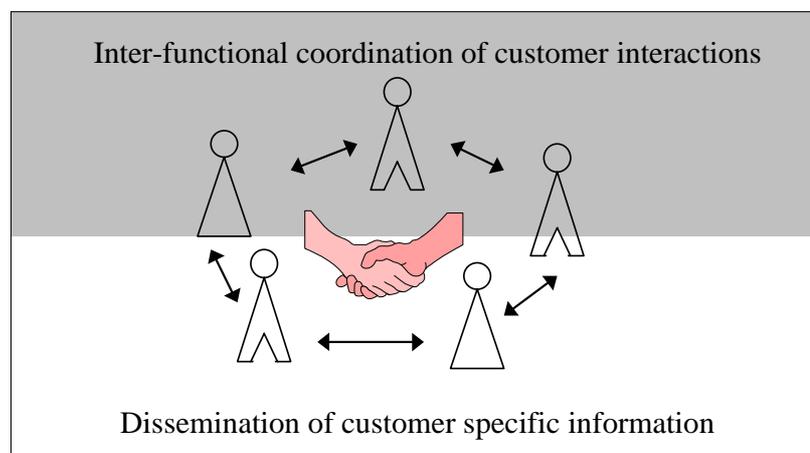


Figure 7. Actor processes relating to the customer interaction that can potentially inhibit or advance the creation of relational customer orientation

2.3.2.1 Inter-functional coordination of customer interactions

According to e.g. Porter (1985) and Webster (1994), customer value will be maximized only if it is created from across a business's functional areas.

Customer interaction activities in industrial organizations are generally assigned to independent organizational functions or units. Cespedes (1994) has labelled these units product management, sales, and customer service units. The coordination of the interfaces between these units, between them and R&D and production, and between them and the corresponding organizational units of customers, constitutes the key challenge for the management of high-tech companies (Möller & Rajala 1999). The challenge is to create an organization in which cross-functional customer-value-creation processes and activities (Déshpande & Farley 1997) are the norm and not exception (Narver et al. 1998).

According to Kohli & Jaworski (1990, 9) inter-functional dynamics are "the formal and informal interactions and relationships among an organization's departments". Narver & Slater (1990) argue that inter-functional coordination comprises the business' coordinated efforts, typically involving more than the marketing department, to create superior value for the buyers. (Narver & Slater 1990). Narver & Slater (1990) continue that any point in the buyer's value chain affords an opportunity for a seller to create value for the buyer firm. Therefore, any individual in any function in a seller firm can potentially contribute to the creation of value for buyers. Narver & Slater (ibid.) illustrate that seller's creation of value for buyers is analogous to the symphony orchestra in which the contribution of each subgroup is tailored and integrated by a conductor – with a synergistic effect. A seller must integrate effectively, as well as adapt as necessary, its entire human and other capital resources in its continuous effort to create superior value for buyers.

In traditional, transactional exchanges, different functional groups can work near the premise, functional goals. In contrast, relational exchanges require more flexibility and commitment in accessing wider variety of internal organizational knowledge resources to benefit the customer. This means that an ability to conduct inter-functional coordination can be critical in implementing relational strategy, for example (Kothandaraman & Wilson 2000; Jones 2003; Brady 2004). In addition, as most relationships require complex exchange, inter-functional coordination is a key to serve customers (Narus & Anderson 1995). Supporting this, Ritter (1999) argues that a high degree of inter-functional coordination in the organization is the key for a firm to manage its customer relationships (also Helfelt & Ritter & Walter 2002; Möller & Rajala 1999).

Furthermore, both management and marketing scholars posit that interfunctional coordination of work processes is essential to induce strategic or cultural transformation. Marketing researchers focus on having customer requirements permeate all organizational activities and thus serve to coordinate the alignment requires for serving the customer (e.g. Narver & Slater 1990; Webster 1988). Accordingly, for strategic or cultural transformation towards increased customer orientation to succeed, a customer focus must permeate the work processes deep into the organization (e.g. Kohli & Jaworski 1990; Narver & Slater 1990; Kennedy et al. 2003). Souchon et al. (2004) argue that inter-functional coordination is at the root of successful planning and implementation within an organization.

Supporting the literature review, well-managed inter-functional coordination or the lack of it may either advance or inhibit relational customer orientation within a professional high-tech organization. According to Kennedy et al. (2003) inter-functional connectedness, or the extent of formal and informal contacts among employees across various functions or departments, increases customer orientation by leading to greater sharing and use of information. On the other hand, inter-functional conflict or the tension between functions or departments that arises from divergent goals inhibits concerned responses to market needs and thus diminishes customer orientation (Jaworski & Kohli 1993).

Kennedy et al. (2003) highlight the centrality of customer requirements and performance feedback from customers in achieving the inter-functional coordination and alignment required in a customer orientation. In their research, the nonnegotiable necessity of satisfying external customers became the glue that helped to unify diverse staff efforts. In other words, both formal and decentralized intelligence dissemination led to enhance inter-functional connectedness (term introduced by Kohli & Jaworski 1990, 9). Ritter (1999) argues that only an integrated communication structure in the organization (i.e. high degree of inter-functional coordination) is the key for a firm to manage its relationships (also Helfelt & Ritter & Walter 2002).

Several authors have suggested *solutions* for inter-functional coordination. Management researchers have focused on such coordinating mechanisms as formal rules and procedures (e.g. Beer et al. 1990), reward systems (e.g. Beer & Nohria 2000), and cross-functional teams (e.g. Pinto et al. 1993; Rathnam et al. 1995). In addition, industrial marketing scholars are in favour of cross-functional teams as means for inter-functional handling of the customer interactions. As customer relationships require complex exchange, Narus & Anderson (1995) propose that teams handle most relationships. Also Möller & Rajala imply in their article (1999) that in knowledge intensive organizations non-hierarchical teams would be the primary mode of conveying the supplier-customer relationships, because different actors carry the necessary capabilities in implementing e.g. the total offering to the customer. According to Dwyer & Tanner (2002, 203-209) companies that want to adopt a customer orientation must have adequate spanning processes, processes that link internal processes with the customer (also Day 1994). Internal and external processes are often in conflict, as different sets of objectives are sought. Internal partnering is one spanning process that can result in managing such conflicts so that it has a positive effect on the firm. Internal partnering means creating partnering relationships with other functional areas. Internal partnering at its best carries the voice of the customer throughout the organization (Dwyer & Tanner 2002, 203-209). One central aim of the proper inter-functional coordination is to carry the voice of customers between different customer contact employees, and between customer contact employees and other employees in an organization. Dissemination of customer specific information is a focal in order for an organization to have a clear picture of the state of a customer relationship, for example.

2.3.2.2 Dissemination of customer specific information

Marketing researchers emphasize the importance of having accurate market intelligence throughout the organization to ensure that customer requirements are met (e.g. Kennedy et al. 2003). Kohli & Jaworski (1990) posit that the generation and dissemination of market intelligence is critical to sustaining a focus on customer satisfaction and ensuring that activities are evaluated in terms of their contribution to customer value. For customer orientation to advance, market intelligence, including customer specific information, must be disseminated by formal and informal means, and information must flow both laterally and vertically within the organization (Kohli & Jaworski 1990; Maltz & Kohli 1996). To establish and maintain relationships, it is imperative that organizations use customer specific information to shape appropriate responses to customer needs. In effect, information plays a key role in building and maintaining relationships (Jayachandran et al. 2005). Jayachandran et al. (2005) argue that companies can use the customer specific information to understand the needs and behaviours of their customers (=knowledge-enhancing use) and develop and offer customer-specific service (action-oriented use). Relationship marketing also suggests that customers should be treated in accordance with the value they offer to the firm, which in turn enhances customer lifetime value (Venkatesan & Kumar 2004). Therefore, customer information is also used to identify high-value customers.

Jayachandran et al. (2005) argue that building customer relationships requires detailed and up-to-date information about customer interactions. Customers often have multiple channels to communicate with a firm and could interact with numerous departments. The information from these interactions serves as the basis for future interactions. Thus, customer information capture processes are critical in relational information processes. All these interactions with the customer through different departments and contact points are sources of customer information. The development of trust is contingent on customers obtaining consistent responses when they interact with the firm. Such responses are possible only when the history of a customer's relationship with the firm is available to support customer interactions. This requires information integration processes (also Morgan et al. 2005) to ensure the assimilation of customer information from all firm-customer interactions to develop a detailed history of customer relationships and prevent loss of customer information. Moreover, Jayachandran et al. (2005) point out that it is imperative to ensure access to this customer specific information to all customer contact employees.

Kennedy et al. (2003) argue that customer specific information, defined solely by external factors, presents an incomplete portrayal of the intelligence needed for maintaining and enhancing customer relationships. Although their research does not discount the importance of external customer data, the link of internal customer data with external requirements surface as a critical component in serving the customer. Kennedy et al. (2003) point out that many organizations collect customer specific data, but only when the data are widely circulated and become shared organization wide platform from which decisions are made, a customer orientation prospers and becomes self-reinforcing (also Morgan et al.

2005). This is easier said than done in professional high-tech organizations. Transfer of knowledge across functional boundaries can be rather difficult and complicated. Even the most organized efforts to share customer specific information are often impeded by employees' tendencies to guard and selectively share information (Gilmour 2003).

According to Nätti (2005) internal fragmentation in the professional organizations seems to be, largely, inherent in this type of organization, and may cause many problems in disseminating customer specific information and therefore in effective use of such knowledge. Möller & Rajala (1999) argue that the greater the technological complexity and knowledge intensity of the solution delivered, and the higher the level of tacit knowledge involved in product development, marketing and the implementation of the solution, the more this tends to impede the communication between actors having a different knowledge basis or logic. Communication barriers can exist between suppliers and buyers but also within an organization. In addition, Nätti (2005) argues that in professional organizations there are barriers to knowledge transfer. This happens because everyday activities are focused on the customer interface and it is often hard to understand the significance of this knowledge to the whole organization. Also Day (1994) and Starbuck (1992) point out that it may be hard for professionals to understand the significance of institutionalising knowledge for the purposes of the whole organization. Consequently, the organization's common knowledge stock may remain weak. There is no commonly shared customer knowledge, but plenty of individual-bound knowledge in its tacit form. Also, inter-departmental rivalry can impede internal knowledge transfer (Maltz & Kohli 1996). In numerous situations, functions must compete for a firm's scarce resources and thus are often reluctant not only to share information to prevent a competing function from gaining knowledge but also to receive information for fear that it will heighten the value of the competing function's knowledge (Gupta & Govindarajan 2000). On the other hand Luo et al. (2006) argue that simultaneous cooperation and competition between functions (=so called coopetition) can advance knowledge transfer, because cooperation involves the ability and want to transfer information, and competition can also advance knowledge transfer given an underlying incentive to understand competing functions' position.

Brady (2004) points out that the effective collection and dissemination of vital information of the state of the customer relationship in an organization between different actors is an important aspect in implementing relational strategies. Nätti (2005) also points out that in order to formulate a coherent offering across different areas of expertise it is beneficial to transfer customer specific information between professionals, business units and functions.

Sveiby (1997, 49) points out that knowledge can be transferred in two ways. (1) Information transfers knowledge indirectly through media such as presentations; (2) Tradition transfers knowledge directly, from person to person, through learning by doing. People in knowledge-intensive organizations learn mainly by following each other's example, by practicing and by talking. Thus, competence is transferred most effectively when the recipient participates in the

process (Sveiby 1997, 44). Nätti (2005) suggests that moderating practices of well-planned relationship coordination system, customer knowledge and expertise codification, and cooperative working practises among the experts seem to help maintain customer knowledge transfer and utilization, and therefore also continuity and value creation in long-term customer relationships.

2.3.3 Leadership style

Scholars agree that cultural transformation requires the active role of senior leadership. The management literature stresses senior leadership's role in setting organizational vision (e.g. Senge 1990) and the importance of leaders' consistency of message and action (e.g. Day 1994; Senge 1990). Marketing researchers agree that without senior leadership support, customer orientation is unlikely to take root (Brady 2004; Day 1994, 1999a; Jaworski & Kohli 1993; Kohli & Jaworski 1990; Narver & Slater 1990; Slater & Narver 1995; Narver et al. 1998; Ruekert 1992; Kennedy et al. 2003; Kirca et al. 2005). As Webster (1988, 37) put it: "Customer-oriented values and beliefs are uniquely the responsibility of top management. Only the CEO (chief executive officer) can take responsibility for defining customer and market orientation as the driving forces". According to Webster (1988), top managers shape the values and orientation of an organization. In transformations to customer orientation, senior leaders must articulate organizational aims in terms that are harmonious with customer satisfaction drivers (Senge 1990), and their behaviour must be consistent with customer-oriented mandates (Day 1994, 1999b). Without managerial vision and a purpose to satisfy customers, employees may work conscientiously, but individually they cannot transform an organization (Day 1999b; Senge 1990).

Kennedy et al. (2003) suggest the importance of the role of leadership throughout the organization. Unlike previous theory on customer orientation, their results suggest that for staff members to internalize a customer orientation, they must experience an unbroken circuit of passionate, sincere, unified, and committed leadership from top levels to local managers. Any break in connectivity dilutes and can negate the top leaders' positive influence, especially if the break occurs in close proximity to customer contact workers. Kennedy et al. (2003) argue that empowering local-level leadership is key to the practical success of implementing a customer orientation. Leadership style is thus justifiably ascended as one essential theme exploring the phenomenon of creating relational customer orientation.

Alternative forms of leadership style

Leadership style has been suggested as significant in leveraging customer oriented behaviour and ultimately business performance (Dubinsky et al. 1995, Maccoby 2000, Martin & Bush 2003, Mason & Harris 2006). A certain leadership style has been found to motivate the efficiency of e.g. sales people by

increasing decision-making capabilities, by empowerment and encouraging a focus on long-term customer satisfaction (Martin & Bush 2003, Stock & Hoyer 2002). It seems that transformational leadership would be the appropriate leadership style in leveraging customer orientation, as opposed to two other well-known leadership styles – laissez-faire (inactive or non leadership) and transactional (or contingent reward leadership) leadership styles.

Laissez-faire leaders abdicate their responsibility and avoid making decisions (Bass 1990). Subordinates working under this kind of supervisor would be left to their own devices to execute their job responsibilities (Dubinsky et al. 1995). *Transactional leaders* identify and clarify for subordinates their job tasks and communicate to them how the successful execution of those tasks will lead to the receipt of desirable job rewards (Bass 1990, 1997; Dubinsky et al. 1995).

Transformational leaders adopt a long-term perspective. Rather than focusing solely on current needs of their employees or themselves, they also focus on future needs; rather than being concerned only with short-term problems and opportunities facing the organization, they also concern themselves with long-term issues; rather than viewing intra- and extra-organizational factors as discrete, they view them from a holistic orientation. In essence, such individuals tend to be "leaders" rather than "managers" because of the way in which they execute their job responsibilities (Kotter 1990) Bass (1997) proposes that transformational leadership provides leaders with distinct advantage in developing stronger relationships with customers.

Martin & Bush (2003) argue that managers need to be more transformational, taking the holistic approach to managing employees in order to influence positive customer orientation. They continue that managers can motivate and enhance the self-efficacy of their employees by increasing their decision-making capabilities or perceived empowerment, for example. Slater & Narver (1995) point out that a complex environment calls for a complex style of leadership and a transformational or, in other words, facilitative leader (Slater & Narver 1995). Facilitative leaders focus on developing the people around them. Senge (1990) suggests that a leader's objective is to create a "demand pull" system in which people in the organization want to learn more. Therefore, a leader must abandon the role of expert whose job is to teach subordinates the correct way to do things. Instead, he or she must work as a coach, helping those in his or her organization to surface assumption and understand relationships among people, organizations and events. According to Slater & Narver (1995), facilitative leaders are frequent and effective communicators within and outside the organization.

Narver et al. (1998) argue that without appropriate leadership, creating a market or customer orientation is simply not possible. Building an organization's culture and shaping its evolution is the essential function of leadership (Senge 1990). Schein (1983) argues that the three most potent mechanisms for embedding an organizational culture are all manifestations of leadership style. They are (1) deliberate role modelling, teaching, and coaching by leaders (see also Senge 1990); (2) what leaders pay attention to, measure and control; and (3) leader reaction to critical incidents and organizational crises (see also Senge 1990). To promote change, a leader must maintain a "creative tension" in the

organization, the tension between the articulated vision and the current reality (Senge 1990). Jaworski & Kohli (1993) find that top managers' commitment to the continuous generation and use of market intelligence and top managers' willingness to assume risks are two key antecedents of a market or customer orientation. Other antecedents to market orientation that stem from leadership are reducing interdepartmental conflict, increasing interdepartmental connectedness, orienting the reward systems, and decentralizing decision-making.

Following the analysis of the first set of data and a literature review, three components or characteristics of leadership style were chosen as central to the understanding of the research phenomenon. These characteristics are leadership commitment, empowerment, and reward system including measurement of results (Figure 8).



Figure 8. *Leadership style characteristics that potentially relate to creation of relational customer orientation*

2.3.3.1 Commitment

Brady (2004) found in his research that one important aspect in creating a relational strategy is the significance of board and management level commitment – meaning that top management has to affirm the importance of the new strategy. According to Day (1999a), the first step to a successful change program is demonstrating leadership commitment. By doing so, a leader owns and champions the change, invests time and resources and creates a sense of urgency. Day (1999a) continues that the following actions of a leader can convey the message throughout the organization: (1) Enthusiastic emphasis on superior quality of service and customer relations, with occasional direct interventions to solve a customer's problems. (2) Visits to customers to listen to their viewpoints. (3) Emphasis on customer and market issues during strategy reviews. (4) Insistent on comparing the company's performance in serving its target customers to that of its best competitors and then understanding why those competitors excel. All these moves signal senior management commitment. On the other hand, absence of leadership is according to Day (1999a) an obstacle to

change program towards increased customer orientation. Day (ibid.) argue that if leaders lack credibility, demand politically acceptable solutions, or cannot bring the rest of the management team to consensus the whole effort is likely to be worthless.

Stock & Hoyer (2002) identify *three dimensions of leadership style*: initiations of structure, consideration and initiation of customer orientation. Initiation of structure refers to the degree to which the leader structures and defines the leadership role and the role of subordinates concerning job-related activities, such as specifying procedures and assigning tasks (also Teas 1981). Consideration is the degree to which the leader promotes a work climate of mutual trust respect, psychological support, helpfulness, and friendliness (also Teas 1981). While initiation of structure and consideration are two general leadership style dimensions, Stock & Hoyer (2002) suggest a third that is important in the context of customer orientation. Initiation of customer orientation refers to the degree to which the leader promotes customer orientation to employees. According to Stock & Hoyer (2002), management's initiation of customer orientation is related to employees' customer-oriented attitudes in a positive manner. Managers can serve as a positive role model so that employees can learn what is acceptable and expected in terms of their customer oriented attitudes and behaviors.

Moreover, even though Kennedy et al.'s (2003) findings point out the importance of resource allocation as evidence of leader's sincerity and commitment, they find that transformation to customer orientation was most effective when workers witnessed unified and concerned leadership "walking the walk" of customer orientation. This is consistent with Kohli & Jaworski's (1990, 9) hypothesis that reducing organizational ambiguity about leadership commitment encourages the adoption of a customer orientation. Furthermore, according to Senge (1990) leaders must take the role of unlearning the traditional, but detrimental practices. By challenging their own assumptions and mindsets, they encourage employees to do the same. According to Slater & Narver (1995), the ability to lead unlearning could be the single most important role of the top management in encouraging change in an organization.

2.3.3.2 *Empowerment*

Empowerment or the lack of it - namely centralization - for that matter is assumed to play a role in the creation of relational customer orientation as being either enabler or inhibitor to serving the customer. Centralization, which refers to a limited delegation of decision-making authority in an organization, negatively affects customer orientation, because it inhibits a firm's information dissemination and utilization, for example (Matsuno et al. 2002). Whereas, defined as "enabler" empowerment is generally accepted as the delegation of decision-making authority to subordinates. As an enabler, empowerment is a motivational tool that allows the individual employee to gain motivation and increase his or her self-efficacy. Empowered employee working in the customer

interface has the ability to make decisions based on what is suitable for the customer (Strong & Harris 2004).

Martin & Bush (2003) and Strong & Harris (2004) find that perceived empowerment plays a critical role in the organization in its ability to develop and maintain employees' commitment to customer orientation.

One of the beneficial outcomes of empowerment is the removal of constraints imposed on customer contact employees, giving them the room to project their efforts to serve customer needs on the task basis (Hartline & Ferrell 1996). Bowen & Lawler (1992) argue that the logic behind the strategic empowerment of employees includes the ability to gain quicker responses to customer needs, the ability to achieve quicker on line response to dissatisfied customers, and the instigation of employee "feel good" element benefiting employee performance. In this regard, Grönroos (1990, 9) maintains "ideally the front line employees...should have the authority to make prompt decisions. Otherwise, sales opportunities and opportunities to correct quality mistakes and avoid quality problems in these moments of truth are not used intelligently, and become truly wasted moments of opportunity to correct mistakes, recover critical situations and achieve re-sales and cross-sales". Bitner et al. (1990) find that customers evaluate the encounter more favourably when employees are able and willing to adapt to meet their needs and requests, as such employee performance can be attributed to the ability and willingness of employees to adjust their behaviour (Hartline & Ferrell 1996).

2.3.3.3 Reward system

If organizations are to develop a customer oriented culture it has been argued that employees need to be evaluated and *rewarded* accordingly (Glassman & McAfee 1992). The best intentions of a customer-oriented change will be blocked if the compensation plan comes from another era. If the effort to change is to be taken seriously, rewards and incentives have to be aligned (Day 1999a).

Anderson & Oliver (1987), for example, argue that an effective evaluation and reward systems is behavior-based evaluation, which involves evaluating employees based on how they behave or act, rather than based on the measurable outcomes they achieve (Anderson & Oliver 1987). Under a behavioral-based system, employees are evaluated and compensated based on criteria including effort, commitment, teamwork, customer orientation, the willingness, and the ability to solve customer problems, and other such behaviors directed towards improving customer orientation (Hartline & Ferrell 1996; Ruekert 1992; Kirca et al. 2005). Previous research has found that there is a positive relationship between behavior-based evaluation and employee performance and research has also found that the quality of employee behavior increases when employees perceive their rewards to be the result of their own behaviors and when rewards are tied to behavioral performance (Scott & Bruce 1994; Spiro & Weitz 1990). Hauser et al. (1994) argue that employees who take or influence actions that affect customer focused tactics should be evaluated on these actions. Hauser et al

(ibid.) argue that a well-designed customer based evaluation strategy of this kind enhances profits. In addition, Strong & Harris (2004) demonstrate the effectiveness of behavioral evaluation in controlling or manipulating the behavior of customer contact staff.

2.3.4 Summary – the preliminary model of creating relational customer orientation

The analytical framework can be summarized into a preliminary model of the potential aspects relating the creation of relational customer orientation in a professional high-tech organization (figure 9). In the preliminary model, the focus is on inhibitors and solutions for relational customer orientation. This model helps to operationilize and structure the phenomenon and empirical material in the following chapters of the dissertation will provide richer and more detailed insights.

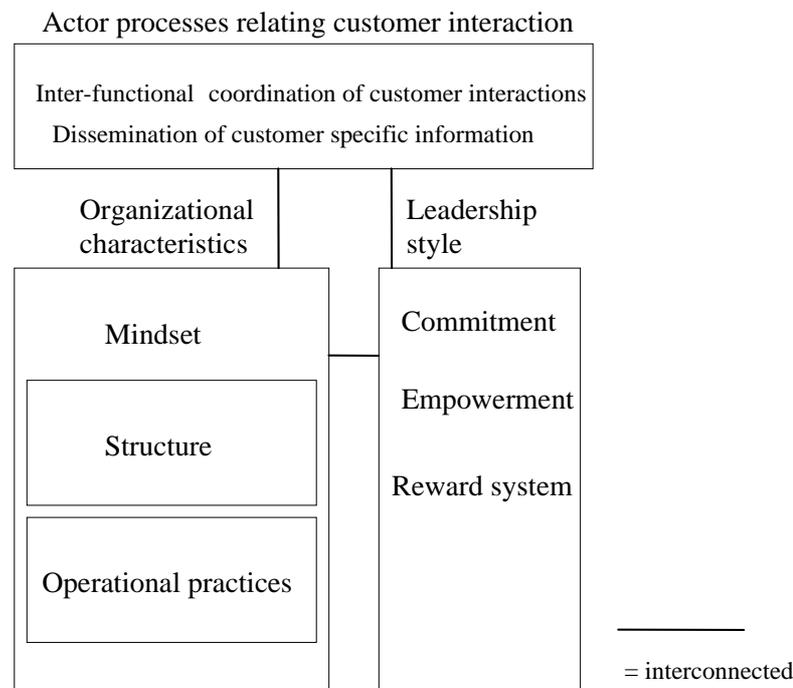


Figure 9. Preliminary model of the potential aspects relating the creation of relational customer orientation in a professional high-tech organization.

In the preliminary model, three dimensions in an organization have to do with the creation of relational customer orientation. These dimensions are:

- organizational characteristics,
- actor processes relating the customer interaction, and
- leadership style.

All these dimensions may both inhibit or facilitate relational customer orientation of a professional high-tech organization.

Organizational characteristics

Organizational characteristics may have say in creation of relational customer orientation, and furthermore, the choices made can either impede or facilitate relational customer orientation. The preliminary model includes three aspects of organizational characteristics, which may both inhibit or advance relational customer orientation in a professional high-tech organization. These aspects are mindset, structure and operational practices.

In order for new the cultural strategy to become a reality because of transformation process, it must become a part of the unconscious *mindset* of the organization (Stockport 2000). Strategic change towards increased relational customer orientation calls for the ability of the organization to absorb new information about their environment including customer relationships into their mental models (e.g. Day 1991). In a strategy change process, new knowledge is embedded into the prevailing knowledge base of an organization. The prevailing knowledge base in turn is likely to be strengthened – therefore knowledge tends to be filtered to fit into previous knowledge. This is why many organizations may find it hard to change and why many organizations see a need for change but are unable to act in order to fulfil this need (Prahalad & Bettis 1986; Grant 1988; Bettis & Prahalad 1995, Prahalad 2004). In this study, the concept of mindset is used to describe the type of knowledge filter, in which organizational attention is focused only on things deemed relevant to the organization, which fit into prevailing assumptions. While other kinds of things e.g. knowledge, which could have a renewing potential, may be ignored (see Prahalad & Bettis 1986; Bettis & Prahalad 1995, 7, Prahalad 2004). The longer the mindset has been in place, the more difficult it may be to renew (e.g. Bettis & Prahalad 1995, 11, Boivin & Roch 2006).

Homburg et al. (2000) and Baker (2002) argue that to make organizations more customer-oriented, structural changes are needed. The organizational *structure* presents an interesting angle to inhibitors and solutions for relational customer orientation, because it lies to a larger extend (as opposed e.g. to the mindset) within the management control (Sorenson 2003, 227). By creating a suitable design, organizations can provide forums for e.g. knowledge sharing (Slater & Narver 1995). On the other hand, one of the internal barriers to relational customer orientation can indeed be organization structure, as e.g. Brady (2004) argues. For instance, so-called silo organizational structure inhibits cooperation between departments, units and experts (Dwyer & Tanner 2002, 204-205). Kirjavainen (1997) argues that functionally organized expert groups might be competent in providing specific services, but lack the ability to combine expertise in order to create added value to the customers. According to Grant (1996, 384) current management practices can be seen as attempts to change organizational structure and processes to achieve better integration, e.g. between different functions and actors. According to Day (1999a), many firms

have adopted e.g. teams focused on managing distinct customers for achieving closer alignment.

Working habits, i.e. *operational practices*, may also inhibit or advance relational customer orientation. According to Strong & Harris (2004), superior procedural or operational tactics go some way to generate strong customer interactions and harvest greater profitability for organizations. Customer contact employees can be gauged from a number of perceptions that customers have concerning service-related attributes and practices of a business. These may include how customer contact employees behave, their attitudes towards their customers, and the image of the organization's customer service facilities (e.g. Bowen 1986). High-performing organizations have experienced success by effectively managing their relationships with customers and implementing formal customer relationship management policies within an organization, such as regular customer visit programs and customer care tactics (Strong & Harris 2004). For instance, customer-oriented training augments employees' sensitivity to customer needs, thus stimulating actions that are consistent with the requirements of customer orientation (Ruekert 1992).

Actor processes relating the customer interaction

Customer orientation consists of one overriding value: the commitment by all members of the organization to create superior value for customers continuously. Based on this value, the central principle of customer orientation is that every person in the organization understands that each individual and function can, and must, continuously contribute skills and knowledge to creating superior value for customers while meeting organizational objectives (Narver et al 1998; Kennedy 2003). Thus, work processes throughout the organization must be designed to add value to the ultimate customer (Kennedy 2003). Furthermore, as this research has a specific relational view to the phenomenon of creating customer orientation, it is essential to understand the role of those organizational processes that are at the core of building, maintaining and enhancing long-term customer relationships. As Grönroos (2004) points out, long-term relationship with a customer organization proceeds in an interaction process where various types of contacts between the supplier firm and the customer occur over time. In order for a professional high-tech organization to embrace relational customer orientation, it needs to design its work processes relating customer interactions in a way that supports the cooperation between actors, units and departments. These work processes that are covered under the dimension "actor processes relating the customer interaction" are themes of inter-functional coordination of customer interactions and dissemination of customer specific information.

Relational exchanges require flexibility and commitment in accessing a wider variety of internal organizational knowledge resources to benefit the customer. This means that an ability to conduct *inter-functional coordination* can be critical in implementing a relational strategy, for example (Kothandaraman & Wilson 2000; Jones 2003; Brady 2004). In addition, as most relationships require complex exchange, inter-functional coordination is a key to serve customers

(Narus & Anderson 1995). Well-managed inter-functional coordination or the lack of it may either advance or inhibit relational customer orientation within a professional high-tech organization.

For customer orientation to advance, market intelligence, including *customer specific information*, must be *disseminated* by formal and informal means, and information must flow both laterally and vertically within the organization (Kohli & Jaworski 1990; Maltz & Kohli 1996). To establish and maintain relationships, it is imperative that organizations use customer specific information to shape appropriate responses to customer needs. In effect, information plays a key role in building and maintaining relationships (Jayachandran et al. 2005). Jayachandran et al. (2005) argue that building customer relationships requires detailed and up-to-date information about customer interactions. Customers often have multiple channels to communicate with a firm and could interact with numerous departments. The information from these interactions serves as the basis for future interactions. Thus, customer information processes are critical in relational information processes. Kennedy et al. (2003) point out that many organizations collect customer specific data, but only when the data are widely circulated and become shared organization wide platform from which decisions are made, a customer orientation prospers and becomes self-reinforcing (also Morgan et al. 2005).

Leadership style

Marketing researchers agree that without senior leadership support, a customer orientation is unlikely to take root (Kohli & Jaworski 1990; Narver & Slater 1990; Ruekert 1992; Day 1994, 1999a; Jaworski & Kohli 1993; Slater & Narver 1995; Narver et al. 1998; Kennedy et al. 2003; Brady 2004; Kirca et al. 2005). Kennedy et al. (2003) suggest the importance of the role of leadership throughout the organization. Leaders' leadership style thus justifiably ascended as one essential theme exploring the phenomenon of creating relational customer orientation. Leadership style has been suggested as significant in leveraging customer oriented behaviour and ultimately business performance (Dubinsky et al. 1995, Maccoby 2000, Martin & Bush 2003, Mason & Harris 2006). It seems that transformational leadership would be the appropriate leadership style in leveraging customer orientation. In the preliminary model, three components or characteristics of leadership style are central to the understanding of the research phenomenon. These characteristics are the leadership commitment, empowerment, and reward system including measurement of results.

Brady (2004) found in his research that one important aspect in creating relational strategy is the significance of board and management level *commitment* – meaning that top management has to affirm the importance of a new strategy. By doing so, a leader owns and champions the change, invests time and resources and creates a sense of urgency (Day 1999a). According to Stock & Hoyer (2002) managers can serve as a positive role model so that employees can learn what is acceptable and expected in terms of their customer oriented attitudes and behaviors. Kennedy et al. (2003) found that transformation to

customer orientation was most effective when workers witnessed unified and concerned leadership "walking the walk" of customer orientation.

Empowerment or the lack of it - namely centralization - is assumed to play a role in the creation of relational customer orientation as being either enabler or inhibitor to serving the customer. Empowerment is generally accepted as the delegation of decision-making authority to subordinates. As an enabler, empowerment is a motivational tool that allows the individual employee to gain motivation and increase his or her self-efficacy. The empowered employee working in the customer interface has the ability to make decisions based on what is suitable for the customer (Strong & Harris 2004).

If organizations are to develop a customer oriented culture it has been argued that employees need to be evaluated and *rewarded* accordingly (Glassman & McAfee 1992). The best intentions of a customer-oriented change will be blocked if the compensation plan comes from another era. If the change effort is to be taken seriously, the rewards and incentives have to be aligned (Day 1999a). For example, Anderson & Oliver (1987) argue that an effective evaluation and reward system is behavior-based evaluation, which involves evaluating employees based on how they behave or act, rather than based on the measurable outcomes they achieve (Anderson & Oliver 1987). Hauser et al. (1994) argue that employees who take or influence actions that affect customer focused tactics should be evaluated on these actions.

3 RESEARCH STRATEGY

The researcher's perception of reality is a foundation for the research strategy. This view to reality influences all the steps in the research process, shaping it and its outcome, the written dissertation. The outcome is a reflection of the choices made, such as the phenomenon in focus, the choices of the method used, the data collection, analysis and interpretation, and the way of presenting empirical data. The research strategy of this study comprises the research approach and the research process. The research approach describes the philosophy and logic behind the research and the research process focuses on the actual process and its different stages.

3.1 Research approach

This section describes the scientific philosophy behind this study, which is grounded in interpretive paradigm. Also the abductive research logic of this study is discussed.

3.1.1 The scientific philosophy

The concept of paradigms was initially introduced by Kuhn (1962) who recognised that different paradigms picture the world in incompatible ways, so that the data is interpreted differently in different paradigms. Gummesson (2000, 18) suggests that the role of the paradigm is to "represent people's value judgements, norms, standards, frames of reference, perspectives, ideologies, myths, theories, and approved procedures that govern their thinking and action". I see the world of paradigms more as a continuum rather than extremes. When considering my values as a researcher, perspectives and approached procedures of the research done that are reflected in this written dissertation, I would say that basic characteristics of interpretivism are represented here. Thus, the paradigm behind this research can be grounded in the interpretive approach, which sees as its starting point that reality is socially experienced on both the organizational and individual level. While functionalists – the opposite paradigm in the continuum – treat social phenomena as concrete, materialistic entities, interpretivists believe that reality is socially constructed through words, symbols and the behaviour of its members (Berger & Luckmann 1967; Burrell & Morgan 1979).

According to Schwandt (1994), broadly speaking, the interpretivism is stemming from ideas of phenomenology, and the critique of positivism in social sciences. I do not criticize positivism – however, I feel that also different and more subjective knowledge of business reality is needed in addition to the largely dominant positivist research approach in marketing. Positivism is related to realism, determinism and quantitative research methods and its interest lies in finding causal relations and law-like generalizations (Neilimo & Näsi 1980). Phenomenology, on the other hand, assumes that reality is constructed by individuals, and the idea is not to find "scientific laws" or causalities, but to understand the phenomenon based on interactive research process where subjectivism is not excluded, but the active role of the researcher him/herself is seen as natural part of the outcome (Burrell & Morgan 1979; Holstein & Gubrium 1994).

One way to express the extremes of the research paradigms of social sciences is to depict the orientation as subjective–objective dimensions (Burrell & Morgan 1979, 3-4; Arndt 1985) (Figure 10). Arndt (1985) categorizes alternative realities in marketing in terms of world views based on metatheoretical assumptions about the nature of science using the subjective-objective dimension, and explicitness of long-term conflicts in society. As opposed to logical empirism, which represents the objective world view, the interpretive paradigm can be located in the subjective world view of marketing (Arndt 1985; see also Schwandt 1994). The interpretive paradigm tends to be nominalist, antipositivist, voluntarist and ideographic in nature (Burrell & Morgan 1979, 3). These basic characteristics of interpretivism can easily demonstrate and explain the choices done in this research.

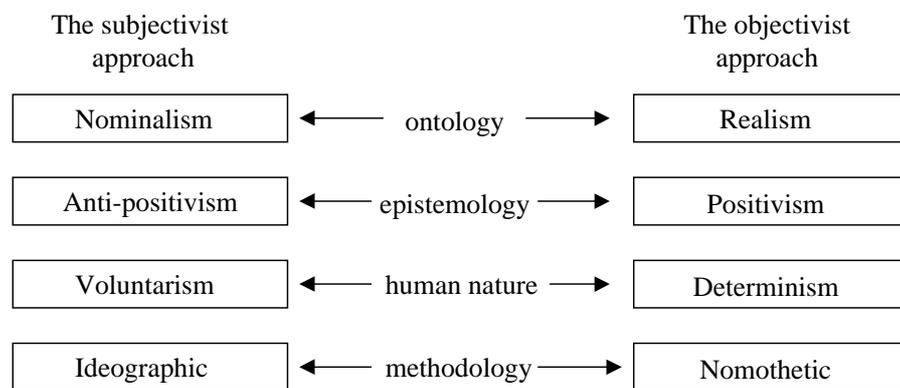


Figure 10. A scheme for analysing assumptions about the nature of social science: The subjective–objective dimension (Modified from Burrell & Morgan 1979, 3).

Ontology deals with how people view their world and what they see as reality. (Burrell & Morgan 1979, 1; Guba & Lincoln 1994). Interpretive paradigm is linked to *nominalism*, an ontology which sees the social world as a social process

which is created by the individuals concerned. Thus, according to the ideas of nominalism, examined reality is not external to the individual cognition (Burrell & Morgan 1979, 28). The only reality is actually constructed by individuals involved in any research situation (Hill & McGowan 1999).

Epistemology studies the assumptions about the grounds of knowledge and meaning e.g. assumptions about what forms of knowledge can be obtained, and how one might sort out what is to be regarded as 'true' from what is to be regarded as 'false'. Knowledge is depending on the epistemological premise hard, real and capable of being transmitted in tangible form, or softer, more subjective and transcendental (Burrell & Morgan 1979, 1-2; Guba & Lincoln 1994). Interpretive paradigm is closely linked to *anti-positivist epistemology*, which sees knowledge as being something that has to be individually experienced (Schwandt 1994). Thus, for the anti-positivist, the social world can be understood from the point of view of the individuals who are involved in the phenomenon under study. The anti-positivist view emphasises uniqueness and investigating processes (Burrell & Morgan 1979, 5, 28-31; see also Lowe et al 2004). It rejects the standpoint of outside observer, it rather emphasises that one can understand a phenomenon by participation. One has to understand the world 'as it is' from inside rather than outside (Burrell & Morgan 1979, 5, 28-31). The researcher will interact closely with the subjects of the study. This view emphasizes the minimalization of distance between the researcher and the subject of the research – meaning getting close to the phenomenon studied (Hill & McGowan 1999). The ideal research is up-close and personal, as mentioned. In line with this, the language of the research analysis and reporting can be first person and personal (Hill & McGowan 1999) as is the case in reporting the empirical part of the research in this written dissertation.

This research aims at understanding what is happening in the real business life and strives to bring this reality into theoretical words. I feel that this is possible by participating in the case organization's everyday life, by speaking the same organization specific language with the informants, and getting a comprehensive understanding of what has happened in the change process. This is possible in this research, because I work in the case organization and have been living the change process myself. This 'inside' view to study a phenomenon in the area of customer orientation and relationship marketing is an approach that has limited previous experience, the main emphasis still being the positivist world view (see e.g. Lowe et al. 2004).

Out of the assumptions of the nature of the social world, human nature is concerned with the relationship between human beings and their environment (Burrell & Morgan 1979, 2). The interpretive paradigm has a *voluntaristic idea of human nature*, which thinks that "man is completely autonomous and free-willed" (Burrell & Morgan 1979, 6). Assumptions on ontology, epistemology and human nature have direct implications on methodology choices. Each has an important consequence for the way in which one attempts to investigate and obtain knowledge about the social world (Burrell & Morgan 1979, 2; Guba & Lincoln 1994). *Methodology in interpretive paradigm is ideographic*, according to which one can only understand the social world by obtaining first-hand

knowledge of the subject under investigation. It places considerable emphasis on getting close to the phenomenon studied – it stresses subjectivity, which is gained through getting inside and involving oneself on the research subject (Burrell & Morgan 1979, 6-7, 28-29). Research methods often mentioned in accordance with the interpretive paradigm are observation, participant observation, action research, ethnographic interviewing, in-depth interviewing, grounded theory approaches and the case study (Hill & McGowan 1999). This is a single case study using data gathered through in-depth interviewing and observations and documents of the case studied. The actual research logic of this study is discussed next.

3.1.2 Abductive reasoning

When defining the research logic of this study, I describe it as being abductive, as opposed to being deductive or inductive. In the deductive research logic the aim is to develop propositions from current theory and make them testable. In the inductive research logic the idea is to generate a theory systematically from the data (e.g. Gummesson 2000, 63). The abductive approach gives a central role to empirical data and allows more dynamic interaction between data and theory than the deductive or inductive methods. The researcher should constantly be going back and forth from one type of research activity to another. The preliminary analytical framework will be affected by what is discovered during the data collection as well as during analysis and interpretations. Data analysis might identify new issues that must be covered in interviews etc (e.g. Dubois & Gadde 2002). Differences between deductive, inductive and abductive research logic are depicted in Figure 11. By choosing an abductive approach to represent my research logic, I want to define my research process as being more cyclical than linear. The construction of theoretical and empirical understanding has been intertwined. Research journal has been used to document the research process and the choices made during the process.

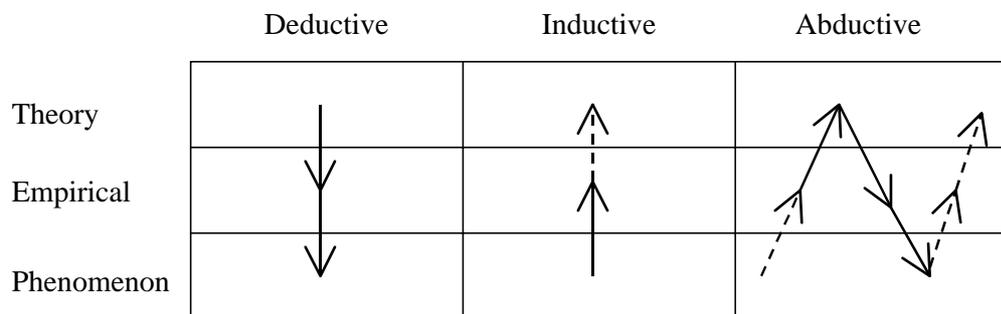


Figure 11. Distinctions between deductive, inductive and abductive logic (Modified from Alvesson & Skoldberg 1994).

Several researchers have stressed the integration of theory generation and empirical analysis⁵ (e.g. Alvesson & Sköldbberg 1994, 2000, Miles & Huberman 1994, Coffey & Atkinson 1996, Gummesson 2001, Dubois & Gadde 2002) in order to pursue a comprehensive picture of reality. Literature plays a different role in studies aiming at theory generation than in deductive studies. The whole theory-generation process aims at discovering new elements and aspects from the reality. Although, according to Strauss & Corbin (1990) it is important to have some theoretical knowledge of the phenomenon studied in starting point, it is impossible in abductive research logic even to identify all the relevant literature at the beginning of the process, since the empirical and theoretical parts are intertwined.

Dubois & Gadde (2002) call this kind of an abductive research logic – in case research in particular – as systematic combining, wanting to point out the intertwined nature of different activities in the research process. They argue that standardized conceptualization of the research process as consisting of a number of planned phases does not reflect the potential uses and advantages of case research. Instead, "we have found that the researcher, by constantly going 'back and forth' from one type of research activity to another and between empirical observations and theory, is able to expand his understanding of both theory and empirical phenomena"(Dubois & Gadde 2002, 555).

Figure 12, by Dubois & Gadde (2002, 555), illustrates what is meant by systematic combining i.e. an abductive approach to case research, which explains also the logic of this study. The preliminary analytical framework consists of articulated preconceptions. Over time, it is developed according to what is discovered through the empirical fieldwork, as well as through analysis and interpretation. The evolving framework directs the search for empirical data. Empirical observations might result in identification of unanticipated, related issues that may be further explored in interviews or other data collection. This might bring about a further need to redirect the current theoretical framework. Matching is about going back and forth between framework, data sources, and analysis. Direction and redirection of the study is an important feature for achieving matching.

⁵ *Not all researchers refer to the concept of abductive research logic in stressing the integration of theory generation and empirical analysis. E.g. Alvesson & Sköldbberg 2000 refer to a concept of reflexive methodology, and Gummesson (2001) uses the concept interactive research stressing the interactivity in its strive to achieve close access to reality, whereas Dubois & Gadde 2002 use the frame systematic combining.*

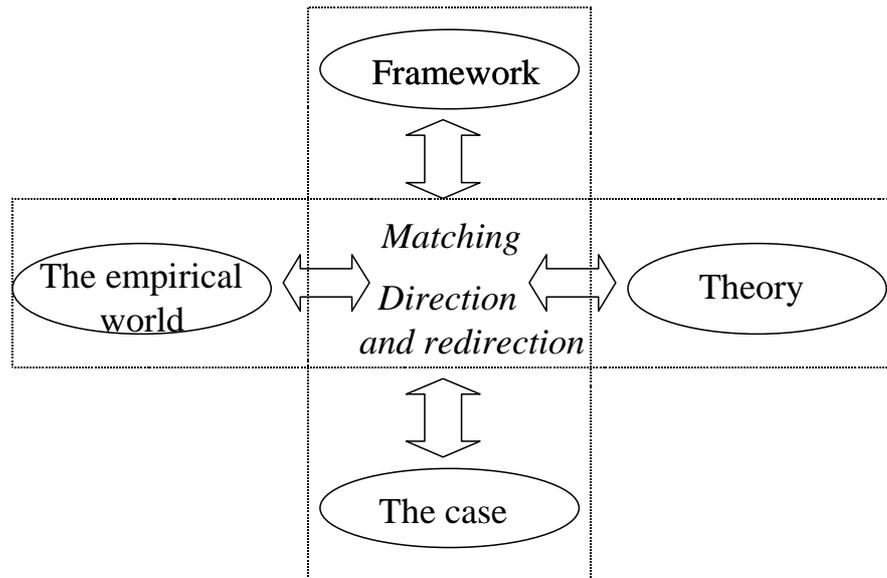


Figure 12. *Systematic combining: an abductive approach to case research (Dubois & Gadde 2002, 555).*

The following figure 13 (compare Mittilä 2000, 21 and Voima 2001, 28) further depicts the abductive research logic used in this study in which the theoretical and empirical research activities have alternated, and where the research process is positioned between the polar opposites of inductive and deductive logic. Both the theoretical and empirical pre-understanding of the phenomenon preceded a literature review. As a result of my preunderstanding of the phenomenon and a literature review, a preliminary framework of the research area was made⁶. Then the first set of data was collected. The idea was to get a general picture of the empirical phenomenon – and get hints on what theoretical discussions are of relevance to the phenomenon studied. After analysing the first set of data I went back to the literature. As a result of data analysis and a literature review, the modified analytical framework was made including a preliminary model of the phenomenon. The analysis of the first set of data and going back to the literature gave me new insights to the phenomenon studied and also pointed out new aspects that I wanted to cover in the interviews of the second phase of data collection. After collecting also the second set of data, all existing data was analyzed with the help of the preliminary model. In the final analysis and interpretation process, the interaction between empirical and theoretical research activities were in a central role as well, finally getting into the focal result of this

⁶ Preliminary framework was built on the following theoretical discussions around the area: Relationship Marketing utilizing both the Relationship Marketing (stemming from the services marketing) and Interaction & Network approach to industrial business (IMP Group); Internal marketing, and Market orientation, concentrating on an aspect of customer orientation.

research – a construction of a model of creating relational customer orientation within a professional high-tech organization.

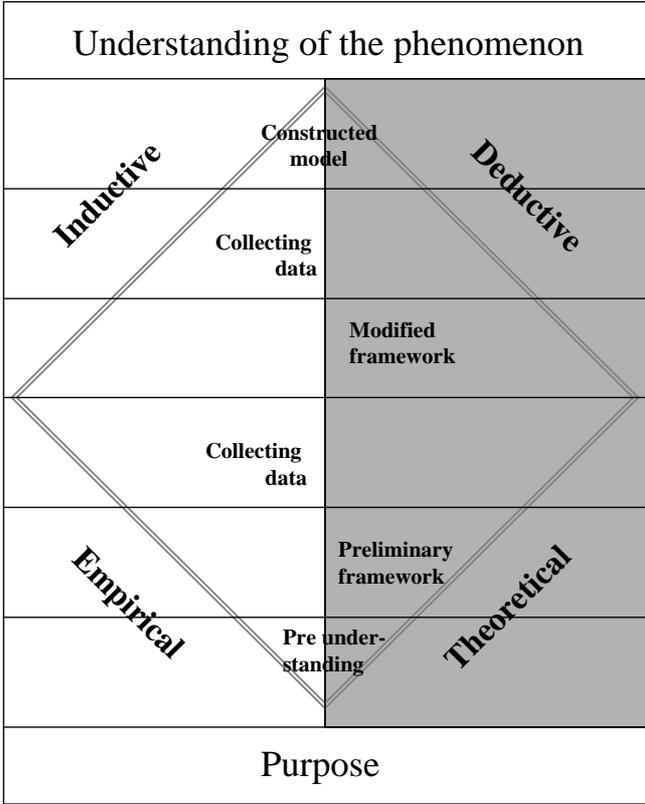


Figure 13. Interaction between theoretical and empirical research activities in this study.

3.2. Research Process

The foundation of this study – the abductive research logic – interacts with the research process. A research journal has been used to document the research process during the active research period so that I would become aware of the choices I made and the reasons behind them. The key elements of the research are summarized in Figure 14.

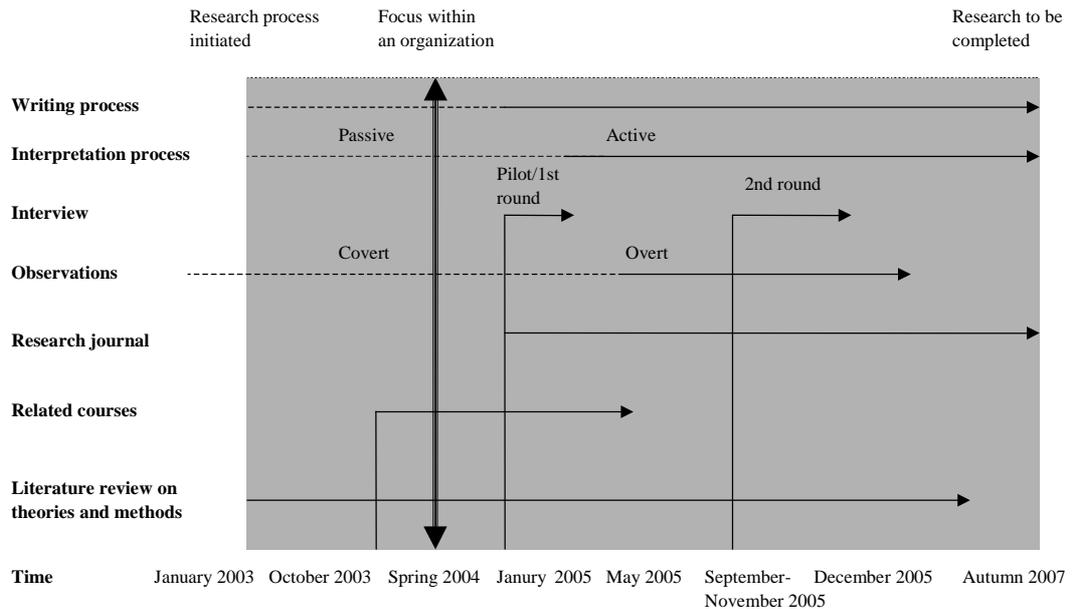


Figure 14. *The central elements of the research process.*

I started my post graduate studies in January 2003. I had already worked in the organization that later became the case organization. At that time I was already interested in the relationship marketing, especially in the industrial company environment. I started to familiarise myself with the related literature of relationship marketing searching for a research gap. At the same time I applied and was accepted (October 2003) to first courses related to the subjects of my interest as well as the methodology. As a result of reviewing the literature, attending post-graduate courses, and working in an industrial organization I made a decision (Spring 2004) to focus my attention within an organization, instead of having a relationship or network as a unit of analysis, which is typical in the research in the area of relationship marketing.

The decision to focus my attention within an organization stemmed from two justifications. Firstly, there seemed to be a research gap existing there in the relationship marketing discourse, which was still at that time my main research area focus. Secondly, at the same time I had been witnessing a strategy implementation process in the organization where I work, and saw an opportunity to investigate that. Long-term business relationships with customers seemed to play an important role in the new strategy. Also, I saw that managing long term business relationships and becoming more aware of the importance of these relationships seemed to be a manifold phenomenon within this kind of a high-tech organization, which at the same time was offering more and more services as part of the total offering to its customers.

I made a preliminary framework and collected the first set of data during January 2005. Also, I started to overtly observe the organization on different

occasions at the beginning of May 2005. One of these occasions is the organization's management team meetings where I have been attending once a month. I made a preliminary analysis of the first round of interviews and wrote a conference paper (Lamberg 2006) of those results during the summer-autumn 2005. As a result of analysing the first set of data⁷, and going back to the literature, a theme interview guide for a second round of interviews was made. Also the analysis and the literature review resulted in a preliminary model and a modified theoretical framework of the phenomenon studied. At that time it became obvious that what the research is really focusing on is the creation of relational customer orientation, because that was what the change process was all about in the case organization, and this is an area where limited research has been done around the concept of customer orientation. The perspective to the phenomenon still remained relational.

The second round of theme interviews was conducted during September-November 2005, which marked a starting point to a more intensive analysis and interpretation process. It became obvious that a saturation point was reached after the second round of interviews and going through the secondary data - the observations and the amount of written documents. As a result of the analysis and interpretation process, a constructed model started to get its form. Study leave during January-July 2007 enabled me to concentrate on reporting the actual research and its findings for this written dissertation.

Next, the central steps of the actual research are explained in more detail. These steps include pre-understanding, the chosen method, acquiring data, as well as analysis and interpretation.

3.2.1 Pre-understanding

Gummesson (2000, 57) refers to preunderstanding as "people's knowledge, insight, and experience before they engage in a research program". It is impossible to define all the elements affecting the researcher's preunderstanding about the research area. Nevertheless, it is important to identify the main motivations. Preunderstanding is perceived as an essential part of the research process of this study. I would define my preunderstanding of the research area as being two-fold – consisting of *theoretical and empirical preunderstanding*. The empirical case has had an important role in the accumulation of my preunderstanding of the phenomenon, because I have worked for the company that the case organization is part of for some years already before the empirical part of my research was initiated.

⁷ *The first set of data has two roles in this study: firstly it was used as a data for a pilot study, the result of which is the categorization that has been used as a basis for forming the preliminary model complemented with a literature review. Secondly and foremost the first set of data has been an important part of the entire study, representing the management view to the phenomenon.*

Theoretical preunderstanding has been build during my master's degree studies as well as at the beginning of postgraduate studies, when I had been interested in relationship marketing as well as industrial marketing issues both from the inter-organizational as well as intra-organizational point of view.

My preunderstanding in the research area is connected to a fact *that I have been working for the company* that includes the case organization for several years. What is worth noting is that I have been studying marketing in university along with my work on two occasions: first, during my master's studies, and after a few years of working full-time, when I initiated post-graduate studies. Thus, I have been reflecting what I know empirically of the case organization to my theoretical knowledge gained in university and vice versa. Many things I have learned in university have gained in my mind its own empirical counterpart from reality. Thus, I had been observing unconsciously the phenomena of my research topic already before the actual research process was initiated.

During the years I have had different roles in the company. My history in the company dates back to the summer of 1998, when I first worked as marketing trainee during the summer. Already then, I had an opportunity to work in a strategy process team, among other things, as I did also during the summers of 1999 and 2000. During these years I was still doing my master's degree. In February 2001 I started to work full time in the company as communications manager. Starting the summer of 2003 I started as marketing communications manager in the case organization and in the spring of 2005 I was appointed marketing manager. During the years I have worked in the case organization, I have seen for instance a change in the strategies and the logic of customer encounters and mindsets of some people in the organization. Then again I have noticed, for example, deeply rooted beliefs and the challenges of changing organizational practices. My work history has certainly formed the empirical preunderstanding of the phenomenon on a surface level – this study aims at getting a deeper understanding of the phenomenon also on a more abstract – theoretical level.

According to Gummesson (2000, 33) there are three possible ways to gain access to the companies when doing research: via the researcher role, the consultant role, or the role of employee. Research can occur in all three roles (see also Adler & Adler 1994 on research roles). The fact that I have been working in a case organization poses challenges to this research as my role in an organization is two-fold – as researcher and as employee. However, I see this also as an opportunity to observe very closely what is happening in an organization as what comes to the research phenomenon. Atkinson et al. (2003) point out that if we wish to understand the forms of life and the types of social action in a given social setting, then we surely cannot escape the kind of engagement that is implied by participation. Gummesson (2000, 45) points out that the combined role of researcher and employee has certain advantages. These can be access to information, participation within the system, and opportunity for close contact with individual employees.

3.2.2 Method: Single case study

A case study approach has been chosen as the research method for the phenomenon under study. Case studies are seen as particularly useful when focus is on understanding phenomenon and on developing theory (e.g. Dubois and Gadde 2002; Perry 1998) as is the case in this study. Yin (2003, 13-14) defines a case study as "an empirical inquiry that investigates a contemporary phenomenon within a real-life context, especially when the boundaries between phenomenon and context are not clearly evident". I see creation of relational organization as a phenomenon that is socially experienced and context-specific in nature. It is in line with interpretism and the anti-positivistic world view represented in this study. This is one rational for choosing the case study approach for this study.

The underlying idea of a case research is the many-sided view it can provide of a situation in its context (Halinen & Törnroos 2005). Case study research provides the researcher with input of the real-world's data from which concepts can be formed and propositions and the extant theory can be tried. The purpose of the case study research is usually systematic and holistic, to give a full and rich account of a network of relationships between a host of events and factors (Gummesson 2001, 34-35). Instead of statistical representativeness, case studies offer depth and comprehensiveness for understanding the specific phenomenon (Easton 1995). A case study also gives an opportunity to get close to the phenomenon studied (Halinen & Törnroos 2005). This research aims to give a full and rich picture of creating relational customer orientation within a professional high-tech organization. The objective is to get a deep understanding of the phenomenon through involving oneself and getting close to the phenomenon. More specifically, in this research the purpose of the case study is to provide the empirical basis for the development of an empirically grounded model of creating relational customer orientation.

The main focus of this study is on the phenomenon studied, not on the case itself, therefore this study is *instrumental*. However the specific case aims to enrich the examination of the phenomenon. According to Stake (1994, 237), in instrumental case study, the role of a case is to bring insight into issues that reach beyond the case itself.

Rationales for a single case study

Research conducted through case studies may concentrate on one or several cases. A single case study as opposed to a multiple case study approach was chosen to study this phenomenon. A single case study is particularly appropriate in situations when only a little is known about the subject and that many times has been difficult to access (Yin 2003, 39-42; Halinen & Törnroos 2005). Creation of relational customer orientation is a phenomenon with little prior research done. Also, the access to study a change process can be difficult.

The purpose of this study is to describe and analyze the creation of relational customer orientation in a professional high-tech organization. Given the purpose

of this research, the actual case composes of two interdependent elements – firstly, the case organization that this research has investigated, and secondly, the change process that this organization has been going through. As this study investigates a change process, I feel that deep involvement in the case company is valuable in order to understand the many-sided nature of the phenomenon. Conducting several case studies would have limited this possibility. One rationale thus for choosing a single case study is in line with what Yin (2003, 39-42) has proposed in situations when a case is investigated at different points of time. After all, considering *the role of time in this research*, this study aims to capture the actual phased implementation process in addition to the more static dimensions or objects of change in an organization. Halinen & Törnroos (2005) also point out that a case study is a strong method to study a change process as it allows the study of contextual factors and process elements in the same real-life situation.

As Dubois & Gadde (2002) point out, studies focused on processes have to come to an end, whereas the processes in the real world continue. The period followed in this research has been approximately 3.5 years. This period seemed natural. September 2002 marks the starting point to the investigation of the change process. Then the new management of the organization wanted to change the course of the business, and started actively to implement a strategy towards increased relational customer orientation. The change process was followed until the end of the year 2005, which seemed natural, as the saturation point of the data collected had been reached. In addition, during that time the case organization's customer oriented strategy received essential additions, as growth became one of the key goals of the company. The aspiration towards increased relational customer orientation naturally continued as well.

One might argue that multiple case studies allow replication and contrasting observations from different settings as well as it is considered to enhance generalizability, as the constructs can be applied in several configurations (e.g. Miles and Huberman 1984). According to Easton (1995), however a clear weakness with multiple case studies is that they suggest reliance on some notion of statistical generalization in a belief that a greater number of case studies increase the explanatory power of the research (see also Wollcott 1994). Dubois & Gadde (2002) argue that learning from a particular case (conditioned by the environmental context) should be considered a strength rather than a weakness. The interaction between a phenomenon and its context is best understood through in-depth case studies.

Embedded single case study

In this study, within the single host case, the phenomenon is studied from various angles and levels. This means that the host case constitutes the context of the study – the organizational level. However within the organization, the phenomenon of creating relational customer orientation is analyzed from the point of view of different communities in the organization. Different units or functions within an organization form a community. Therefore, this study is an

embedded single case study as opposed to a holistic single case study (Yin 2003). In the embedded case study, the same case study may involve more than one unit of analysis. This occurs when, within a single case, attention is also given to a subunit or subunits. It is important in an embedded single case study not to focus only on the analysis of subunits, but to return to the larger unit of analysis (Yin 2003). Figure 15 depicts the different points of view to the phenomenon that have been investigated in this study. The phenomenon has been looked upon from the management point of view as well as from the point of view of the customer interface functions, R&D and Product management. The customer point of view is investigated indirectly through the outlook of the interviewees within an organization and partly by utilizing secondary data such as a customer survey conducted in a case organization and by observing customer presentations and conversations.

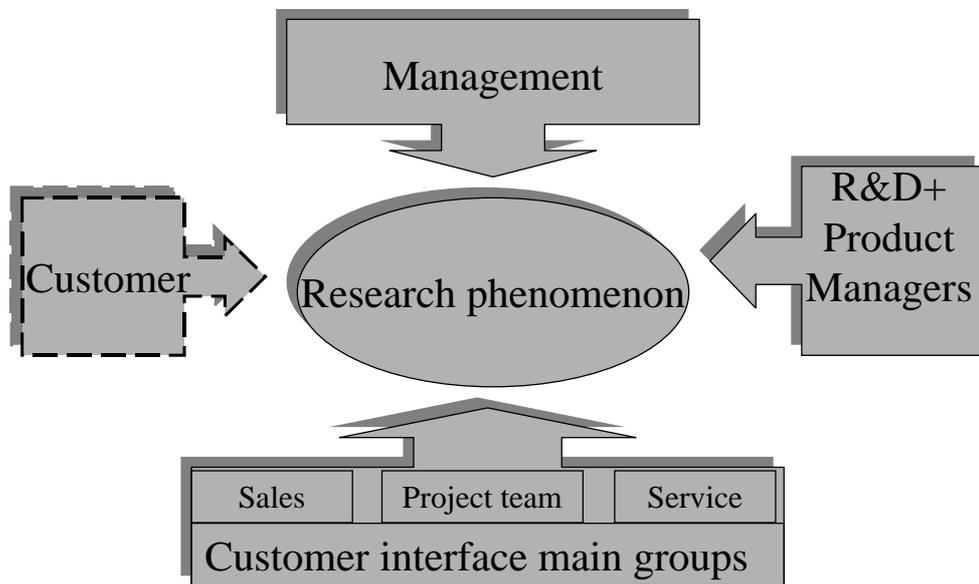


Figure 15. *Subunits of analysis within a host case.*

Choice for a case of this study

A choice for a host case of this study stems from the following motivations:

1. Being an actor in an organization that started a strategic transformation towards increased relational customer orientation gave me an opportunity. I did not want to miss studying a phenomenon where there is not much prior research.
2. This ensured good *access* to the information. The selection of the organization was thus natural and in line with Cunningham's (1997) argument that the motivation for selecting a host case often stems from the researcher's intensive experience with the organization.

3. Being an actor in the case organization ensured empirical *preunderstanding* of the phenomenon.
4. The case organization is representing what I call a typical professional high-tech organization. This context gives an interesting ground to study the phenomenon because of the intensive customer interactions needed in this kind of an organization.

3.2.3 *Acquiring data with qualitative methods*

Case study research may involve qualitative data only, quantitative data only, or both (Yin 2003). This research is qualitative for several reasons. In this study the understanding of the phenomenon studied is more important than generalization. This thesis focuses on the creation of relational customer orientation within a professional high-tech organization, which is a rather complex phenomenon. Despite the quite vast amount of research done around the concept customer orientation, we have relatively little knowledge about the creation of customer orientation, not to mention when the perspective is relational. Furthermore, in order to be able to answer the sub research questions (What kind of stages can be identified in the implementation process of creating relational customer orientation? What kind of inhibitors are there for relational customer orientation in professional high-tech organization? What kind of solutions can advance relational customer orientation in professional high-tech organization?), which are mainly explorative focusing on contextual knowledge, a qualitative approach was needed.

Qualitative case studies are characterized by the researcher spending substantial time on site, being hands on with activities and informants, and reflecting on what is going on (Stake 1994). Qualitative methods consist of three general kinds of data collection methods: in-depth, open-ended interviews, observation and written documents (e.g. Denzing and Lincoln 1994; Silverman 2001). The case study inquiry copes with the technically distinctive situation in which there will be many more variables of interest than data points, and as one result relies on *multiple sources of evidence*, with data needing to converge in a triangulating fashion (Yin 2003, 13-14). In this study the data has been gathered using multiple sources of evidence. In this study (compare Dubois & Gadde 2002, 556), as it is using abductive reasoning, the emphasis on verification, i.e., checking the accuracy of data, is not however the only issue. Rather, multiple sources may contribute to revealing aspects unknown to the researcher, i.e., to discover new dimensions of the research problem.

Information gathering strategy

In order to understand the phenomenon of creating relational customer orientation, I have applied a case study approach involving information gathering strategy that combines interviewing, observation as well as document analysis (compare e.g. Denzin 1978 in Patton 2002 about participant observation field

strategy; see also Reason 1994 about approaches to participative inquiry). Participant observation was possible in this research because of the privileged access to the case. I realize that the management action research would have been a step further in studying a change process, being the most advanced approach to get close to the data (Gummesson 2000, 35). I feel however that in this study I wasn't purely a change agent in a sense that I would have consciously followed a research strategy to actively influence or implement the change. Further I have not participated to all of the constituent parts of the change process (see Gummesson 2000, 43).

The main source of data in this study is in-depth theme interviews with key persons in the case organization. The purpose of interviewing is to find out what is in someone else's mind (Patton 2002). The interview data is backed up with observations and analyzing written material that was made available by the case organization.

Interviews

As the main source of data, 22 in-depth theme interviews were conducted in two phases during the year 2005. In the first phase, seven theme interviews were made concentrating on the management views. The second phase consists of 15 theme interviews focusing in the customer interface and especially in different functions and units in the customer interface. The informants were chosen based on whom information on the phenomenon studied could be best gained. The idea was to get different perspectives on the phenomenon as the interviewees represent different units and functions. Interviewing people in different roles adds to the rich data needed to study this kind of a multi-layered phenomenon.

I used an interview guide to make sure that relevant topics and themes would be covered during the interviews. Accordingly, I decided upon a list of themes or general questions for the interviews beforehand, but left the exact form or order of the question unspecified (see Hirsjärvi & Hurme 1988, 35-36). Certain topics were always covered in the interviews. The interviews were conducted not only by asking questions, but primarily by encouraging the informants to "tell a story" about topics in their own words as freely as possible. In most cases this story telling technique worked well. In those cases, the role of questions was to specify or deepen some aspects. In some cases, however, I had to follow the list of questions I had prepared beforehand.

The general information guides for the first round of interviews was done based on my preunderstanding of the phenomenon and the literature review. Interesting aspects emerged during the analyses of the first set of data, which I wanted to cover during the second round of interviews. Therefore, in addition to the literature review, the preliminary results of the first round of interviews were utilized in forming the interview guide for the second round of interviews. Moreover, informant specific interview guides were necessary, because people occupying different posts and with different experience were able to provide information about different things. Questions for each interview were also formed on the basis of the earlier interviews and information received during

them. Appendix B provides a list of interview themes and gives examples of interview questions of the 1st and 2nd round of interviews. The list is by no means complete. It does not include all the topics that were discussed and which affected the construction of the model.

Before the interview, the informants received a list of themes by e-mail that was to be covered during the interview. In addition, the basic idea of the research was explained. As indicated previously, the discussions during the interviews were mainly free and led by informants themselves. It became obvious already in the first phase of interviewing that the informants had a strong need to express their opinions about the phenomenon studied. All the interviews, except for one, were carried out in the case organization premises, in a private meeting room. One interview was carried out in the office of the interviewee's current job. The interviews were all tape-recorded with the permission of the informants, and afterward transcribed. The recorded time amounts to almost 30 hours altogether (29 hours 26 minutes), the shortest being 40 minutes and the longest 2 hours 45 minutes. The average length of the interviews is about 1 hour 20 minutes. Transcripts amount to 566 pages⁸.

My own tacit knowledge about the organization in question has played a remarkable role in this study. Having had a trusting relationship with the informants has been a strength. Also the cultural expressions of an organization were understood, allowing me to get straight to the point with the informants.

First round of interviews

Because I work in the case organization, I already had a general picture of the company and business unit under study – its vision, language spoken and people – so in the first round of interviews – this part was skipped allowing me to get straight into the phenomenon studied. The primary purpose of the first round of interviews was to get retrospectively the general idea of what had happened during the two and a half, close to three years when the case organization's new customer oriented strategy had been implemented. The goal was to be acquainted with the main ideas of the strategy and goals of implementation and what the vision is that the strategy implementation is aiming at, and what are the arrangements and changes that have been and will be made during the implementation process. The main focus already here was in the changes that had been done in the customer interface and customer oriented way to do business.

The first round of data collection consisted of seven in-depth theme interviews that were carried out during January 2005 (Table 3), the main themes discussed being the strategy change, total offering, inter-functional coordination of customer interactions, and customer relationship management. The interview guides were for the most part the same for all informants. However, some

⁸ *Transcripts are written in Times New Roman 12; line spaced 1,5; top & bottom margins 2,5; left & right margins 2,5.*

subunit specific topics were covered depending on the interviewee. In addition, as the interviews went along, some new aspects were covered.

All the informants in the first round represented management. In addition to management view to the phenomenon, some of the informants represented also other subunits of analysis. Interviewees were the former President of the business unit i.e. the case organization, existing President of the business unit, Director of Sales and Projects, Director of Customer Services, Director of Performance Services and product management, Business Controller of the business unit, and Executive Assistant. The first round of interviews revealed interesting aspects to the phenomenon and helped me to focus my attention on those aspects in the second round of interviews starting September 2005. As a result of analyzing the first set of interview data, the preliminary model of the phenomenon and analytical framework was formed. This first set of interview data was approached again, when the analysis of the second set of interview data was initiated. The nature of qualitative research is such that all the data collected that helps to get deeper understanding of the phenomenon studied can be used as evidence in the final study. The data collected through the first round of interviews has been an essential source of evidence of the entire study.

Table 3. *Informants and the time of the interview – 1st round of interviews*

Informant	Subunit representative	Time
Former President	Management	5.1.2005
President	Management/ Sales/ Project execution	12.1.2005
Director, Services	Management/ Service	12.1.2005
Director, Services & Product management	Management/ Service/ Product management	17.1.2005
Director, Sales & Project execution	Management/ Sales/ Project execution/ RTD	20.1.2005
Director, Business Control	Management	27.1.2005
Executive Assistant	Management	28.1.2005

The second round of interviews

During September - November 2005, 15 in-depth theme interviews were conducted altogether with people working in the customer interface (sales, project implementation and customer services), R&D and product management (Table 4). The idea was firstly, to get the idea of what the "reality of the stage" of relational customer orientation really is in the case organization, as the interviewees can be perceived as being customer relationships' gatekeepers, i.e. people that hold knowledge of the state of customer relationships (Dawson 2000). Secondly, the second round of interviews aimed at getting a deeper understanding of the phenomenon from several different points of view. Thirdly, the idea of a second round of interviews was to get the interviewees perception of the changes made in the organization.

The main themes covered were the interviewee, total offering, customer orientation, and cooperation between functions. In these interviews, for all the main themes, the informants were first encouraged to tell a story in their own words. Also, before getting into discussion about customer orientation, the opinion about the general idea of the new strategy was asked and discussed. In most of the interviews, the idea of increased customer orientation was emphasized, when it became natural to start the discussion about customer orientation. The informants were also encouraged to tell in their own words what they understand by the concept customer orientation. The interview guides were for some part the same for all informants. There were also subunit specific topics that were covered depending on the interviewee. Also, as the interviews went along, some new aspects were covered. Overall, the interview guide was modified depending on each informant before the interview by keeping in mind the informant's role in the organization and the level of experience in the company.

Table 4. *Informants and the time of the interview – 2nd round of interview*

Informant	Subunit representative	Time
Director, Service	Service	30.9.2005
Customer Service rep.	Service	3.10.2005
Customer Service rep.	Service	10.10.2005
Director, Sales	Sales	13.10.2005
Sales rep.	Sales	14.10.2005
Project team leader	Project execution	17.10.2005
Project team leader	Project execution	18.10.2005
Director, Sales	Sales	19.10.2005
Product team leader	Product management/ RTD	21.10.2005
Product manager	Product management/RTD	24.10.2005
Project team leader	Project execution	25.10.2005
Customer service rep.	Service	27.10.2005
Product dev. rep.	RTD	28.10.2005
Product team leader	Product management	1.11.2005
Product manager/ Sales support	Product management/ Sales	2.11.2005

Observations and other secondary data

Observations and documents provided by the case organization have been used as secondary data in this study. According to Patton (2002) *observation* methods can be categorized along five different dimensions. The role of the researcher can range from being a full participant observer to being a partial observer to being an onlooker i.e. from being completely involved to being completely separated from the context. The researcher can be portrayed in different ways to others meaning that the researcher can conduct observations that range from overt to covert observations. The third dimension is the portrayal of the purpose of the study to others. By giving a full explanation the real purpose of the study is conveyed to everyone, a partial explanation reveals some, but not all about the

study. Covert explanations mean that no explanation is given to actors and a false explanation that actors are actually deceived by the purpose of the study. The fourth dimension concerns the duration of the observation, ranging from a single observation during a limited period of time to long-term, and multiple observations. The last dimension is the focus of observations. A narrow focus concentrates on a single element of the phenomenon and a broad focus adopts a holistic view of the entire phenomenon (see also Atkinson & Hammersley 1994).

The observations in this study have been participatory. I have been working in the case company but not in those functions that I am studying. The observations being made have been overt for the most part, however because I have been working in a case company during the whole time I have been doing my study, I cannot avoid the reality that I've been observing the research phenomenon covertly as well. In this study the personnel have known my position and agenda i.e. to conduct a research for my doctoral dissertation. As what comes to the portrayal of the purpose of the research, a full explanation has been given to the informants.

In addition to interviews, I have attended several internal and external meetings and seminars, where observations have been carried out to back up the interview data. Observations were not recorded systematically; notes were taken and written material such as memos were available.

Atkinson and Coffey (2004) remind us that it is important to recognize the extent to which many organizations are self-documenting their everyday life. Organizations have a variety of ways of representing themselves collectively both to themselves and to others – organizations both keep a record of their activities and present themselves to the outer world. Therefore qualitative field research should also pay attention to *documentary realities*. In this research, in addition to observations, a large amount of internal meeting memos and data reports were also used to support the analysis (for detailed information of documentary data used, see appendix C). The most important data sources were: minutes of meetings, official strategy documentation, and other official documentation including presentations, brochures, in-house magazines, intranet, and company's annual reviews. The documents⁹ utilized portray both the record keeping of an organization's internal reality and self presentation to others (see e.g. Atkinson & Coffey 2004).

The role of documents and observations in this study was twofold. Firstly, they provided a vehicle for triangulation. In order to construct a reliable case description, it was essential to acquire competing accounts of activities and compare and assess these accounts carefully in order to see whether they supported the same conclusion (see Fielding & Fielding 1986, 23; Pettigrew 1990). In triangulation, one can compare data collected by different methods (technique triangulation) or data collected from different sources (data-source

⁹ The terms records and documents are used in this research as interchangeable terms, although eg. Hodder 1994 suggest that there is a nuance difference in these terms. According to Hodder (1994) records are more formal, whereas documents are prepared for personal rather than official reasons, one example being meeting memos.

triangulation) (Hammersley & Atkinson 1989, 198-199; Fielding & Fielding 1986, 24-25). In this study, the data received from documents and observation was contrasted with data received from interviews, and the data from various documents was also compared. Secondly, documents and observation were also important in complementing the case description, since they provided information about the facts that the informants could not remember or express clearly in verbal descriptions.

3.2.4 Process of analysis

The data analysis had two aims in this study. Firstly it was to provide an analytical description of the empirical case and secondly to develop an empirically grounded model of creating relational customer orientation within a professional high-tech organization. The case description itself already shows on one level the link between empirical reality and theoretical concepts. But the development of a modified model was attained by linking the emerging theoretical ideas that were derived from the total empirical data¹⁰ to the preliminary model and the most recent findings in the literature (Pettigrew 1990, 280). It can be said that analyzing qualitative data is about examining, categorizing, tabulating and recombining the empirical evidence in order to give answers to research questions (Yin 2003). Characteristic to case studies is the overlap of data *analysis* with data collection. This allows the researcher to be flexible and make adjustments during the research process (Eisenhardt 1989). According to Stake (1994), the analysis of the case material is typically an integral part of the study, closely intertwined with the planning of the study, gathering and interpreting the empirical evidence. This is also true in this study as the research logic was abductive.

According to Silverman (2001) the recording of interviews and observations, are an important means for simultaneous data collection and data analysis. A joint data collection and analysis was necessary in this study also because there is a vast amount of data. All interviews were tape-recorded and transcribed. The research material including interviews, documents of the case organization and notes of observations was analyzed by coding, theme-based categorization, other segmenting of data, as well as by writing summaries and by tabulating. Nvivo software has been used as a tool and aid for handling the data. The transcribed texts were coded with the help of Nvivo. The hierarchical structure of the program helped to identify completeness in the categorization. The software proved to be useful particularly because of the vast amount of data (see e.g. Richards & Richards 1994).

Broadly speaking, at the beginning of analysis the first set of data was approached firstly by identifying the themes that were discussed during the interviews. Then the raw data was approached again by coding and allowing new

¹⁰ Total empirical data means data received from 1st and 2nd round of interviews, the observational data and documents.

themes and categories to emerge from the data. As a result of analyzing the first set of interview data¹¹ and a literature review, a preliminary model was formed. After collecting the second set of data, the whole research material was approached and analyzed with the help of the preliminary model. The data was coded and categorized based on the preliminary model. However, in this second phase the data was approached also without predefined themes and categories allowing new categories to emerge from the data.

In more detail, the analysis was started by reading the material through several times. During that process I picked up key words i.e. coded the data¹² and found themes. The identified themes were then organized into categories. I made summaries of the findings under different themes and categories and built tables accordingly. In addition, the data was segmented or organized 'process-based' by identifying stages of the change process. Moreover, the data was organized or segmented according to different views such as management, sales or services i.e. according to sub-units of analysis, allowing me to make comparisons of opinions, for example (see e.g. Huberman & Miles 1994 about data reduction and display). Finally, connections between concepts or between empirical phenomena were sought from the data. Pattern codes were used to indicate logical and explanatory relationships between different concepts and events in the data (see appendix A).

The coding proceeded along the open coding principles suggested by Strauss (1987, 30-32). This means that certain analytical questions were continuously posed when coding the transcripts. The transcripts were analyzed minutely and the coding was interrupted in order to write theoretical notes on the emerging concepts and the relationships between the concepts. Instead of "in vivo codes" that are derived directly from the language of the informants, I preferred mostly to use "sociologically constructed codes", which are based on a combination of the researcher's scholarly knowledge and knowledge of the substantive field under study (see Strauss 1987, 33-34). Since the aim of the study was to develop an empirically grounded model, the coding system was kept as flexible as possible, allowing new conceptual categories to emerge from the data that were then coded.

As Denzin (1994, 500) put it: "Confronted with mountains of impressions, documents and field notes, the qualitative researcher faces the difficult and challenging task of making sense of what has been learned". Denzing (1994) calls this making sense from field to text to reader as "the art of interpretation". I now move to this "art of interpretation" by presenting the empirical part of the study.

¹¹ *As a result of analyzing the first set of data, which worked at that time as pilot study, I identified categorization of possible inhibitors and solutions for relational customer orientation from the empirical case (see appendix D). The categorization together with a thorough literature review resulted a preliminary analytical model.*

¹² *The data was coded according to the concepts of the preliminary model and by adding new concepts and respective codes when the data seemed to require it.*

4 CASE DESCRIPTION AND ANALYSIS

The purpose of this chapter is to describe and analyze the case. *The case of this research consists of two central and interdependent elements – firstly, the case organization that this research has investigated, and secondly, the change process that this organization has been going through.* The time period followed is approximately three and a half years, from September 2002 to December 2005. It is worth noting that the case organization description is also in accordance with the time period followed.

In this chapter, firstly, the basic characteristics of the case organization are described. This part already includes descriptions of how these basic characteristics might have changed during the period followed. The basic ideas of the new relational strategy of the case organization are also described. Then the stages of the strategic change process during the time period of 3.5 years is described and analyzed as well as discussed in relation to previous related research. Accordingly, chapter 4, in addition to giving the basic case description, answers the first sub research question: What kind of stages can be identified in the implementation process of creating relational customer orientation?

4.1 Case organization

This part provides the description of the case on the organizational level – the basic characteristics of this professional high-tech organization.

4.1.1 A part of a larger entity

The chosen case organization is a business unit of Metso Automation. It is named Power & Process Automation Solutions, according to its offering to the customer industries it serves. The case organization – namely the Power & Process Automation Solutions business unit – is a part of a larger entity. It is a business unit of Metso Automation, and Metso Automation is one of three of Metso corporation's main business areas (Figure 16). **Metso** is a global engineering and technology corporation serving customers in the pulp and paper industry, rock and minerals processing, the energy industry and selected other industries. Metso corporation's net sales in 2002 was EUR 4,7 billion, and in

2005 EUR 4,2 billion and it has approximately 23 000 employees (in 2004) in over 50 countries. Metso corporation consists of three independent main business areas: Metso Paper, Metso Minerals and Metso Automation.

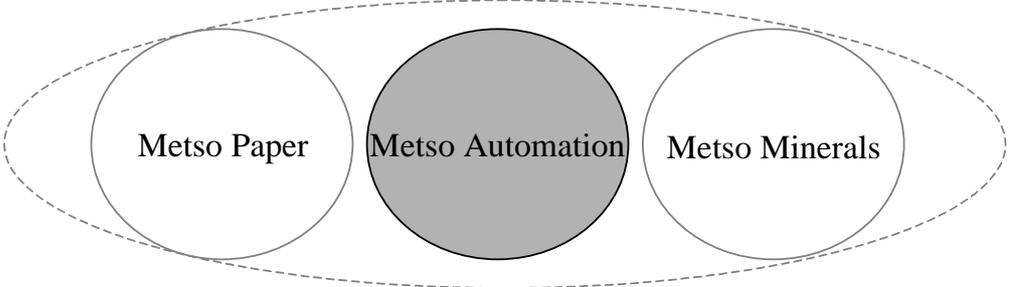


Figure 16. *Metso corporation's main business areas. The case organization is a part of Metso Automation*

Metso Automation specializes in automation and information management systems, field control technology and lifecycle service. Its main customers are the pulp and paper, power as well as oil and gas industries. Metso Automation is a global company with sales and customer service units in 36 countries, in five continents. Metso Automation's net sales in 2002 was EUR 622 million, and in 2005 EUR 584 million. In 2004, it had approximately 3,300 employees. Metso Automation is organized into two business lines – Field Systems and Process Automation Systems business line. Field Systems business line provides namely field control technology to its customers whereas Process Automations Systems business line's core offering is namely the process automation technology. Moreover, its North American business is organized separately into the North American business unit, because of the different nature and challenges in this particular market area (figure 17).

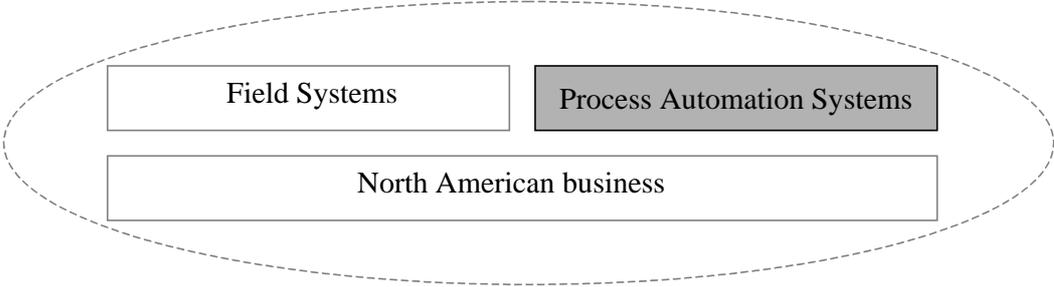


Figure 17. *Metso Automation's business lines. The case organization is a part of Process Automation Systems business line.*

Because of the divergent nature of the customer industries – i.e. pulp & paper and power & process industries, Metso Automation has organized its **process automation system business** into two business units, which have their own, differentiated business strategies. These business units are the Paper & Pulp Automation Solutions business unit and Power & Process Automation Solutions business unit, the latter being the case organization of this research (figure 18).

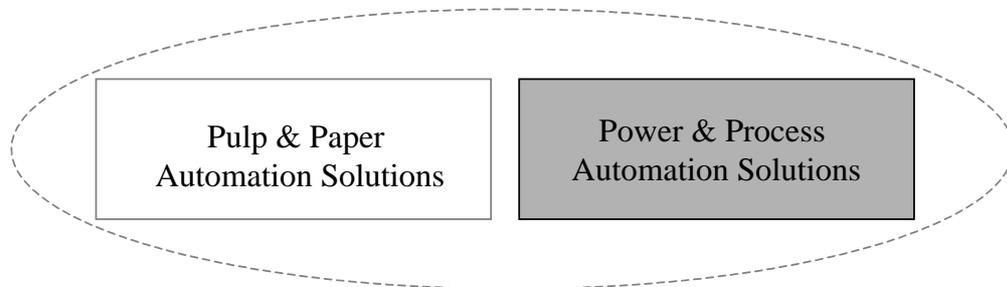


Figure 18. *Process Automation System business line's business units. The case organization is the Power & Process Automation Solutions business unit.*

According to their names, the business units serve different customer industries. The business units differ from each other also e.g. by their market situation. In the process automation systems business, Metso Automation is a strong player in the pulp and paper industry. Depending on the market study, its market share is placed first, second or third globally, its main competitors being ABB and Honeywell. In Finland Metso Automation is the market leader in the automation system business for the pulp and paper industry customers. Especially outside of Finland, Metso Automation¹³ as a company is many times naturally connected to the pulp & paper automation business. In addition to the market situation, the two process automation business units differ in their product offering characteristics. Metso Automation has a variety of actual automation high technology products for its pulp & paper industry customers. The composition of those products covers just about everything a pulp & paper industry customer needs as what comes to the automation. Because of the vast amount of actual automation products of its total offering, it is natural that the pulp & paper automations business unit has a product or technology oriented strategy, following basic traditions of a characteristic high-technology organization. The pulp & paper business unit's service offering mainly follows a more traditional industrial service path, with main emphasis on automation maintenance, with

¹³ *In process automation solutions, Metso Automation is still many times better known as Valmet Automation, the former name of the company. In 1999, Valmet and Rauma merged to form Metso. That time Metso Automation was initiated as composing of Valmet Automation from Valmet corporations and Neles Controls from Rauma corporations. Roughly speaking, the present Field Systems business line is the former Neles Controls, and Process Automation Solutions business line is the former Valmet Automation.*

little emphasis paid on more consultative type of services. Actually, many informants mentioned in the interviews that the services business has evolved very slowly in pulp & paper automation solutions business unit as opposed to the case organization. One reason indeed might be the natural focus on the actual high-technology products, because of the vast amount of them. Managing this kind of palette of automation products is challenging as it is.

The chosen case organization is the other business unit in Metso Automation's process automation business – i.e. **Power & Process Automation Solutions** business unit. According to its name, the business unit serves power generation industry customers as well as a variety of different types of process industry customers. Its customers include e.g. power plants, municipal energy utilities and industry's energy production plants as well as e.g. dairies and refineries. Metso's automation helps to manage and control e.g. a power plant's processes so that it produces energy reliably and at optimum efficiency. Moreover, the automation helps to ensure that the power plant's emissions remain within the set limits, for example.

Metso Automation is the market leader in the power generation market in Finland. Among its references, it has relationships with its customers that have lasted for over 20 years – so it has a long history in this business area as well. Also, according to the sales manager of process industries, the market share in Finland in this industry segment is approximately 55 %, also having long-term relationships with its customers. Although business has been done in the power & process automation area for a long time, the role of this business in Metso Automation has varied. The message from the informants was clear; the power & process business has been in the shadow of the dominating and respected paper & pulp business in Metso Automation. However, it has not been until quite recently, that the power and process industry market area has been quoted as a significant development area in Metso Automation. Although Metso Automation is a well-known player and the market leader in the power & process industry in Finland, it is not a well-known player outside Finland in its process automation solutions business. Despite the fact that in general Metso Automation is not a well known company in the power & process industry automation solutions abroad, the business unit has also numerous individual references outside of Finland in this field as well.

In this research, the main focus of attention in the change process towards increased relational customer orientation has been *in the Finnish markets*. It was often mentioned by the informants that in the change process, you need to start the change somewhere – and the most logical starting base is the organization close to you, that is Finland in this Finnish based company.

Because the business unit is quite a small player in the global scale in the power generation industry, has the business unit built up a unique competitive strategy. Its goal is to be able to offer its customers something extraordinary and value-adding compared to its competitors. The case organization describes itself as being a niche player serving selected power & process industry customers with its total offering consisting of a unique combination of expertise and know-how. The case organization is a niche player outside of Finland. In Finland, the

case organization is the market leader. The basic idea of the new relational strategy is to be able to offer its customers a wide variety of services on top of its core offering, the automation system. With this total offering, the organization can serve its customers throughout the entire lifecycle of its customers' process. In addition to more traditional availability services, the case organization has a variety of the so-called performance services that aim at improving customer's processes performance. A large part of the total offering of the case organization composes of services. This way the organization can differentiate itself from its competitors.

4.1.2 Total offering

In this chapter the total offering of the case organization is briefly described from two perspectives; firstly as a more traditional product description, and secondly from a point of view of a process.

In the strategic change process, the total offering of the power & process automation solutions business unit has been extended towards increased service orientation instead of high-technology orientation. The business unit calls its total offering as a lifecycle offering wishing to emphasize that the business unit can support the customer's production process throughout the entire lifecycle¹⁴. The business unit has widened the scope of services out of the total offering, as it sees itself more of a professional service company than just an automation supplier. Indeed, the business unit expresses its core product – the automation solution – also from the service point of view, wanting to point out what the customer really gets out of that core product.

As a result of the new relational strategy, Metso Automation offers its power & process industry customers a total offering that cover the entire lifecycle of the customer's production process. This lifecycle offering extends from professional automation project implementation and management as well as a reliable automation system start-up. After the automation system start-up the variety of industrial maintenance services ensure the availability of the customer's production process. Most of these services are directly related to the provided automation system. Then a variety of performance services aim to improve the performance of the customer's production process. These performance services are more consultative types of professional services for customers. This is an area that has received particular attention because of the new strategy. Previously, there were some activities in this area as well, but it has not been

¹⁴ *As I see it, in the case organization, the lifecycle offering refers to the entire value proposition to its selected customers (see e.g. Vargo & Lusch 2006) without wanting to make a distinction between goods and services. However, as the specific context of this study is a professional high-tech organization, having its roots in technology or product orientation, it seems natural in several cases to use the phrasing 'goods and services' as opposed to 'service' (which is applicable to both goods and services) in describing the case (see Gummesson 2007).*

until recently that the business unit has started to develop this area of business actively (figure 19).

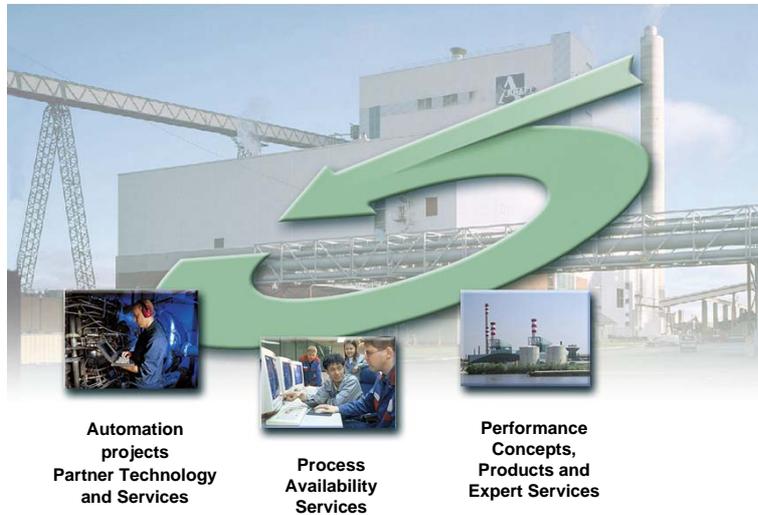


Figure 19. *The case organization's lifecycle total offering.*

As can be depicted from the case organization's lifecycle total offering, the offering is a combination of high-technology products, concrete services and knowledge services. This is characteristic for professional high-tech organizations (see also Lehtimäki 1996, 26).

Offering description

One could consider the automation system as the business unit's core product and the information management solutions as value adding products. If the automation system makes sure the customer's production process is up and running, the information management solutions provide important information about the production process to e.g. production management. In reality, however, the customer does not buy just an automation system, but rather the implementation of that automation system in the customer's plant.

Then, if you look at the total offering as a service offering, the core service is then the implementation of an automation project to the customer. The automation project implementation aims at the smooth integration of the customer's process, machinery and automation. In addition to the automation system or technological capabilities, this supposes also capabilities in the automation project implementation and management. The business unit's value added services can be divided into two categories, the availability services and the performance services. Availability services are considered as more traditional industrial maintenance services that ensure the availability of the customer's production process. Performance services are considered more consultative types

of expert services, the purpose of which is to improve the customer's process performance.

The business unit describes its actual selection of offerings in the following way. Also here the offering can be grouped into three lifecycle steps – the automation project, availability services and performance services:

The selection of **service related to the automation project** can be described as follows: a) consultation service and pre-engineering for the basis of investment decision (to both greenfield and retrofit plants), b) basic engineering e.g. planning the process solution, c) project management, d) automation system engineering, e) field & electrical engineering, f) information management system engineering, g) commissioning, h) turnkey projects, i) project coordination in a multiproject environment.

The selection of **availability services** can be described as follows: a) consultancy services, b) customer's process uptime management that can be categorized into corrective, preventive and predictive maintenance, c) life cycle management services that are categorized into expansions, upgrades and engineering services, d) customer training.

The selection of **performance services** can be described as follows: a) service relating to the performance improvement such as performance improvement studies, consultancy service, and agreement with remote performance monitoring¹⁵, b) advanced control applications, c) performance and production monitoring, production optimization and environmental monitoring service.

Total offering as a process

It was emphasized by the interviewees that the customer never actually buys, at one time, the total offering as a whole. All the steps of the business unit's total offering mean major investments for the customer. However, the lifecycle offering covers the entire lifecycle of the customer's production process lifecycle. The relationship with the customer is traditionally initiated by automation project investment. During this so-called capital sales project, the total offering of the business unit is often already marketed, because then it is the service that many times can differentiate the case organization from the competitors.

1. Offering as a process is initiated by automation project implementation and reliable automation system start-up (meaning "on-time, in-budget start-up"). After the automation solution and project is sold, the project implementation starts. The actual automation project lasts for months, sometimes even years. First, the project is specified, which means careful planning together with the customer's plant specialists. The goal of careful preplanning is to achieve the process objectives and to minimize risks. The solution is then customized to meet particular customer's needs. Then the solution is tested together with the customer prior to the

¹⁵ *In remote performance monitoring, Metso's experts can monitor customer's production process remotely.*

actual implementation and engineering at the customer's site. The important culmination to the first step of the lifecycle total offering is a reliable production start-up and hand over.

2. After the production start-up, with availability service, the process availability is ensured. Almost in every case, after the automation project implementation and a guarantee period, the customer and Metso Automation make a service agreement, where the variety of availability services provided for that particular customer are specified. Often the service agreement is made for several years. During that service agreement, Metso Automation's customer service personnel closest to that customer are responsible for taking care of the customer's automation solution according to the agreement. Among the availability service's offering belongs the corrective maintenance services which aim to minimize the unplanned downtime caused by equipment or component failure, but the business unit aims at the so-called predictive and preventive maintenance, where the idea is that the possible threatening failures are noticed and corrected before anything drastic happens. This means that the customer can feel assured and trust its production process follow-up to the Metso Automation specialists.
3. Performance improvement service enables customers' plants to increase competitiveness by improving process performance. Performance improvement usually starts with an evaluation of current conditions of the customer's process and equipment. This performance improvement study pinpoints which aspects of the process automation are in the greatest need of improvement and indicates the potential for process optimization. The evaluation is followed by recommended actions that aim at concrete cost savings and profit increases for the customer.

4.1.3 People and the organization

In 2004 the power & process automation solutions business unit employed 238 people as a whole, and in Finland 149. In addition to these numbers, the research & development had approximately 65 persons who are based in Finland¹⁶. As is typical for professional organizations, most employees of the organization work at the customer interface. Furthermore, most work is of an intellectual nature and well-educated employees form the major part of the organization (see e.g. Alvesson 2001 about the characteristics of professional organizations). Accordingly, over 80 % of the employees of the business unit have college or university degree.

Along the new relational strategy, the Power & Process Automation Solutions business unit has customer interactions throughout the customer's entire production process lifecycle. This implies that the customer relationship is

¹⁶ *These product development people were common for the process automation system business.*

aimed to remain active on a long-term basis. All the way through in the production process lifecycle – the automation project implementation, the availability services and the performance services – there is a variety of different kinds of capabilities of the case organization represented to the customer. Moreover, as is typical to professional organizations whose total offering comprise largely of service, the total offering is provided in close cooperation with the customer.

Sales process

Roughly speaking, the interaction with the customer starts with the sales process. The sales process of a typical automation project can take a long time, from months to years even. This sales process as a whole means intense interaction with the customer. In addition to the full-time sales employees, such as sales managers and sales engineers, often there are many other company employees represented in the sales process, such as the management and product experts, and also along the new relational strategy largely the project management and the customer service representatives. Also from the customer's organization, several different expertise areas are represented in the buying process.

The *sales process is many times initiated already before the official inquiry*. In fact, it was pointed out by sales experts in the interviews that many times getting an inquiry without prior knowledge about the customer's planned investment project means that the deal is lost. Then often a competitor has been participating in the planning phase. The case organization wishes to have a central role in the preplanning of the customer's future investment project. In addition, as was expressed in the interviews, this is many times the case in Finland. In that case, Metso Automation participates in the *preplanning of the customer's investment project* in close cooperation with the customer and often together with a consultancy company. Taking part in the planning phase means that Metso Automation can have an effect on the actual content of the inquiry. This means that Metso Automation wishes to be well aware of the customer's future projects, which is facilitated through taking good care of customer relationships between the large investments. Overall, a good relationship with the customer was considered important in the sales phase:

If we have a good relationship with a certain customer and he wants our automation solution, the customer tends to help us in the decision making process: he helps us in pricing, and he helps us to offer the right scope suitable for that competitive situation. This is extremely important.

Sales Director

At the beginning of the follow-up period, it seemed that for some sales representatives taking care of long-term customer relationships was a natural way to act, whereas for others it was not a focal part of the job description.

After preplanning the investment projects, *the customer sends in an official inquiry*. As the inquiry is received from the customer, the case organization, depending on the nature of the inquiry, *makes investigations and has clarifying meetings* with the customer in order to offer what the customer really needs. In the preplanning and in the preparation phase, the full-time sales people represent the case organization in the customer encounters. After the essential preparations, the case organization gives the so-called *budget offer* to the customer. Some time after the budget offer is given to the customer, the customer makes a decision on executing the investment project. Then the case organization makes the *so-called binding offer*. Also in making the offer, the case organization is in close cooperation with the customer. Thus, the communication with the customer is then very active.

It was pointed out that automation business differs from equipment sales in a sense that even the core offering, the automation solution is always customized to meet individual customer's needs. The product managers are often participating in the meetings to give presentations of technical details. In the actual *final negotiations* with the customer, in addition to the technical offer, the case organization negotiates the agreement of the actual project implementation and management issues. After final negotiation, the *customer makes a decision on the supplier*. Then the *deal is signed*.

Prior to initiating the new relational strategy implementation, neither the project execution nor customer service usually participate in the sales process. This some times led to situations where the project sold was impossible to deliver according to the agreement. One central goal of the new relational strategy has been to increase the inter-functional collaboration in order to be able to create value for the customer together as a process. Accordingly, along the change process, project management and many times also service management has increasingly taken part in customer encounters already in the sales phase.

Project implementation and management

After signing the deal, the project management organization takes the responsibility for implementing the project together with the customer. This so-called *hand-over from sales to the project organization* played a larger role prior to the change process, as the project organization was not then participating in the sales process. Then often the project organization was unaware of the agreement made, and unfortunately its familiarization with it started at that point. Also the project implementation and management can take months and even years. The project is conducted in close cooperation with customers. Several different expertise areas are represented both from Metso's and the customer's side in this phase as well. Metso is mainly represented by the project organization that consists of a project manager, a chief design engineer, and project engineers. In addition, the product development and the logistics participate in the project execution phase. The customers are represented by an appointed project organization of their own. The automation project aims at the smooth integration of customer's processes, machinery and automation.

First, the project is *specified*, which means careful planning together with the customer's plant specialists. The goal of careful preplanning is to achieve the process objectives and to minimize risks. A detailed source information study helps define the right scope for the delivery. In addition, scheduling and budgeting are handled in the preplanning phase. Project manager together with project team management also makes a plan of needed resources and appoints a project team. After specification, the *solution is then customized to meet particular customer's needs*. It was pointed out that the project is drawn up first on paper and only then is it actually implemented. It was pointed out that communication is important in the project execution. It is essential to make sure along the way that the customer truly understands what they are getting. A project implementation is in a sense "manufacturing" the automation solution together with a customer.

Then the *solution is tested together with the customer* prior to the actual *implementation and engineering at the customer's site*. In the implementation phase, a group of Metso's project execution experts go to the customer's site to do the necessary engineering and commissioning of the plant's automation. This phase can take months, which means that these project experts are then actually representing the case organization closest to the customer, at the customer's site. The important culmination to project implementation is a safe, reliable, and on-time production start-up and hand over. The interviewees characterized the project execution phase as being extremely disciplined. It has a clear starting and ending point. The role of the project organization is to deliver an automation project reliably and on the agreed schedule in the most effective possible manner.

...our role is and will always be to be able to deliver the projects that the sales has sold as effectively as possible and in-time, so that the customer is satisfied. We take care of the entity.

Project manager

Customers highly respect Metso Automation's project know-how and capabilities, which is a frequent expression in customer surveys. Especially towards the end of the project execution phase, the customer service is also represented to ever increasing extend to customer encounters. The customer's operating personnel often need training for new solutions, which is also provided by the case organization.

Service ensures the availability of customers' production process

After the start-up, the service organization aim to ensure the availability of the customer's production process. Every customer plant seeks better production economy and greater reliability and flexibility – all the goals that require as much process availability as possible. It was emphasized in the interviews and in customer presentations that to customer, the life after the automation project start-up is fundamentally important. The service organization's main

responsibility is thus to ensure the process availability with a variety of different kinds of services and thus to take good care of the customer between the larger automation investment projects, which can mean more than ten years.

Customer service is the main contact with the customer after the production process start-up. The case organization has a wide network of customer service offices that are ideally located close to the individual customers. Naturally, serving customers means continuous customer encounters by the full-time service employees. In Finland alone, the case organization has approximately 60 customer service employees. Some of them are automation system experts but mostly the capabilities needed have to do with customer specific application knowledge. The idea is that the service people close to the individual customers know the customer and the customer's process thoroughly in order to be able to serve the customers as effectively as possible.

The real service capability focuses on the customer specific know-how. Our customer service engineer knows a particular customer like a friend and just by knowing the customer he can bring value to this. It is easy to go to the customer site and take care and solve problems with style. We have the technology know-how and through applications also process know-how. And as cooperation with the customer is long-term, we possess customer specific process know-how. These customer service specialists are highly valued by our customers.

Service manager

Customers have given positive feedback about the fact that Metso Automation has a wide service network and that the help is thus available and close to the site. This is one important means of differentiation especially in Finland. The role of customer service has increased during the follow-up period, as customers are increasingly outsourcing their own maintenance activities. Moreover, along the change process, the case organization wishes to profile more as a professional service provider than tradition high-tech organization.

Traditionally the service organization has been considered to maintain the delivered technology. Along the change process, the case organization has started to emphasize also other service activities. A variety of service that Metso Automation can provide range from consultation and maintenance management to automation upgrades, automation security services and customer training. Automation upgrades imply that the role of the customer service organization is also to deliver smaller upgrade automation projects. *Corrective maintenance* services, such as troubleshooting and 24-hour on-call service, aim to minimize the unplanned downtime caused by equipment and component failure. *Preventive maintenance services* include, for example, spare parts optimization and back-ups. *Predictive maintenance*, such as condition monitoring, allows plants to schedule their plant maintenance and plan process modifications.

After the actual automation project start-up and after the so-called guarantee period, Metso and the customer many times establish a *service agreement*. The Customer Advantage Agreement (CAA) is tailored to each customer. In this

agreement, the scope of service is specified according to individual customer's needs. In one extreme, the agreement can promise 100% availability, and if it is not reached according to the agreement, Metso is obligated to pay a sanction to the customer. In general, on CAA, Metso Automation's customer service can maintain full responsibility for the customer's automation and information management systems, for example. The case organization's customer service experts utilize the most up-to-date information technologies and diagnostics tools to provide constant support for a customer's plant regardless of time and place. Customer service specialists can for example monitor the customer's plant continuously to ensure the maximum availability of the customer's processes. Along with serving the customer, ideally customer relationship is maintained and further developed too. As mentioned, also in this phase several people are in close cooperation with the customers on a daily basis.

Providing performance service and other additional customer contacts

In addition to the main customer interface activities, namely the sales, project and service personnel, also other employees of the case organization work in the customer interface. These are the product managers, different kinds of performance service experts, marketing and communication professionals, and to an ever-increasing extent the management.

As the proportion of services out of the total offering has been extended during the change process, the so-called performance services have become a central development area. These performance improvement services enable customers' plants to increase competitiveness by improving process performance. Along with developing this value-adding performance service further, new capabilities have been added to the organization. New performance service specialists have been appointed and for the first time the case organization has appointed product managers who are responsible for developing new availability and performance service in close cooperation with the customers. Performance service organization's personnel also have worked in the customer interface right from the start. This organization has its own sales representative, top-class experts, and product managers.

Performance improvement usually starts with an evaluation of current conditions of the customer's process and equipment. This is done in the customer's site. The performance improvement study pinpoints which aspects of the process automation are in the greatest need of improvement and indicates the potential for process optimization. The evaluation is followed by recommended actions that aim at concrete cost savings and profit increases for the customer.

Figure 20 is a simplified description and a summary of the variety of case organization's customer interactions. As can be seen from the figure, there is a complex combination of interactions needed between different functions in an organization and the customer to provide the total offering that covers the entire lifecycle of the customer's production process. As a focal denominator of the customer oriented organization is creating superior value for the individual customer *together* as a process (e.g. Narver et al. 1998; Deshpandé & Farley

1998; Kennedy 2003; Vargo & Lusch 2004), a need for e.g. coordination of cooperation between functions in order to satisfy the customers is noticeable.

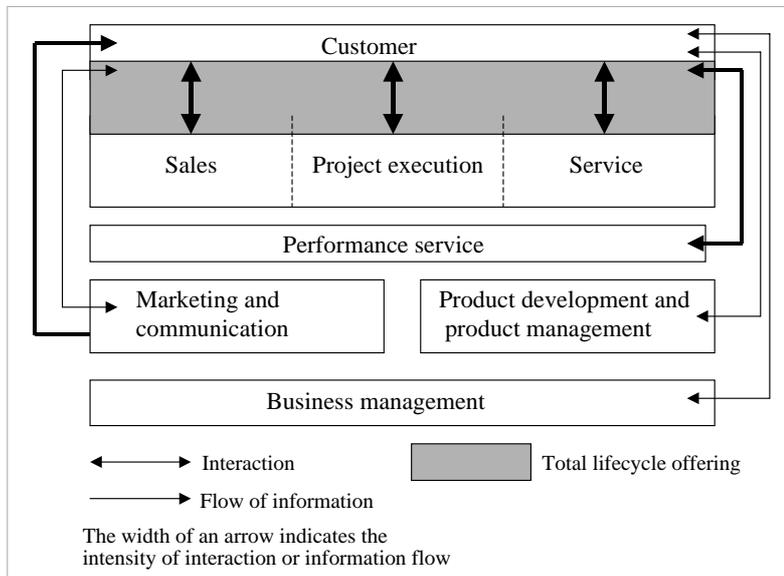


Figure 20. *Customer interactions in the case organization.*

Organization structure

Prior to the change process, the case organization had a long history of being organized functionally. For example, the main customer interface units i.e. the sales unit, project execution unit and service unit were then organized separately. Also, product development formed its separate function. Functional organizational structure can pose challenges to customer orientation and the management of long-term customer relationships, as the so-called silo structure many times builds around barriers between the customer interface functions (e.g. Dwyer & Tanner 2002, 204-205). This internal fragmentation can negatively reflect on customers e.g. as contradictory messages. One central activity in the change process of the case organization has been the changes done in the organizational structure. The organization is structured more process oriented than previously. The business unit calls its organization, a lifecycle organization wanting to emphasize the process orientation of it (figure 21).

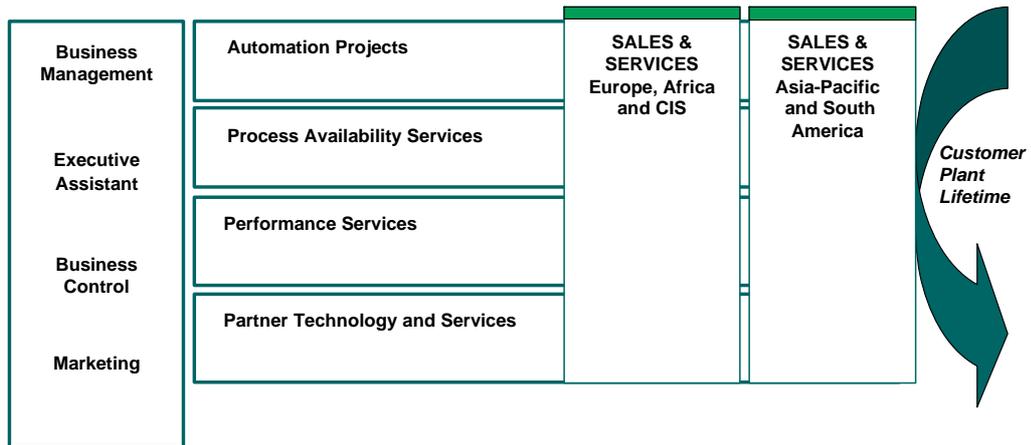


Figure 21. *Lifecycle organization structure of the case organization. (Modified and simplified from the official organization chart of the business unit).*

The organization structure supports the maintenance and development of long-term customer relationships by following the customer's plant lifetime from project execution, through process availability service all the way to a variety of performance services. Partner technology and service is organized separately to form a unit, because of the differentiating nature of this business area, where mainly the hardware is supplied through reseller and partner network.

4.1.4 Competitors and differentiation

In Finland Metso Automation is a market leader in the automation system markets for the power & process industry customers. Outside Finland, Metso Automation is not a well-known player in these industry segments. The main competitors of the case organization in Finland and abroad are three global organizations: ABB, Siemens and Honeywell. In information management solutions as well as performance types of consultative service, Metso Automation competes also with smaller software houses and professional service organizations, mainly traditional engineering consultancy companies.

Several interviewees mentioned that the automation and information management solutions themselves as well as the automation and technology know-how in Metso Automation are competitive and reliable, which gives a good ground for differentiation. However, it was frequently pointed out that the real competition is somewhere else – in project implementation and management know-how, process know-how, and professional skills as well as in serviceability. One central way to differentiate from the competitors is the world-class project management know-how of the case organization, especially in Finland. It is considered reliable with adequate resources. A customer can trust that the automation project is managed on time and on budget. A Sales manager explained the importance of reliable project management in the following way:

Delivering the project as agreed is the most important thing. When a customer makes a power plant investment, where the share of the automation is about 5 %, it is essential to make sure that this 5% cannot in any way put the entire power plant project in danger. A customer needs to be completely sure that the automation supplier has all the capabilities and is willing to take care of that project according to the agreement. We have references in that area.

As pleasant it might be to say that our product is superior compared to those of our competitors, it is not the case. There are at least five equal products available in the market. It is the reliable automation project delivery what counts. A customer needs to be completely sure that if we order from that supplier, the delivery will be done as agreed and will be safe. Nothing can fix the customer's loss that might happen because the project delivery time would be delayed for six months because of us.

Sales manager

Moreover, it was argued that compared to the main competitors, in Finland Metso Automation is considered a company with know-how instead of just an automation supplier. Another important means of differentiation is the level of service in Finland. In Finland, in particular, there is a wide network of service offices, which means that Metso Automation is close to its customers. Some interviewees also pointed out that being a Finnish based company is also one asset in Finland – to be served in the customer's mother tongue is a highly appreciated characteristic of the Finnish customers. Moreover, particularly in Finland, Metso has a good image in the minds of its customers. It is considered an experienced supplier with an extensive reference base.

One important means of differentiation is the case organization's lifecycle total offering. It was pointed out that with technology alone it is difficult to compete, because there are not remarkable differences in the basic automation solutions. By offering lifecycle service, including consultative performance service, is one way to differentiate, especially in Finland. It was frequently mentioned that the customer today, when they are planning on making an automation project investment, they are at the same time pondering on the whole lifecycle of their production process – and want to know more about the total offering of the automation supplier. Indeed, it was expressed in the interviews that the case organization wants to differentiate itself on one hand from traditional automation high-tech companies with its variety of consultancy type services¹⁷ on top of other solutions and services, and on the other hand from traditional engineering consultancy companies with its own technological solutions. It was also expressed that Metso Automation can compete with the fact that it has a wide variety of different kinds of expertise in-house. As customers want more and more to buy bigger entities, it is considered an asset,

¹⁷ *The case organization calls these consultancy services as performance services, wanting to point out that their aim is to improve the customers' production processes performance.*

that one supplier is able to offer that entity. A comment by a service manager explains the asset of the case organization's total offering:

I have understood from our customers' messages that they can handle the automation investment reasonably well with any supplier. But, most of the suppliers cannot offer these lifecycle services, the commitment...It is something extraordinary how we differentiate ourselves from the competitors with our services. The automation system alone isn't the only important thing. Our scope of services is the thing that differentiates us from our automation system competitors. From consultative services companies we differentiate with our automation know-how.

Service manager

The fact that the case organization pursues to take care of its key customers in the long-term basis, is also an important means of differentiation. It was often mentioned that the case organization could be more flexible than its large competitors, because of its customer focus strategy and nimble structure. On the other hand, if you compare the case organization to smaller software houses, those software houses probably are more flexible, but in that case, the case organization can differentiate with reliability because of its capacity – as one interviewee expressed:

I think nowadays we are more flexible than our competitors like Siemens and ABB. Then if you compare us to smaller players, like local engineering offices, it is a challenge to be more flexible than them; because they are close to the customer. Then our value derives from our capacity and reliability.

Sales director

I call the case organization a professional high-tech organization because of the basic characteristics of it. These characteristics can be summarized as follows:

- The case organization wishes to profile more as a professional service organization than a traditional high-tech organization.
- Total offering comprises of high-technology products, concrete services (process implementation and management & availability services) and know-why based knowledge services (performance services) (compare Lehtimäki 1996, 26).
- Most work is of an intellectual nature, well-educated workers forming the operating core and the majority of the personnel (compare e.g. Alvesson 2001; Kolehmainen 2004, 89-91).
- The interaction with the customers is the key to the case organization's core competence (of implementing automation project and supplying service) (compare e.g. Nurmi 1998).
- A large part of the case organization's employees work in the customer interface (compare e.g. Nurmi 1998).

4.2 Basic idea of the new strategy – aiming relational customer orientation

The purpose of this chapter is to describe what the official strategy is aiming at; what are its goals and basic assumptions. The description is based on the case organization's strategy documents and mainly on business unit management's interviews.

In September 2002, there was an organization change in Metso Automation. As a result of this change, a process automation system's business was organized into two business units – the Paper & Pulp Automation Solutions business unit and the Power & Process Automation Solutions Business unit. Prior to that, the process automation business was organized into two divisions: Paper Automation division and Automation Networks division. Former Automation Networks division included the pulp industry as well as power & process industry businesses. The power & process automation business was previously organized into a unit called IT & Automation Solutions unit. In the organization change, paper and pulp automation businesses were organized to form one business unit and the power & process business formed one business unit. The new process automation systems' business units got also new business managers. The change process towards increased relational customer organization was initiated in the case organization.

The business unit management emphasized in their interviews that according to their view, the change is enormous compared to the previous strategy. It was argued that the previous strategy seemed to be a more aggressive growth strategy, where the growth was sought mainly through acquisitions and seeking new customers, new market areas and new products. The previous strategy seemed a more transactional and technology oriented strategy than the new strategy. Managers pointed out in their interviews that also in the new strategy the business unit seeks growth, however, in this new strategy the emphasis is on seeking growth by serving the existing customers on a wider basis. It was expressed that the new strategy is more customer oriented as opposed to the previous product oriented strategy. The customer relationships were mentioned also in the previous strategy, but it was clearly referring to a more narrow perceptive – it simply meant that service was responsible for maintaining customer relationships on a more traditional basis. In the new business unit strategy, it is emphasized that every person in the organization is responsible for taking care of the customer relationships.

The case organization calls its strategy a lifecycle strategy. The business unit management emphasizes that the business unit's lifecycle strategy is in line with Metso corporation's vision and strategy to change the nature of business from being simply a machinery and equipment supplier to being a knowledge-based performance provider. The basic ideas of Metso's renewal process are firstly the growing responsibility of the competitiveness of the customer's products and production, and secondly, the transition from an equipment supplier into the lifecycle mindset, which means that instead of concentrating on equipment, the

focus is on servicing the customer's process. Furthermore, Metso's transformation from an equipment supplier to a knowledge-based expert organization stands for changes in the nature of business relationships. Metso's strategy stresses the importance of serving the customer in all solutions linked to the customer's processes and their development. Metso's strategy sees that in the future the customer buys care, which requires a partnership covering the entire life cycle of the products. The case organization seems to have taken these Metso's guidelines seriously and it has started to implement this idea into practice systematically. It was emphasized by the management of the case organization that the Power & Process Automation Solutions business unit's lifecycle strategy is a part of implementing Metso's renewal ideas. It takes Metso's general ideas a step forward, towards a practical way of doing business.

The unit's business idea is to be a niche player serving selected power & process industry customers with its total offering consisting of a unique combination of know-how. This business idea emphasizes the importance of long-term business relationships with selected customers and conveys the willingness to serve those customers with a total offering that covers the whole lifecycle of its customer's production process.

The business unit uses a slogan "Big enough to matter – Small enough to care" as a way to express the underlying idea of the new strategy. The slogan means that Metso Automation is large enough of a company to be a seriously taken player in the energy and process industry markets. At the same time, Metso Automation is small enough of a company to be able to take care and serve their customers in a flexible and customized way. Business unit management emphasized in their interviews that the business unit's strength is they are a focus and niche player in the enormous energy and process industry markets. This way they can differentiate themselves from the competitors by serving their customers in a unique way. One manager said:

We are this sort of a small team with a very customer-oriented strategy, completely different than our competitors have for sure.

Sales director

The management emphasized that the idea is that people in the case organization know their customers and their customers' needs. Therefore, they can provide their customers with tailor-made solutions. This strength is something that the business unit wants to utilize through the business unit's strategic actions.

Vision

The vision of the Power & Process Automation Solutions business unit is:

We are a preferred provider of life-cycle services and solutions for a selected and expanding profitable customer base in the power and process industries.

Business is based on a unique combination of maintenance and process expertise, project and system integration capabilities, reliable automation and information technologies, and service network of Metso and partners.

The vision is pursued by following the business unit's strategic targets.

Strategic targets

In the strategy document, three strategic targets are expressed as follows:

1. Focus on and expand profitable customer base
 - Value proposition
 - Focus on selected customers
 - Relationship management
2. Expand industry specific services and solutions portfolio over life-cycle
 - Redefine business as service business
3. Operational excellence based on life-cycle operating model
 - Customer oriented organization and way to operate.

In the *first strategic target*, the key issues are firstly, leveraging the existing customer base and existing references. This means that the idea is to grow with the customers – if a customer company moves to e.g. another geographic market area, Metso Automation is willing to move with the customer in order to be able to serve its customer also in that circumstance. Secondly, increasing business from an existing profitable customer base, meaning widening the service offered to those existing customers in order to be able to serve them better. Thirdly, expanding profitable customer base, and this means getting new customers is as important as taking care of the existing ones, because they are seen as a starting point for long-term relationships. Fourthly is the positioning through a lifecycle commitment to customers and relationship management. This means that the case organization wishes to position itself in the minds of their key customers as a company that is committed to their customers and wishes to take care of them on the long-term basis. Fifthly, local service and global expertise, meaning that Metso Automation wants to be close to its customers, but at the same time is able to utilize its global expertise.

The strategy emphasizes that perceived value from the customer point of view is what counts. The aim is to support the customer's processes in order to help them create value. This is in line with what is meant by relational customer orientation – the value is cocreated with the customer. According to business unit strategy the customer perceived value is built as a combination of transaction value, relationship value and customer centric operational value. Transaction value is defined in the strategy as what Metso Automation has to offer for the customer: a unique combination of know-how, total offering combining project execution, applications and services, local sales and service. Relationship value

is defined by how Metso Automation handles separate customer relationships and this way adds value to the customer. Customer centric operational value is defined in a strategy as how Metso Automation operates in a customer centric way. As one central part of the business unit's strategy documents, there is a deliberation on customer-perceived value that discusses why the customer should buy from Metso Automation. This customer perceived value is considered during the whole value chain and delivery process (table 5).

Table 5. *Perceived value; why should the customer buy from us. (Table is modified from the case organization's strategy document).*

Automation system development	Application development	Parts and components	Logistics and purchasing	Marketing	Project execution	Service provider
Open technology with lifetime commitment	Industry focused lifetime applications & services	Open technology	Delivering on-time	Long-term relationships	Customized solutions	Relationship management
Reliable and modular platform	Partners' application integration	Upgrading other suppliers installed base	Competitive purchasing with global supply management and Metso synergy	Relationship management	On-time start-up In budget delivery	Service close to customer Value adding applications and service
Cost efficient integrated solution	Remote monitoring & tuning solutions	Reliable software & hardware components	Efficient spare part services	Information to customers and own staff	Project management	Life-cycle commitment
Simple life-cycle design					Leading project know-how	

The new strategy stresses the focus on selected customers. It is rationalized by the fact that Metso Automation is a relatively small player in the power generation and process industry markets globally, which means that focusing on those key customer relationships that the organization already have is a fruitful way to go forward. Moreover, it is argued by the fact that the services out of the total offering are increasing in the industry as a whole, which opens an opportunity to serve the selected customers on a wider base. The idea of the strategy is to take good care of those selected customer relationships. As one manager well put it:

We very strongly aim to maintain our existing installed base. So that our customers would not have a need to glance to others.

Management team member

It is an aim that customer relationships are managed by making customer specific strategic action plans and handling the relationships with cross-functional customer specific teams.

The key denominator of the *second strategic target* has to do with the development of the total offering in order to be able to serve their customers

better. It means seeking opportunities to expand the scope of delivery to the existing customer base. Practically this means that different kinds of professional services out of the total offering are increased. According to the management interviews the key idea is to realize that every business is a service business. The notion behind this strategic target is to redefine business as a service business and realize that the key competitive element is service competition, as automation suppliers can offer to their customers just about the same, as what comes to the automation technology. The idea really is to compete with the total service offering instead of just the high-tech product. This expansion of the total offering also aims at ensuring that the business unit has solutions and services to offer for their customers in different phases of the customer's process lifecycle – from automation project investment, through ensuring the availability of customers production process with more traditional industrial maintenance services, all the way to improving customer's process performance with consultative types of expert services. One manager explained the reasoning behind this as follows:

We want that a particular customer case lives during the entire lifecycle. When the project is delivered the service takes care of the availability. Then we can provide performance services, and understand that it is a continuous loop we are going through. The customer feels that he is all the time receiving something. It is this kind of a positive circle. When we cooperate with the customer continuously, we are in a better position when there is a new capital project investment coming for the customer.

Management team member

The *third strategic target* considers how the business unit should operate if it wishes to embrace relational customer orientation. The business unit calls its way to operate as the lifecycle operating model. It refers to its processual organizational structure, following the total offering the business unit has to offer to its customers. Both the total offering and therefore the organization follow the customer's business process and customers needs in a particular part of customer's process lifecycle. This is a totally new way to organize business in the company that has been used to more functional structures. This operational model aims at understanding of customers' processes by building customer focused business processes and teams. The idea is to look at the organization from a process management perspective meaning managing the process of creating value for the customer. On the core of this way to operate is the endeavor to collaboration between different functions and departments. One outcome of this is that the business unit organization has been formed lifecycle orientedly. Moreover to lower the barriers between different functions, the business unit has started to build cross-functional customer specific teams, seeking to common goal of customer satisfaction instead of separate and differentiated functional goals (figure 22). It was mentioned frequently in the management interviews that one of the most important things to remember in the new strategy is the aim to work together as a team to reach the common goal.

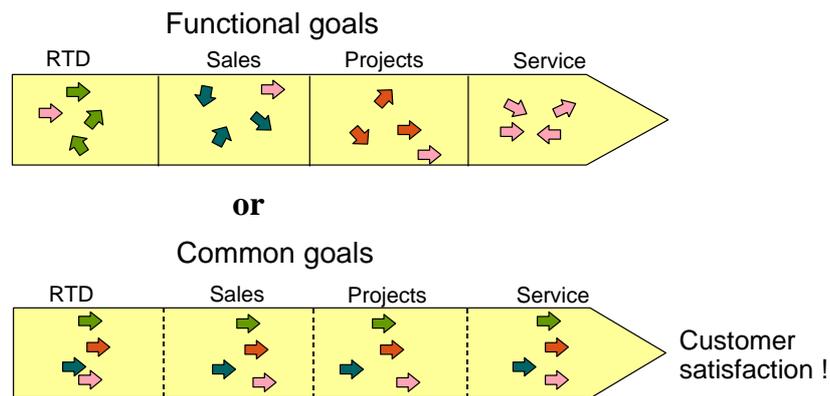


Figure 22. Lowering the barriers between functions to pursue a common goal of customer satisfaction (Figure is from the case organization's strategy document).

One manager expressed the idea of the new strategy as follows:

This new strategy is clearly more comprehensive and unified. In addition, it focuses on a service perspective. I think that the basic idea is that this business aims at serving the selected customers. Moreover, everyone in the organization contributes to this in cooperation – working together.

Management team member

Business controller of the case organization also emphasized that as a by-product of this new way to operate and organize cooperation between functions that serve the customer, the business unit has reached profitability levels that broke records.

Summary of the strategy

As a summary of the case organization's official strategy statement, I could say that the new strategy aims indeed at a relational customer orientation and can be seen as radical as opposed to traditional high-tech organization's technology oriented strategies. In this research, relational customer orientation is defined as: "the organization is set to cocreate individual customers' value. The cross-functional aim is to serve customers in order to improve their performance. Long-term business relationship with selected customers is focal to customer orientation". The key idea of the case organization's strategy is to serve its particular customers throughout the entire lifecycle of the customers' production process. This means focus on long-term business relationships and attention on customer relationship management. This is in line with how Jayachandran et al. (2005) and Osasenkho (2006) understand a relational customer oriented organization as the one considering customer relationships as assets and a central

part of the strategy. The idea of the new strategy is to know and satisfy the customer as is mentioned also as key aspects in numerous definitions of customer orientation (McKitterick 1957; Levitt 1960; Saxe & Weitz 1982; Shapiro 1988; Kohli & Jaworski 1990; Narver & Slater 1990; Ruekert 1992; Deshpandé 1993; Day 1994; Hunt & Morgan 1995; Williams 1998; Thakor & Joshi 2005; Vargo & Lusch 2004).

One cornerstone of the strategy is to be close to those selected customers. The aim of the strategy and the way to operate is to support the customer's processes in order to help *them* create value. This is in line with what is meant by relational customer orientation, where value is cocreated with the customer (Vargo & Lusch 2004). Moreover, the strategy means adjusting and developing the total offering of the organization to support customers. This is about widening the service offering to those selected customers in order to be able to serve them better. The idea here is that every business is a service business and the key competitive element is the service competition. Also Vargo & Lusch (2004) argue that new perspectives of intangible resources, the cocreation of value and relationships are converging to form a new dominant logic for marketing, one in which service provision rather than goods is fundamental to economic exchange.

Numerous researchers emphasize that being customer oriented means organization wide commitment and cross-functional processes to enable cooperation between functions, in order to satisfy the customers (Shapiro 1988; Kohli & Jaworski 1990; Deshpande et al. 1993; Deshpandé & Farley 1998; Narver et al. 1998; Noble et al. 2002; Jayachandran et al. 2005; Vargo & Lusch 2004). One key aspect of the case organization's new strategy is also the consideration of how to operate and organize the management of those customer relationships. The idea is to look at the organization from the process management perspective meaning managing the process of creating value for the customer. As one manager put it:

The focal idea of the strategy is that we serve our customer throughout the entire lifecycle. It is possible because we are organized lifecycle orientedly.

Management team member

Next, in describing the change process, the first sub research question – what kind of stages can be identified in the implementation process of creating relational customer orientation? – is answered.

4.3 Stages of the change process of creating relational customer orientation

In this section, first, the change process in the case organization is roughly described, and then as a result of analyzing the change process in the case organization, the stages of change are further discussed.

4.3.1 Describing the change in the case organization

In September 2002, there was an organization change in Metso Automation. In the organization change, the power & process business formed one business unit. The new business unit got a new leader from inside Metso Automation, who had extensive managing experience in a variety of positions in different business areas of Metso Automation. The change process towards increased relational customer organization was initiated in the case organization.

Starting the change process

The new leader as well as other interviewees pointed out in the interviews that the new leader was in a key role initiating the change in the organization. He was the key driving force especially at the start. The leader emphasized that he had a basic framework in his mind that was build up by years of management experience. This basic framework included the idea what was to be accomplished – so in this sense the goal was crystallized in the leader's mind. Also, the basic frame included ideas of how the organization could work better towards customer orientation, what might be the actions of change and roughly how the change process could evolve. However, the leader emphasized that this frame was not fixed – the change process evolves step by step and you cannot, and you should not try to predict what is really going to happen. He emphasized that it is not worth planning the actual change process too much beforehand. It is however important to have a goal clear in your mind all the way. It was emphasized by the interviewees that the leader's commitment to change was clearly noticed. In addition, the leader took full responsibility for the change process. The extensive management experience clearly affected the leader's self-esteem in the change process. There was no doubt in the leader's mind that this was the way to go. He pointed out in the interview that he has made change processes previously as well where he has learned the basic rules and procedures of change. This noticeable self-esteem resulted in a trust for the leader among his employees, which was frequently mentioned in the interviews.

As in change processes in general, something *triggers the change*. Key drivers for this change process were the changes in the market place and customers' needs. It was pointed out that competition is getting progressively harder in the process automation business. Technological development has narrowed the technological differences in the automation systems between the

case organization and its competitors, which means that the real competition is somewhere else than in the core technological system.

Furthermore, as Metso Automation is quite a small player in this business area outside of Finland, it was evident that the bigger competitors can make automation solutions with volume, which means that they can more easily compete with prizes of the core product. Thus, the differentiation had to be somewhere else for Metso Automation. Moreover, as is the situation in all industrial organizations today, the customers also have financial pressure as well as the ever-increasing emphasis on efficiency, which have formed new expectations to automation suppliers. In addition to the basic automation system, the customers increasingly want information management applications to support the follow-up and reporting of their production processes.

Moreover, the needs of the customers' are changing also as the customers are outsourcing activities to concentrate on core competencies. It became clear that the customers' wanted bigger entities from their automation suppliers including more service such as more consultative types of services that aim to improve customers' production process performance. In addition to these external drivers for change, the internal pressure from the corporation for ever-increasing profitability and efficiency as well as growth triggered a need for change. The fact that in this business area Metso Automation is quite a small player outside Finland fixed to some point the direction. The new leader had a clear idea in his mind that it is the customer focus and focus on existing references from where the profitability will be sought. The idea would be to serve customers in a way that helps them create value. This includes the widening of the total offering – to cover the entire life cycle of customers' production process to those key customers. The direction was towards increased relational customer orientation.

In the change process, first the new leader *familiarized with the new business area and the present situation*. He familiarized himself with the market situation, the customers in general, and the financial situation. Then he became acquainted with the capabilities, organization and people of the business unit and the previous strategies of that particular business area. After getting familiar with the present situation, he started to understand that there is a need for change. He made a *draft of his ideas about the new strategy* – the vision, goals and activities – and *drafted the main structure* for the business unit, which he called the life-cycle structure. Then he started systematically *to build the management team for the new business unit*. The new leader emphasized that the operating core needs to be redeveloped before you can move to the following phase in the change process. He emphasized that in order for a change to become a reality it is crucial to build up a management team that has a clear and unified goal in their minds as to where the change is aiming. In addition, the managers in the management team have to have the willingness to change the business to the chosen course. Moreover, the leader emphasized that he needed a team whose capabilities and know-how support the change towards increased relational customer orientation.

In building a management team, one has to make sure that the combined knowhow and capabilities are enough to reach the wanted goal.

Leader

According to the leader, if the present organization does not have all the needed capabilities for the management team, you need to look elsewhere. Accordingly, the new leader started to interview key persons in the previous business unit's management. In those interviews, he wanted to know the key persons' ideas about the present situation and ideas about what should be done in the future. Moreover, he tested his ideas about the new strategy and the goal as well as the drafted life-cycle structure – furthermore, he wanted to know their opinions about the possible pitfalls of these new ideas and what should be considered.

After completing the interviews, the basic structure got its form and the life-cycle structure for the business unit was made. The structure changed drastically compared to the previous business unit structure, so it was necessary at that point to make a job description for each unit in the new business unit organization. Previously, the organization followed a more traditional functional form with sales, project execution and service as well as research & development organized separately. In the new structure, the organization was formed process orientedly following the life cycle of the customers' production process. As a first step in the life cycle, the sales and project execution got its own unit, as did the second step in the life cycle, availability services. In addition, the third step in the life cycle, information management solutions and performance services got its own unit.

After finalizing the structure of the new business unit and making the job description for each unit, the roles of managers in the management teams were decided. The unified sales and project execution unit got a leader who had extensive experience in sales in the power industry. He had started to work for Metso Automation just a while ago. The new business unit leader wanted to have a new manager for the availability services unit from the customer's side to have fresh ideas of how this important area of business could be developed further. This position was filled after a while; meanwhile the business unit leader took responsibility of this unit. Information management and performance services unit got a manager from inside business unit, who has extensive technological experience and outlook on how this newer area of performance services could be developed. The business unit got also a new business controller and executive assistant. Starting then, the key persons were involved in the strategic change process. The new leader emphasized that he is not going to be the person who makes the change happen – it is a matter of the entire organization. This is the reason why the next step was to make sure that the management team members' ideas are in line with the wanted goal and the real urge for change will evolve in the team.

After building the management team and directing roles to managers as well as building up the upper level organizational structure, the unified management

team goal of the new strategy was built-up. The new leader pointed out that next he needed to get the whole management team to realize fully that this is the way to go and build the commitment by the management to the new strategy. It was pointed out that in the beginning the management team sat down together at least once a week to discuss the new strategy and way to do things. The leader started systematically to delegate the responsibility of change to the other team members.

At the beginning of the change process, I have to ensure the right direction more strongly, and choose the right people. Then my role changes. At the beginning my role was stronger in terms of what we are aiming at. Later on I have backed away a little and coached the team to succeed, and encouraged them to explain their successes.

Leader

It came out clearly in the interviews that it took some time for other management team members to really fully understand what the new relational and customer focused strategy was really all about. It was expressed as a learning process for everyone. The fact that there was "new blood" in the management team made the internalization of new things easier. The management team's strategy meeting that was organized six months after the organization change worked as a marking point. According to both the business unit leader as well as other management team members, it was not until this meeting, that the real idea of the new strategy was crystallized in everybody's mind. In the 2-day strategy meeting, the ideas of a strategy and strategic targets were written down to form an official strategy document. As one management team member described it, it was as if all the separate pieces of a puzzle had found their place. This was a sort of awakening to the new relational and customer focused strategy. This marked a point where the responsibility of the change process was really delegated, as the business unit leader describes it:

Then as we went through our strategy in the strategy meeting in May, we specified that we have a customer focus. I think that it was this meeting when these guys really understood what this strategy is all about. It took six months to get into the real insight. It wasn't a traditional strategy meeting; we brainstormed, discussed and marvelled... But it was this particular meeting when it was all crystallized for everyone, and they knew why we are doing things in a new way. The self-esteem was built for these guys. The responsibility was then delegated.

Leader

The business unit leader engaged the management team members to the change process by *empowering them to key roles in the implementation*. One example was that the business leader encouraged the management team members to make their own presentations for the common informative meeting where they could

explain the activities and actions themselves in front of the personnel. This way the management team members got committed to the new strategy and the change, and the understanding to the new strategy and way to operate advanced.

During the following period, in spring 2004, the business unit leader, who was especially at the beginning the driving force for the change towards increased relational customer orientation, left the company. The former leader of the unified sales and project execution unit became the new business unit leader and after a few months a new leader for the sales and project execution unit was hired from inside Metso Automation, who had formerly been one of the product managers of Metso Automation's main product, the automation system. This marks a point where the change towards increased relational customer orientation might have been in danger of stopping. However, this did not happen. The chosen course was followed also after the management change. It seems that the delegation of responsibility of the implementation of the new relational strategy had taken place. The management team's commitment and understanding of the new way to operate was evident and the need to continue the work towards increased relational customer orientation was frequently expressed in the interviews as well. Also in observing the organization, I did not notice change in the main messages and activities. One thing was often mentioned though – that possibly affected the continuum in the implementation – it was the closeness and the good atmosphere in the management team, as one member expressed:

It took its time and many person-to-person conversations. But along the process the team got very close, resulting in cooperation being very easy. Even though Markku left the company, the team and the focus have remained surprisingly unified...we have a common vision.

Management team member

Implementing and maintaining the change

It was pointed out in the management interviews that it is important first to make sure that the most critical parts of the business are working according to the plan and only after making sure of this, it is time to start to develop new things.

Sometimes...you need to start to affect the mindset and you need to awaken the change somehow. In practice this means that you need to screen that unit and renovate the core. Only then you can start the next phase, when you can start to develop new things.

Leader

First, the sales and service network was renovated abroad and then the attention was directed at project execution. As was mentioned in the chapter discussing differentiation, the automation project execution capabilities of Metso Automation are considered a clear strength among Finnish customers. The project execution is the cornerstone of process automation business, and a starting point for serving customers. It seemed that the project execution's

competitiveness was in line, as the productivity of this critical part of business was not at the wanted level. This is why the attention was first paid to this part of business. The business unit leader pointed out that the maintenance service business seemed to be doing quite well during that time, so that was not the priority number one at the beginning. The time to develop the service business would come later on.

The new leader had a clear idea in his mind, that in order to be able to serve customers better, the sales and project execution should be organized to form a unit. In this way the productivity of both the sales and the project execution could be improved, as the two previously separately organized units would have a common goal and would start to work in closer cooperation. The need for change in the sales and project execution thus marked as the first concrete and noticeable activity towards increased relational customer orientation. Firstly, the management team started to map the organization's know-how and capabilities as well as the present situation in more detail than in the initiation phase, by interviewing the people in the organization. An external consultancy company was then involved to make those interviews. It was then time to activate the change in the organization.

The business unit leader emphasized that the *change needs to be somehow evoked*. First thing in the actual implementation was that the new management team started to communicate consistently to the organization the reasons for a need to change. The team gave several informative meetings and wrote internal releases published on the intranet, where the key drivers for change were firstly clearly expressed. Therefore, the first step in the implementation was *explaining the need and reasons for change and developing a positive pressure for change in the organization*.

The interaction is tremendously important – that you really explain and let people internalize why things are changing.

Leader

Also in line with the new strategy, the *values* of the organization were changed to emphasize long-term customer relationships and each and everyone's important role in taking care of the customers and building and maintaining those customer relationships. These values were also consistently communicated to the organization. More importantly, what those values can mean in practice was communicated, thus the *norms* were also developed. During that time, the management team also organized a cross-functional workshop where they invited the key persons in an organization working in the customer interface. The idea was to *engage employees to the strategic change process* in order to utilize the entire organization's capabilities and knowledge in the strategy development. This way the management also wanted to *get the people committed to the change and get people to fully understand the key ideas of relational customer orientation*. In the workshop people got to discuss their opinions in groups of what should be done in order to improve the business. The groups made

suggestions and presentations of their suggestions for change that were then summarized and presented in the informative meeting to the whole personnel of the business unit. It was frequently mentioned by the customer contact employees that they appreciated the fact that they had a say in forming the new strategy. It was easier to accept the change and realize the reasoning behind the strategic activities, as the people who are in contact with the customers daily were involved in the change process.

It became evident in the workshop and during the interviews that the sales and project execution as well as the service had been working in the same way for years – the way to operate was never previously questioned. Moreover, the discontent for the ways that things were done was evident. One important aspect that was pointed out by the workshop participants was the need for further cooperation between different functions in order to serve customers better. Resulting from this suggestion, the new business unit management decided to organize the unified sales and project execution unit into cross-functional teams that included also other functions besides the sales and service execution in them. Nevertheless, before those teams could be organized, they needed leaders who support the new strategy and a new way to operate. It became evident to the business unit management during the interviews and the workshop that the present leaders were against the change. The business unit leader pointed out that in order for a change to become a reality, the key persons in an organization have to believe in the change and have a natural urge for change. This is why the business unit management chose new team leaders who wanted to make changes and had understanding e.g for the need for new way to do things. It was necessary to make *changes in the key persons in the organization* to make the change happen, as the business leader expresses:

Quite often the change is prevented because the leaders don't have the balls or are afraid. Then it might be easier to change the leaders. It is this sort of a positive fantasy that someone would learn to walk again...it is extremely difficult. If you want to change fast, you need to be critical and and screen your resources very carefully...that pretty much can solve things.

Leader

The understanding of new values, the way to operate and the reasoning behind the new relational strategy started to evolve as time went by and as concrete changes were made. Indeed, one theme that was frequently discussed was the importance of learning by doing, as one manager expressed:

They have to live the change and make a difference. Understanding the total picture comes by experiencing things.

Leader

The new lifecycle *structure* and way to organize operations in cross-functional teams was one theme that was frequently mentioned as changing the way to do

things fundamentally. Firstly, the people were used to working "autonomously" in their separate functions. It was considered natural that there was not more cooperation with other functions – 'this is the way things have always been' was a common expression. It was pointed out that in the beginning the so-called life cycle organization that was process oriented did not make any sense. However, as time went by and people had experience on how the organization actually operates, this was generally considered a good way to do things in cooperation with people representing other expertise, for the customer. It was considered positive that the life cycle organization aims to lower the boundaries between customer interface functions. The same was with the cross-functional customer specific teams – the positive experiences and especially the positive feedback from the customers gradually convinced customer contact employees that this is not at all a bad course of development. A frequently used expression to describe the changes in the structures was that in the new model, 'people are working together' to serve the customers. One management team member expressed it as follows:

The biggest changes at that time were the changes in the organization and people. Afterwards we have concentrated more on training and in learning to do things differently and to go to see the customers. The customer teams are functioning and our customers see our experts more. And those experts take bigger responsibility.

Management team member

The way to operate has been changed drastically during the process – the cross-functional customer specific teams were one such example. Only after being a part of such a team, one can fully understand what it is all about. Another example is the product manager's closer involvement in the customer interface. Positive experiences increased the conviction of the other customer contact employees that this is really a good way to do things. Moreover, approaching customers together with members of other functions that has resulted in positive feedback from the customer has convinced them that cooperation does pay off.

After the new structure was made e.g. in the sales and project unit, it was made sure that the sales and project execution that have always previously been organized separately would have a common goal. The follow-up of that unit was rearranged so that the actual results of the unified unit could be measured. Thus, during the change process, there were also changes made in the *measurement and follow-up*. One major change was that the follow-up indicator was build-up in a way that each unit could follow their real actual results and their target. The goal was to make each key customer contact person realize how they can contribute with their activities on building the result. Moreover, as what comes to the relational customer orientation, for the first time, the business control built up a system, where the *customers relationship value could be measured*, meaning that each customer relationship's value for the organization, the real money that the relationship has brought and will bring could be measured. This

was used as a basis for *categorizing the customers* and finding the key customer relationships.

During the first months of the change process, the basic structure was made and people were assigned to their tasks as well as the follow-up was redeveloped. Then it was time for the actual development of business.

One central activity in the implementation was the *development of the total offering*. The idea is to serve key customers along their process life cycle. This is a natural way to maintain and deepen long-term customer relationships as a management team member expressed the idea:

We serve them (the customers)¹⁸ so well that we don't lose them at any point. Then along the customer's production process, we serve them with a variety of our solutions, so that we can grow alongside them. This is the basic idea.

Management team member

One key target of the strategy is to have a total service offering that evolves along the customer's production process life cycle. This means that the share of services out of the total offering were to be increased.

We have actively developed new services, so that for the life after automation project we have launched several services.

Management team member

In addition to developing new services and ways to operate in the more traditional availability services, the more consultative types of performance services were developed to add value for the customers. The new unit that concentrated on information management applications and performance services was driving growth towards newer business areas. A new manager was appointed from the customer's side to lead the availability services in order to assure the right direction for the services development. The development of new services cannot be done without resources as was expressed in the interview:

Change doesn't happen without resources. It is naive to think that for example service there would develop something new themselves. They are learning little by little. But they change as we get through our new service model there. You need to have resources to innovate new things and think things over. That's why we hired Jalkanen and Henttu and others – to have resources to make new things happen. Without resources the change stays at power-point level.

Leader

Previously, no separate product managers had the responsibility to develop new services for the customers. Both the availability services as well as performance

¹⁸ Term in the parenthesis is added by the researcher to indicate the subject under discussion.

services units got new product managers assigned for that task. These new product managers were encouraged to get close to customers right from the start to make sure that the new services are really in line with the customer's needs. They were also encouraged to work in close cooperation with other customer contact employees such as sales and services managers as well as project managers to be able to utilize their long-term relationships with the customers. *Developing these new services has been done in close cooperation with customers.* The sales and marketing of those new services were more of a consultative type, which made it necessary to involve the experts and product managers in the sales process, as a management team member expressed:

They (performance services) are such services that the service manager cannot sell alone because he hasn't got the education for that. A service manager can at the most evaluate whether the customer might have a need for that kind of a service. Selling performance services is this sort of typical consultative selling – an expert selling to customer organization's expert and trying to convince them.

Management team member

A key conversational topic in the interviews was the unified logic of changing the organization and way to operate, and the development of total offering. Each of these mentioned aspects follow the life cycle model. They are all designed in a way that follows the actual service process towards the customer. As the business unit leader also mentioned, the organization and the extended service offering are developed having kept in mind the value creation with the customers.

Communication has been an important aspect during the whole change process. Every success stories that followed the new way to operate were communicated to the personnel. These positive experiences built up the belief that the new relational strategy makes sense, as the business leader pointed out in the interview:

We started little by little to get successes. Communication has been constantly alongside the change process. We got positive experiences, we got orders and the margins went up and we got new products and services. Then people started to understand that all this might have a point.

Leader

The idea of active and open communication was to make sure that the whole organization is all the time aware of what has been accomplished, and what is to be done next. One clear change in the communication compared to the previous times was that it was not only the business unit leader who communicated the business unit activities to his employees, but also other management team members were actively taking part in the communication. This way the commitment to the unified cause was accomplished. Also people working with the customers on a daily bases were encouraged to present their

accomplishments in front of the personnel in informative meeting. This was one way to eliminate possible prejudice people might still have for other functions. The positive communication about the accomplishments led to a positive drive for change and diminished the opposition for change.

They (the management team members) got a positive feeling themselves, that everything looks great. Then they got into explaining successes in the informative meetings. On the way people started to see the positive drive, and that we can be proud of our accomplishments. This eventually stops the opposition for change.

Leader

The communication that explained what has been done with the customers aimed to *increase the understanding* of what the customer orientation and taking good care of customer relationships on a long-term basis mean in practice. The business unit leader mentioned that in his opinion if people understand the key ideas of the way to operate they are motivated to change their way of doing things. There needs to be an urge and desire for change on an individual level as well. In addition, one important aspect in the communications was to invite customers to give presentation about their real needs in e.g. sales meetings. On those occasions customers frequently emphasized the importance of having a long-term trusting relationship with an automation supplier. Also they emphasized their willingness to give increasing responsibility to their automation supplier partner for their production performance meaning a wish for service extensions. For customer contact employees, the fact that the customers' messages were consistent with the business unit strategic targets was convincing and increased the understanding for the new strategy.

In addition to the active one-way communication, the *interactivity* continued along the implementation all the way starting with the previously mentioned workshop. This interactive communication simultaneously worked as a *training* forum for the organization. Along the way, several panel types of cross-functional meetings were arranged in order to ponder on themes such as improving customer service and satisfaction. One such example was a strategy day, where the business unit employees could discuss and solve assigned problems with people representing different areas of expertise. Moreover, the private superior-employee discussions were used as an important way to discuss with each employee in the organization on how this particular person can take better care of customers and what the new way to operate means in his or her own job in practice.

It is extremely important in a change process that you do the superior-employee conversations correctly. The ideas of the new strategy need to be explained to each and everyone in terms of what it means in practice for that particular individual. It is the superiors' job to do that. Many superiors don't realize how important it is to an individual to thoroughly understand the change and what it

means for yourself and to get feedback. People don't make conscious mistakes, but you cannot know things if no one has told you.

Leader

Leaders' clear commitment to new strategic targets and the new way to do business by paying attention to long-term customer orientation was mentioned as an important motivational aspect to change activities in the individual level. It was frequently mentioned in the interviews that it is important that leaders 'walk the talk' and get closer to customers themselves. During the period that followed, there was a noticeable change in business unit management's tendency and want to be a part of building, deepening and maintaining customer relationships. It was understood that customer relationships have to be redeveloped also to cover the management level. This leadership commitment and example was also actively communicated to the personnel to maintain the positive change towards relational customer orientation. The business unit leader summarized the idea of implementation phase in the following way:

There are these elements – there are goals and shaping the basic organization to support that strategy, and getting the needed capabilities, and getting successes. And then there is phasing that you don't need to get everything done at once.

Leader

As important as the implementation of change towards increased relational customer orientation is the *maintenance* of it. Although it became clear to me through the interviews and observations that the actual implementation and change towards increased relational customer orientation continued after the ending point of the period followed in December 2005, I could clearly notice activities that were striving for maintenance of the acquired aspects of relational customer orientation.

During the implementation process, the *evolvment was followed* e.g. by occasionally checking what has been accomplished out of the list of activities to be done that were listed down e.g. during the workshop at the beginning of the change process. As one customer contact employee expressed:

Actually it wasn't long ago I went back to see the action list done in the workshop, and I looked what are the things we have implemented, it was nice really to read that stuff. There were many things that were listed out and said in the workshop that are now done and have gone forward. My job is to take forward those changes in my own team and to encourage my team members to follow the new path.

Project manager

It was frequently expressed in the interviews that after a couple of months from the initiation of the change it seemed that nothing had really changed. However,

after the follow-up a bit later it became obvious that the way to operate had been going through fundamental changes:

But of course we heard these comments that someone came to me and said after six months or so that nothing has really happened. But change never happens at once. It needs time. It goes like – you get back to a memo after a couple of years and you see that quite many things of the ideas and actions listed have been done. This is the way to notice the change.

Project manager

The evolvement was also followed in the arranged meetings such as yearly sales meeting. Through group work and presentations, the management team could observe, whether the new values and norms are adopted or not and what is the real situation in the change towards increased relational customer orientation.

One way to maintain the positive development was to screen the values of the new member's hired in the organization. The idea was to hire people with a natural tendency to follow the ideas of the new strategy.

Maintaining the feeling of succeeding has been an important aspect in the maintenance of the relational customer orientation and new way to do things. If people succeed better than previously in their tasks because of closer cooperation with other members in the organization, for example, and at the same time have fun in their way of doing their job, the positive development can continue and maintain:

Getting success is tremendously important in making the change happen. And that people have fun in doing their job and money comes – this feeds the self confidence. As the change starts to work and there comes success stories, there also comes the self confidence and faith for it.

Leader

In addition, the new way to do business affected a clear improvement in financial performance. Indeed, the business unit kept on breaking records in its profitability during the follow-up period. Success in the critical measures also seemed to build and maintain faith in the new relational business logic. This was also actively communicated to the employees.

The business unit seemed to develop some sort of *culture maintenance rituals* along the change process. In the informative meeting certain things were always covered – these were by emphasizing that the relational customer orientation and everything that has come along with that is the ultimate reason for financial success. In the informative meeting, there were always presentations about recent success stories with customers in each main step of the life cycle, the project execution and management, the availability services, and the performance services. Many times, the customer contact employees themselves were telling that success story in front of the personnel. Moreover, the teamwork was a theme frequently emphasized in the informative meetings.

In addition, the *ongoing customer connections* were used to check along the way that the direction is right.

4.3.2 Stages of change

When analyzing the case description further it shows that a change process towards increased relational customer orientation has, roughly speaking, four interdependent stages that have multiple overlapping activities in them. These stages are:

1. initiation of change,
2. building commitment,
3. building understanding through institutionalization, and
4. maintenance.

In the analysis, the change process of the case organization was reflected on two previously introduced change models by Day (1999a) and Gebhardt et al. (2006). Both the models describe and explore the change process to a greater market orientation. These models were presented in Chapter 2. The results of the first sub research question are discussed in relation to Day's (1999a) and Gebhardt's et al. (2006) models.

4.3.2.1 Initiation of change

What initiates the change efforts towards relational customer orientation is the *trigger* for change. This trigger can be either external or internal – it can be e.g. change in customers' needs, ever-increasing competition, technological or financial threat or pressure, or it can on the other hand be organizational change and hiring a new leader. In the case, the new leader first got familiar with the present market, customers and internal situation. This led to *the recognition and understanding the need for change*. The leader was committed to change and was a real driver for change especially in the beginning. It came out clear in the interviews that in the change process, the leader should openly *expose this commitment* to the organization.

After recognizing and understanding the need for change, the leader starts *preparations* for change. In the case organization the leader first made a draft of the basic strategic ideas – the vision, goals and activities – and drafted the main structure. Then he started systematically to redevelop the operating core of the organization. Firstly, he built up a management team that has a unified idea of the course of change, and thus had the willingness to change the business to the chosen course. Moreover, the team's capabilities and know-how support the change towards increased relational customer orientation. The leader started systematically to build up the commitment and understanding for change among the management team members. Also, he delegated the responsibility for the change to other team members by involving them into implementation. Thus, one important activity in the preparation for change is the development of a

guiding coalition (term used by Gephardt et al. 2006), who has shared set of values and agreement on the change. This guiding coalition is responsible for the actual implementation of the change process. After building up a management team, the leader built up the upper level main organizational structure – the life cycle organization. Then the management team i.e. the guiding coalition, built up a unified goal based on shared values, and wrote down the basic ideas of the strategy and the strategic targets to clarify key points in the strategy. Thus a part of the preparation is to crystallize the goal in the guiding coalition's minds.

In addition, according to Gebhardt et al. (2006) in the initiation phase, firstly the external threat is recognized which leads to a preparation for the change including the development of a guiding coalition as well as agreeing on a broad plan for change. Day (1999a) emphasizes in his change model, the demonstration of leadership commitment in the first place and throughout the entire change process. Day (1999a) also points out that understanding the need for change for the key implementers is a central part in the initiation of the change program. He emphasizes also that mobilizing commitment and shaping the vision starts in the initiation phase.

After understanding the need for change preparing, the implementation can be initiated. The actual implementation of the change can be divided into two interdependent stages that have slightly differentiated aims – building commitment and building understanding though institutionalization. I want to point out that these stages and the activities in them are interdependent and not easily grouped unambiguously.

4.3.2.2 *Building commitment*

In the implementation, the business unit management first paid attention to the most critical parts that have to do with serving the customer. The first thing was renovating the sales and service network abroad. Then the attention was paid to sales and project execution the competitiveness of which was in line. Automation project execution is a cornerstone of the business and many times is considered a starting point in building relationships with customers. The business unit leader had an idea in his mind that by combining the sales and project execution organizations the productivity could be improved. The cooperation between these functions that are traditionally organized separately would also improve the customer service level. Thus, the first activity in the implementation phase is *redeveloping the critical parts of business*.

Starting the implementation in the case organization, the change was first evoked in the organization. The management team started systematically to communicate the reasons for a need to change by e.g. informative meetings and internal releases. This way the management team wanted to create a positive pressure for change in the organization. Thus, the first implementation activity is the *awakening of change* to the organization.

Then the organization was engaged in the strategy developments by organizing a cross-functional workshop. This *collaborative strategy development*

aims at utilizing the collective capabilities and knowledge of the organization to make sure that the strategy is realistic and manageable. Furthermore, the engagement of the personnel into the strategy development led to organization-wide commitment to change. It seemed easier to commit to a strategy that was a result of collective pondering instead of being dictated from the management.

Then the key leading roles in the organization were filled in. The management team wanted to make sure that those team leaders would share the values that are necessary for the chosen course of change. It was thus necessary *to remove the dissenters* of the new strategy and *believers of relational customer orientation were then hired*.

Along with building commitment in the organization to the new relational strategy, the *new values were developed* – values that emphasize customer care and the importance of creating value with the customers. More importantly, the *norms* of procedure were developed to ensure that those values would become a common way to do things in practice.

There seems to be similarities also in this stage of the change process compared to Gebhardt et al's (2006) and Day's (1999a) change models. Gebhardt et al. (2006) also mentioned that first the change is evoked. They use the term demarcation as an activity where the guiding coalition presents its plan for change to the entire organization. Also Gebhardt et al. (2006) pointed out that collaborative strategy development makes sure that the strategy is realistic and can be implemented in practice. They also included into their model an activity of removing the dissenters and hiring of the believers of the new strategy in order to make the change happen. Also Gebhardt et al. (2006) and Day (1999a) found that new values and norms are developed in the process. As Day (1999a) mentions in his model, one activity along the change process is refining the customer value proposition. This was done also in the case organization by ongoing customer contacts that are mentioned in the maintenance part.

4.3.2.3 Building understanding through institutionalization

The understanding of new values, the way to operate and the reasoning behind the new relational strategy started to evolve as time went by and as concrete changes were made. The change was thus in a way *institutionalized* through structures, financial follow-up and incentives, as well as through the development of total service offering.

Structuring the main organization process orientedly was an activity that in the beginning received contradictory opinions. As time went by and people got to experience how the organization actually operates, the faith towards the organization improved. The same was with the cross-functional customer specific teams – the experience and positive feedback from the customers resulted into understanding of the way to operate in closer cooperation with other functions. In addition to structures, there were some changes done in the financial follow-up. The goal was to make each customer contact employee to realize how they can contribute with their activities in building the result.

Moreover, the actual value of individual customer relationships was measured for the first time. One central activity in institutionalization is thus *aligning the structures and financial follow-up* to support the development towards increased relational customer orientation.

One central activity in the institutionalization of change has been the *development of total offering* by fundamentally increasing the proportion of services out of the total offering. The idea is to serve key customers along their process life cycle. This is a way to maintain and deepen long-term customer relationships. The service was developed in a direction that ultimately aims at improving the customers' production performance. Moreover, Metso Automation can take more comprehensive responsibility for improving that performance. The service was developed not only in the more traditional availability services side but also in the area of more consultative types of expert services. Along the development of total offering, the role of product managers fundamentally changes. They got closer to customers, and this way the new services were developed in close cooperation with customers.

During the entire change process and especially in the implementation phase, *communication* seems to play an important role. In the case organization, the idea of open and active communication was to make sure that the whole organization is all the time aware of what has been accomplished, and what is to be done next. This way the understanding and commitment was built-up. The entire organization was engaged with the communication. The communication was not only one-way communication but also interactive. Interactive communication worked at the same time as a training forum for the personnel. Also private superior-employee conversation was an important means of communication in the case organization, to make sure that everyone understands the change in the individual level.

Demonstrating the leadership commitment seems to be an important aspect in the change process in all the stages, and especially in the implementation stage. In the case organization leaders walking the talk and getting themselves close to customers seemed an important positive aspect for change.

Also both Gebhardt et al. (2006) and Day (1999a) found that aligning structures as well as reward and financial follow-up is a central element of institutionalizing the change. In the case organization one new activity was to further the measurement of the real value of individual customer relationships. The development of total offering was a clear expression of institutionalizing the change in the case organization. This is not mentioned in either Gebhardt et al's (2006) or Day's (1999a) change models towards increased market orientation. In the case organization the development of the total offering was clearly an activity that aimed to concrete maintenance and development of long-term customer relationship. Thus, it can be said that it is an important development area in which to pursue towards increased relational customer orientation. Communication was an activity that came out strongly as a key aspect during the whole change process in the case organization. This activity was not mentioned in either of the compared change models. However, training is an activity mentioned in Gebhardt's et al. (2006) model. In the case organization training is

considered a central part of interactive communication. Also Day (1999a) emphasized in his model the importance of demonstrating the leadership commitment along the change process.

4.3.2.4 Maintenance

One focal activity in maintaining the development is the *follow-up of the evolvement* in the change process. In the case organization, the follow-up was done occasionally by comparing the present situation with the assigned goals that were set in the beginning. Moreover, the possible new employees were *screened* in accordance to organization's values.

Maintaining the spirit of succeeding is also an activity that drives for maintaining the positive development. Concrete monetary success seemed to build faith in the new relational strategy. This success was actively communicated to the personnel

Culture maintenance rituals are also a way to maintain the development. Certain things were repeated regularly. In communication, the activities and success stories with customers were emphasized in connection with presenting the financial situation, for example. The *ongoing customer connections* were used to check along the way that the direction of change is right.

Both Gebhardt et al's (2006) and Day's (1999a) change models mention the importance of monitoring the results of change. Furthermore, Gebhardt et al. (2006) mentioned the cultural screening for new employees to make sure that the new people in the organization share the same values. Also Gephard et al. (2006) suggest culture maintenance rituals to maintain the spirit for change. They also suggested the connection with the market to make sure that the course of change was the right one. The summary of the stages of the strategic change process are depicted in the following figure 23.

Figure 23 illustrates the stages of change that can be identified in the case. Something first triggers the change. This trigger can be either external or internal – it can be e.g. change in the customers' needs, ever-increasing competition, technological or financial threat or pressure, or it can be organizational change and hiring a new leader. Roughly speaking the change process towards increased relational customer orientation has four *interdependent* stages that have multiple *overlapping* activities in them. These stages are the initiation of change, building commitment, building understanding through institutionalization and the maintenance. In the initiation phase, after getting to understand the need for change, the leader starts preparations for change. In the actual implementation (consisting of two interdependent stages of building commitment and understanding via institutionalization) of change the firstly critical parts of business are redeveloped. The change is awakened in an organization building a positive pressure for change. The strategy is developed collaboratively to make sure that it is realistic and manageable. The commitment to change by all leaders is ensured by removing dissenters and hiring believers. Along building commitment in an organization, new values and norms are developed. Aligning

structures and financial follow-up concretely institutionalize the change. A central activity in the institutionalizing the change is development of total offering. During the entire change process, communications plays an important role to make sure that the members of an organization get to know what has been accomplished and what is to be done next. Also demonstrating leadership commitment is important along the change process. Ongoing customer connections make sure that the direction is right.

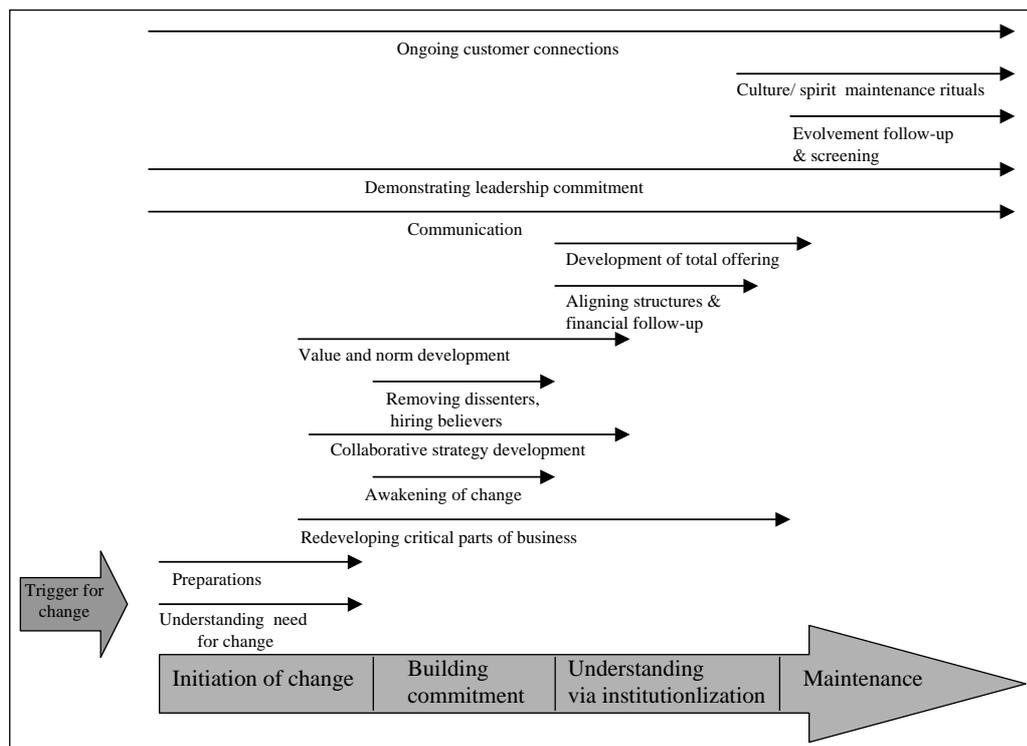


Figure 23. Stages of change process of creating relational customer orientation.

As mentioned, all four stages are interdependent and include several activities that are not necessarily sequential. Instead, many activities initiated early in the change process occur simultaneously. This form seems to be in line with what Day (1999a) discovered. Gebhardt et al. (2006) on the other hand found that the steps and activities in their change model are path-dependent.

5 CONCLUSIONS ON THE CREATION OF RELATIONAL CUSTOMER ORIENTATION

This main result chapter answers the following sub research questions:

- What kind of inhibitors are there for relational customer orientation in a professional high-tech organization?
- What kind of solutions can advance relational customer orientation in a professional high-tech organization?

At the end of chapter, as a result of the analysis, an answer is given to the main research question of this research: "How can a professional high-tech organization create relational customer orientation?" by constructing a modified model of the creation of relational customer orientation.

The analysis has been done with the assistance of the preliminary model, however given the space needed for the data. As it appeared it was necessary to form a new dimension 'total relationship offering' for the model along the analysis. In this chapter, first each dimension, its relating inhibitors and solutions for relational customer orientation are described in the case organization, following a further analysis on the dimension. Then as a summary of the main results a modified model is constructed.

5.1 Organizational characteristics

In the framework, three aspects of organizational characteristics were identified that are believed to have a say in the creation of relational customer orientation. These aspects are the mindset, structure and operational practices.

5.1.1 Mindset

In order for a new cultural strategy to become a reality, such as the relational strategy of the case organization, it must become part of the unconscious mindset of the people in the organization (e.g. Argyris 1999, 67; Stockport 2000). A mindset is a kind of a knowledge filter in an organization, in which organizational attention is focused on things that fit into the prevailing

assumptions, while things that might have a renewing potential may be ignored (e.g. Prahalad & Betting 1986; Bettis & Prahalad 1995; Prahalad 2004). The longer the mindset has been in place, the more difficult it may be to renew (e.g. Bettis & Prahalad 1995; Boivin & Roch 2006). As the creation of relational customer orientation has fundamentally to do with a change process in the organization, the mindset is a central aspect in the phenomenon. It was emphasized by the informants that the change from product or technology orientation to customer orientation can be rough because it means changes in the basic mindsets of the personnel. In fact, the case study revealed, probably not surprisingly, that deeply rooted beliefs and thus the mindset of the personnel was considered as the biggest challenge in the endeavor to increased relational customer orientation.

...old attitudes and opinions as well as old habits are absolutely the most challenging things in a change process.

Management team member

It was realized in the organization that in this change process, the actual changes in people's mindsets are going to take a long time. Moreover, by no means is the mindset of the personnel as a whole transformed completely during the follow up period of almost three and a half years. However, the case organization's ultimate goal is that relational customer orientation prospers in the mindset level of the personnel. This means mindset change in the direction where the customer is the center of the personnel's thinking (see e.g. Deshpandé & Webster 1989). In addition, it is where an individual person believes that understanding and satisfying customers is central to the proper execution of his or her job (see also Kennedy et al. 2002).

Although it is impossible to explore unambiguously to what extent the mindset of the case organization has truly changed during the follow-up period, it is possible firstly to describe what kind of mindset and culture the organization has and has had. In addition, how this mindset or culture might inhibit relational customer orientation. Secondly, it is possible to find indicators for the mindset and culture related solutions that have been made in the case organization showing that the change in the mindset level has started to prevail little by little.

5.1.1.1 Mindset related inhibitors

As the new business unit leader expressed, the mindset of the personnel can be depicted from their activities and operational practices. As is typical to high-technology organizations, the mindset of the case organization has clearly been *product or technology oriented*. The role of the high-technology product has been in the dominant role in the organization for years. Accordingly, the product development has been the most important activity in the organization. It has been customary to develop new high-technology products and new versions of those

products in separate research & development department and only after the new product has been developed, has it been launched to the market. Thus, the product development has been in isolation from the customer interface, which means that not always has the product met the customer needs.

It was more technology oriented...product oriented. The main concern was how to fix our own systems, how to fix and change them...What the customers get out of those systems wasn't the main concern and was not so much pondered either.

Leader

Moreover, relating to the technology orientation, the interviewees strongly pointed out that the case organization has been "*organization oriented*" rather than customer oriented. This means that the case organization has been much concentrating on its own internal matters and indeed one example is developing products in isolation from customers.

Furthermore, the data indicates that *transactional orientation* described the case organization's mindset in the beginning of the follow-up period as opposed to relational orientation. The role of automation project execution has been considered as the organization's main offering activity as a whole, and roughly speaking not much concern was paid to what happens to the customer after the automation system start-up. Whereas along the new relational strategy, the project execution is considered more as a starting point in the offering that covers the entire life cycle of the customer's production process. The fact that the role of project execution has so far been dominating in the case organization indicated that the mindset of the personnel has been set to individual transactions rather than to developing long-term customer relationships with its customers.

Summing up, the following characteristics depict the case organization's dominant mindset¹⁹ at the beginning of the follow-up period:

- *Technology orientation*, which means that everything in the organization was looked at from the product point of view. The case organization concentrated on developing new high technology apart from customers.
- *Organization orientation*, which means that the focus of the operations was on internal matters.
- *Transactional orientation*, meaning that the organizations dominant focus was on selling automation projects. This implies that the focus was on getting single transactions rather than developing long-term customer relationships.

¹⁹ I use the expression dominant mindset, because as in all organizations there are exceptions. In the beginning of the follow-up period there were individuals and sub-groups of people whose mindset could be considered as being customer oriented. The characteristics of the case organization's mindset are however the prevailing and dominating mindset in the organization.

The characteristics of the case organization's mindset each indicate that relational customer orientation is ultimately a big change in the prevailing mindset of the organization. Customer orientation puts the customer in the center of people's thinking. Everything in the organization is considered from the customer point of view. Moreover, the relational perspective emphasizes the development of long-term business relationships with selected key customers. These characteristics clearly do not fit into the case organization's technology oriented mindset at the beginning of the follow-up period. Technology, organization and transactional orientation of the case organization have led to the fact that in the past serving customers was not the number one concern in the case organization.

It is thus understandable that implementing a change can be a challenge as was pointed out by several informants. Change that shakes the prevailing mindset of the organization can stimulate resistance towards new initiatives (Senge 1990; Argyris 1999, 56; Roth 2003). This was true also in this case. Right after the change process was initiated, *clear resistance against the change* was noticeable. The informants expressed that especially for people, who had been working for the company for years, had the new relational ideas seemed strange, especially on the organizational activities level. Among some individuals and groups of people the idea of working together without clear functions was considered impossible, for example. As the ideas of the new relational strategy were considered completely different from the previous strategies, the resistance was understandable in the beginning. There were also "reformist" spirits in the organization, who were for the change right from the start. The level of customer-oriented mindset varied between individuals:

...It (customer-oriented mindset) varies between salesreps; we have extremely technology-oriented sales people, who always wait for a customer inquiry and answer that as well as possible, and tell about and sell only that technology. Then we have sales people who don't really mind the technical details but concentrate on the customer relationship.

Performance service director

The case organization's *culture and values* can also explain the resistance to change. The culture and values in the organization are strongly intertwined with the concept of mindset. Culture means a fundamental and shared set of beliefs in the organization (Deshpandé & Webster 1989), i.e. the pattern of basic assumptions that a group has developed to cope. Those assumptions are considered valid (Schein 1983). The case organization has had a tradition to organize different expertise areas on separate functions that are measured separately. An organization's structure can be seen to be intertwined with the culture of the organization as organization's set of values can be partially explained based on structure of its context (e.g. Deshpandé & Webster 1989; Day 1994; Buenger et al. 1996). To me the culture of the case organization has clearly been encouraging *strong collegial subgroups*, which means that people having a similar expertise area have diverged into their own separate groups. This has resulted in isolation from other subgroups of people and to competition

rather than cooperation between different units and functions. Over the years of organizing different expertise areas separately have these separate units and functions started to form their own differentiated set of values, thus the culture and operational norms of these functions are grown to be different.

But that someone has been in the project organization for 20 years and has done things in this way. And another has been in customer service for 20 years and does things in that way. Then as these two get into conversation you don't have to listen too long when you know exactly what organization they are from.

Management team member

The data showed that what is driving to organization orientation is in fact the culture that encourages separation of expertise areas. The competition between functions leads inevitably to a situation where the organization concentrates on internal matters instead of concentrating on customers. It was mentioned that organizing functions separately have led to fragmented structure, which reflects on the customer interface. The challenge in the case organization thus is to get the customer contact employees to work together as a process to fulfill individual customer's needs. Moreover, internal fragmentation was pointed out as complicating the unified communication towards the customers.

One challenge is the functional mindset. Meaning that for ages we have done things in a functional form so that we have sales function, service function and project function and still today we have this competition on orders for example. It is probably one of the biggest challenges to get us to work as a process, so that the barriers between the functions would get lower.

Management team member

Relating to internal fragmentation, there also emerges *individualism* in the case organization. It was fascinating to notice from the data that on an individual level, many customer contact employees such as sales, project and service managers seemed to be customer oriented already in the beginning of the follow-up period, and they seemed to value the maintenance and development of long-term customer relationships. It was a personal pride issue to take good care of the customers and to build a trusting relationship with them. It seemed self-evident to most customer contact employees to work individually in a customer-oriented matter. Relating to this, at the beginning of the follow-up period, the manifestations of the new relational strategy were considered as insulting and even amusing in some part, because some customer contact employees felt that it was implied that prior to the new strategy, customers were not taken care of.

At the same time, there was a clear prejudice against other customer contact employees who work in another function for example. To give an example one customer contact employee felt that he was not respected in the organization among other functions, and as a result of this he wanted to hold out customer specific information from other people in the organization. It seems to me that on an individual level, the customer contact employees can be customer oriented

naturally, but the internal fragmentation and individualism in the organization's culture reflect on the customers. Due to the lack of cooperation between experts and groups of experts, the customer orientation in the organizational level is not prevailing. One overriding value of customer orientation is that the organization members together create superior value for their customers (e.g. Narver et al 1998; Kennedy 2003).

Culture related inhibitors for relational customer orientation in the case organization could be summarized as:

- *Strong collegial subgroups* encourage competition between units and functions rather than working together as a process for the customer.
- *Individualism*: Most customer contact employees are highly customer oriented on an individual level and on sub-group level. However, due to competition and individualistic values in the organization, the customer specific information is held from others, for example.

5.1.1.2 Mindset related solutions

It is difficult to truly estimate to what extent the mindset in the organization has transformed towards customer orientation. However, there are clear indicators in the data that imply that change in the mindset level has started to evolve little by little. Some activities have been carried out during the implementation processes that have clearly been aimed at mindset change. In fact, it was pointed out that mindset level change is naturally the ultimate goal of the change process towards increased relational customer orientation. As the mindset is the unconscious, fundamental knowledge base and a belief system in the organization (e.g. Stockport 2000), to my understanding it can be affected only indirectly through mediating activities, such as *developing supporting values and norms*. Focal value of the new relational strategy is that satisfying customers on a long-term basis is the number one priority of each member in the organization. Another central value is working in cooperation to serve individual customers. In order for these new values to become a reality, the case organization has developed supporting norms of procedure during the change process. The importance of satisfying customers is followed by the encouragement to get closer to customers. *The leaders of the organization have themselves worked as an example by actively engaging customer encounters.*

...the management operates already really customer-orientedly; everyone understands customers. For example, the management nowadays gets really close to the interface, which is a good thing and they emphasize the importance of customer relationships.

Project manager

Moreover, *other experts besides the customer contact employees have been encouraged to get close to customers.* One example is designing the working

procedures of new service product managers in a way that being close to customers is a natural way to do things.

These days customers' needs are taken into consideration in product development projects and actually we have invited product managers to customer events to explain themselves how we can serve our customers with products. This way they commit to the cause. They have started to see the world from the customer point of view instead of looking at things only from the product development perspective. The fact that the product development has gone closer to the customer interface is a big change.

Management team member

The business unit's leaders have emphasized that customer meetings are always prioritized over internal meetings. Moreover, the importance of each individual in developing long-term business relationships has been a focal message by the leaders. Furthermore, *cooperation between expert groups and functions has been facilitated* through official organizational arrangements and cross-functional customer specific teams, for example.

The leaders of the case organization have pointed out that in the implementation process of the new relational strategy, *active communication* has been important. By communicating the success stories resulting from the customer relationship management, for example, is the understanding towards new strategy believed to be augmented. *Engagement of personnel to the formation of new strategy* is also believed to contribute to increased understanding.

Because a culture of the organization is the pattern of assumptions based on experience, a new culture or a new element of it are accepted only if they are congruent with the experience of the members of the group and are perceived as offering a superior solution (Narver et al 1998). *Experience* seems to have been the best teacher also in this case. In the case organization, the new operating norms and procedures have little by little started to augment the understanding towards the new relational strategy among people. It was frequently mentioned in the interviews that after doing things in a new way and concretely experiencing the positive difference working together for the sake of satisfying individual customers has started to feel natural. The positive atmosphere has been sped up by improving results and by getting positive feedback from the customers.

Gradually, along with experience the mindset has started to change. This was expressed in several interviews. A service manager expressed the change in the mindset level in the following way:

People in EPS (the case organization) are now for the most part customer oriented. This appears in a form that everyone, no matter which unit one represents and all the way to the management, has pure interest to see customers. I think it's great that we don't hide behind the organization, but realize who are the ones that really pay our salaries.

Service manager

A project manager emphasizes that even the most naturally technology oriented individuals in the case organization i.e. the product development people can increasingly be characterized as being customer oriented:

...even the activities of R&D have improved. They too seriously want to be customer oriented.

Project manager

Mindset related solutions for relational customer orientation in the case organization could be summarized as:

- *Supporting values and norms* have been developed. These are:
 1. Satisfying customers on a long-term basis is the number one priority of each member in the organization. This has been executed e.g. through encouraging getting close to customers:
 - The leaders have worked as an example by actively engaging in customer encounters.
 - Other experts besides the customer contact employees have been encouraged to get close to customers.
 - Customer meeting is always prioritized against internal meeting.
 - The importance of each individual in developing long-term business relationships has been a focal message by the leaders.
 2. Working in cooperation to serve individual customers.
 - Cooperation between expert groups and functions has been facilitated
- Active communication in implementation.
- Engagement of personnel in the formation of new strategy to build understanding.
- *Experience* seems to have been the best teacher. The new operating norms and procedures have little by little started to augment the understanding towards the new relational strategy among people.

Mindset cannot be changed directly. As one management team member expressed, it is difficult to break old opinions and attitudes. This is why the management team has started to make changes in other things such as measurement of results and structures. These changes then through experience are believed to affect the mindset indirectly.

5.1.2 Structure

Along the change process, the structure of the case organization went through a change. Customer orientation has one overriding value: The organization members *together* create superior value for their customers (e.g. Narver et al 1998; Kennedy 2003). In an organization, whose starting points are the technology, transactional or organization oriented mindset and a culture that encourages individualism and collegial sub-groups, adjusting structure can in deed have a say in creating relational customer orientation. In the case

organization changes in the structure have played a role in facilitating and encouraging cooperation between customer contact employees, for example. In addition, the structure has been reorganized process orientedly to support the customer encounters throughout the entire production process life cycle. Thus, the structure participates in facilitating the management of long-term customer relationships.

Structures are closely intertwined with the organization's mindset and culture. An organization's set of values is at least partially predictable based on the structure of its context. For organizations seeking control, vertical coordination through hierarchy is the most likely choice, while organizations seeking flexibility, would rely on horizontal channels to ensure information flow, for example (Buenger et al. 1996). Structure thus can describe how the organization operationalizes its culture. On the other hand, structural choices can facilitate the achievement of desired behaviors (e.g. Deshpandé & Webster 1989; Schein 1990). The organizational structure presents an interesting angle to inhibitors and solutions to relational customer orientation, as it lies to a larger extend (compared to e.g. mindset) within the management control (Sorenson 2003).

5.2.2.1 Structure related inhibitors

Prior to the change process, the case organization had a long history of being organized *functionally*. The main customer interface units i.e. the sales unit, project execution unit and service unit were then organized separately²⁰. In addition, product development formed its separate function.

...organizations were very strongly built to a functional mode. The sales sold the projects that project organization then implemented and service did service.

Management team member

As in silo i.e. functional organizations in general, also in the case organization the functional structure had gradually started to build around *high walls between the functions*. Accordingly, there was no or little desire to go between the departments. Each department did its own thing without regard for other functions in the company (about silo structures see e.g. Dwyer & Tanner 2002, 204-205).

But it was this sort of a traditional silo organization. People were in their own groups doing their own things.

Sales manager

²⁰ *From time to time along new leaders there were minor changes in the structure in the past. For example, one time the services and project execution has formed a unit. All in all, the prior structure was characterised as being functional by the informants.*

The functional structure is in fact a reflection of the case organization's technology and organization oriented mindset and a culture that encouraged the emergence of collegial sub-groups. These *collegial sub-groups*, that mean in this case the functions such as sales, project execution, service and product development, *had gradually developed their own differentiated discourse and culture as well as norm of procedure*, as was pointed out in several interviews. Thus, the perspective to things was different which led into situations that people representing different functions did not understand each other's standpoints. This led to *conflicts* in the organization. In a product and organization oriented organization that represents a silo structure, there seemed to be a *lack of a common denominator* that would unify the functions to work together for a single cause, as the new business unit leader expressed. This common denominator in the case organization's new relational strategy is the customer.

I could only imagine that these boundaries came partly from the fact that they look at things from different perspective. If you don't have a common denominator in your daily work it is difficult.

Leader

There clearly was *friction between and prejudice against different functions*. One cause is no doubt the silo structure of the organization.

The biggest friction really came from the functional organization and the place where there was friction the most was between the sales and the projects. And the conversation went in a traditional style. So that the sales figured they had sold a great project that the project organization then blew. When the project organization figured that if the sales have sold a shitty project, there is nothing to do to save it in the project delivery.

Management team member

In addition to the organization structure, the measurements of results i.e. the metrics can clearly be an important denominator causing *internal barriers*. The internal barriers in the organization ultimately led to *lack of cooperation* between functions. Rather, internal barriers have driven to internal *competition*. Competition and lack of cooperation can impede knowledge sharing in the organization, for example. Thus, the information that would be essential in serving the customers might be missing when needed.

There seems to have also been *hidden status or even power structures* in the case organization, which appeared in the customer-contact employee interviews. In general, the transactional orientation seems to have led to a situation where sales and project execution have been respected over the customer service function. This has naturally caused incoherence and even *jealousy* in the organization.

The lack of cooperation between functions do to *internal fragmentation* in the organization has *naturally reflected on customer interface*. Customers have

given feedback that Metso Automation *does not seem unified to the customers*. This means that different customer contact interfaces, i.e. the sales, project execution, service, and management, all work independently with the customer, which seems confusing to customers. To give an example, the message sent to the customer about the same thing can be completely different depending on whether the message is sent by sales manager, service manager or project manager. Moreover, customers have commented that they do not always know to whom they should contact in the organization. Another practical example that illustrated the difficulty of having sales and project execution organized separately is that previously the sales representatives might sell an automation project that for the project department was impossible to deliver according to the agreement.

The structure related inhibitors to relational customer orientation in the case organization can be *summarized* as follows:

- Functional organization supports the technology and organization oriented mindset.
- Functional organization i.e. the silo structure built around a high wall between the functions. These internal barriers (i.e. internal fragmentation) have caused:
 - Lack of cooperation between functions: Rather each department did its own thing without regard to other functions in the company.
 - Gradually each function and department have developed own culture and discourse as well as norms of procedure.
 - Different standpoint to things and lack of common denominator led to conflicts.
 - Friction and prejudice against different functions.
 - Internal competition.
 - Hidden status and power structures.
- This *internal fragmentation* has reflected on customers:
 - The case organization does not seem unified to the customers.
 - Different interfaces send contradictory messages to customers.
 - Difficult for customer to approach the case organization: It is not clear for the customer to whom to contact in the organization.
- Due to the lack of cooperation between customer interface functions, the case organization has not always been able to fulfil the given promise.

5.1.2.2 Structure related solutions

It was pointed out in several interviews that the tradition of organizing different expertise areas in separate functions is a substantive challenge to getting people to work together as a process for the customer. Structural changes are then certainly one way to contribute to the improved customer service. Homburg et al. (2000), Baker (2002) and Dubinsky et al. (2003) argue that to make organizations more customer-oriented, structural changes are needed.

In implementing the new relational strategy, one central activity has been changing the organizational structure. One of the three strategic targets of the case organization's new relational strategy is 'operational excellence based on life-cycle operating model'. The outcome of this is customer oriented organization and a way to operate, thus one part of implementing this strategic target has been making structure adjustments.

The new organizational structure is called *life-cycle organization*. It is characterized by being *processual* as opposed to representing the previously presented silo structure. Indeed, Homburg et al. (2000) argue that customer oriented organizations have a structure that uses groups of customers related by industry, application, usage situation or some other non-geographic similarity as the primary basis for structuring organization. The organization firstly follows the customer industry by gathering expertise that has to do with the serving process & energy industry customer under the same organization. Furthermore, the case organization has taken this a step further by following the application and usage situation along the process life-cycle of individual customers. Accordingly the *organization follows customer's production process lifecycle* from automation project execution, through ensuring the customers process availability all the way to a improving the customer's production process performance (figure 24). Thus, the organization follows the customer's business process and the customer's needs at a particular point of time along the process lifecycle. By organizing activities from the process management perspective, the new management wished to *facilitate the process of creating value with the customer throughout the entire plant lifetime*. Now each person in the organization has a clear role along the lifecycle and thus in the development and maintenance of long-term customer relationship.

The key idea in this strategy is that we serve our customer throughout the lifecycle, and it is definitely supported by the fact that we have organized in that way.

Management team member

Following this, the case organization is organized into main units that follow the customer's process lifecycle i.e. into the automation projects unit (1st step in the lifecycle), process availability services (2nd step in the lifecycle) and performance services unit (3rd step in the lifecycle) (figure 24).

The automation project unit combines the sales and project execution functions into one unit. The process availability unit is the previous maintenance service unit and performance service unit is the new unit that specialized in the value-adding performance services that namely aim at concretely improving the customers' business performance.

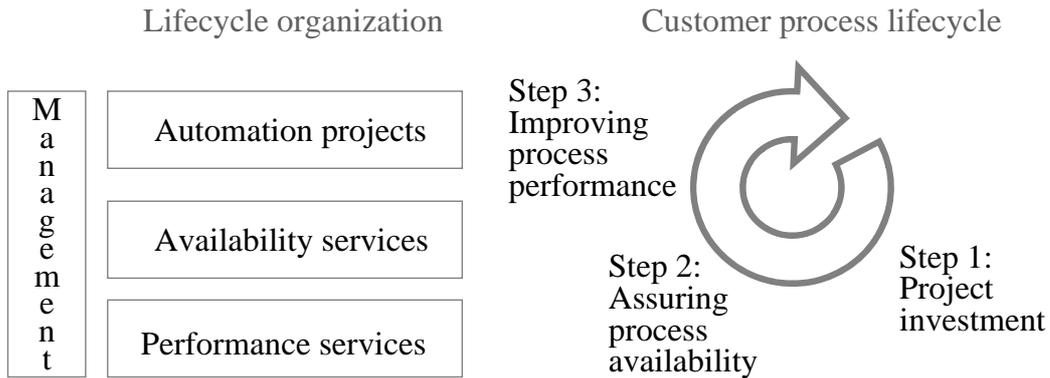


Figure 24. *The processual lifecycle organization follows the customer's production process lifecycle.*

Numerous researchers emphasize that being customer oriented means an organization-wide commitment and cross-functional processes to enable cooperation between functions, in order to satisfy the customers (Shapiro 1988; Kohli & Jaworski 1990; Deshpande et al. 1993; Deshpandé & Farley 1998; Narver et al. 1998; Noble et al. 2002; Jayachandran et al. 2005; Vargo & Lusch 2004). On the core of the lifecycle-operating model in the case organization is *the endeavor to the collaboration between different functions and departments*. It was mentioned frequently in the management interviews that one of the most important things to remember in the new strategy is the aim to work together as a team to reach the common goal of satisfying customers.

Thus, one goal of the lifecycle structure was to achieve better integration between different functions and actors through lowering the barriers between units and functions. This is also in line with Grant's (1996, 384) proposition. The idea was that the structure helps for people to recognize their interdependence and through this it is hoped that people become willing to cooperate and share information.

...there organizations are built to support the lifecycle thinking... the biggest wisdom of the present organization is that the barriers between functions have been eliminated.

Management team member

The most critical development part of the case organization in the beginning of the change process was the project execution that was struggling financially. Thus, the new management team paid particular attention to that part in the organization when starting to reform the structure. It figured that one reason for the ineffectiveness of the project organization was the lack of communication and cooperation between sales and project people. This resulted in displeasing consequences where the automation project sold was not deliverable according

to the agreement. Thus in the lifecycle organization structure *sales and project organizations were unified to form the automation project organization.*

In this way, these two previously separately organized activities started to have a common goal and the cooperation became natural. Starting then, the project execution was actively participating already in the sales process.

Inside the automation project organization, *people were organized into teams* that include sales and project execution people. The performance of these teams is measured commensurately. These teams also had appointed go members representing other expertise areas besides sales and project execution that would join the team when needed.

And the biggest change was between the sales and the projects. It was the first place that was taken care of and this is the place where the greatest improvements to date take place. Then we went very strongly to this team thinking. That we also measure the team performance all the time all the way to the operating profit.

Leader

Lowering the barriers between different functions with official organizational arrangements has increased the cooperation between functions. This has appeared especially in the collaboration between sales and project execution. The common opinion in the interviews was that the barriers are lowered in general, but there still might be some individual, person-related barriers existing.

There is still clearly a barrier existing between the unified sales & project department and the customer service. Customer service is still organized separately in the official organization structure. It was pointed out especially in the management interviews that the next step is to pay attention to the service and its cooperation between other customer interface operations.

This finding indicates that officially organizing the functions together truly has a role in advancing the collaboration between different expertise areas in the organization. An aspect closely intertwined with this theme is the measurement of results i.e. the metrics. In addition to being able to provide the customers with the promises given in the sales phase, the collaboration between sales and project execution was believed to have an important role in the fact that along the change process, the case organization started to break records in financial results and profitability time after time.

In my opinion, the profitability has come as a side product, as we have paid attention to certain other things. It has come as a result of our customer-oriented organization or lifecycle organization and it has come from lowering the barriers between functions. The profitability hasn't come only by saving money; it is a result of utilizing the money more effectively and more wisely. In my opinion this is a clear philosophical difference in how it (the profitability) is sought.

Management team member

It was expressed in the interviews that it has always been an eternal triangle between the three main customer interface functions of sales, project execution and service. Different variations of cooperation between these functions have been tested during the years. A common opinion in the case organization seemed to be that *with official organization structure you could never reach the perfect solution. There will always be some barriers existing between different expertise areas*. Accordingly it was suggested that people should to some extent forget the official structures in pursuing the common cause of satisfying the customers.

Furthermore, it was frequently emphasized that it is useful to hold on to a certain level of barriers between the customer interface functions of the sales, project execution and customer service. These functions represent their own specific expertise areas and thus have a differentiated role in customer encounters and that role should be clearly reflected on customers.

They (customer interface functions) need to have barriers to some extent so that they can maintain their basic roles. Customer also expects that we have some basic role when we go to the customer site...so that the customer sees that we have sales manager, project manager and service manager. All those roles are needed, and they cannot be too much mixed with each other.

Service manager

The structural changes should not negatively reflect on the customer interface. It became clear to me that with official organization structures *alone* it is impossible to increase the collaboration between functions to a level that the customers would be satisfied together as a process. *The official organization structure is only one part of pursuing the cross-functional collaboration in order to satisfy the customer*. The business unit has also started to build *cross-functional customer specific teams*, seeking a common goal of customer satisfaction instead of separate and differentiated functional goals.

...the idea of the team organization is that when you have some process you include those people needed for that process. They (different units) form a team and sit together to figure out how to do this business better.

Sales manager

This kind of *"unofficial" internal processes* have been suggested also by several authors. According to Kirca et al. (2005) internal processes have a greater influence than organizational structure variables in implementing customer orientation. Because of knowledge intensity involved in professional organizations, Möller & Rajala (1999) expect to find non-hierarchical groups such as project teams and teams within a business process setting in organizations (see also Kolehmainen 2004, 90-01). They expect teams to be the primary mode of conveying the supplier-customer relationship. Also according to Day (1999a) many firms have adopted teams focused on managing distinct customers for achieving closer alignment.

The structure related solutions to relational customer orientation in the case organization can be *summarized* as follows:

- Processual organization structure called the lifecycle organization: Organization follows customer's production process lifecycle.
- Lifecycle organization facilitates the process of creating value with the customer throughout the entire plant lifecycle.
- Lifecycle operating model aims at collaboration between different functions and departments through lowering the barriers between units and functions.
- Lifecycle structure is hoped to help people to recognize the interdependence and through this it is hoped that people become willing to cooperate and share information.
- Barriers lowered with official structures between sales and project execution. Barrier still in official structure between service and other two customer interface functions.
- People have been organized into teams in official structures (automation project unit).
- Useful to hold on to certain levels of barriers between the customer interface functions that have a differentiated role in customer encounters.
- Official structure is only one part of pursuing cross-functional collaboration in order to satisfy the customer. Case organization has started to build more "unofficial" cross-functional customer specific teams.

5.1.3 Operational practices

Superior operational practices go some way to generate strong customer interactions and harvest greater profitability for organizations (Strong & Harris 2004). Operational practices, and especially the ones that are at the core of serving an individual customer, certainly has a say in creating relational customer orientation. The aim of the relational view in marketing is to shift the focus from transactional customer activities to viewing the customer relationship as an ongoing and maintained phenomenon (Möller & Halinen 2000; Anderson & Narus 2004). The key idea of the relational perspective is thus the aim to create superior customer value by managing business relationships (Möller & Halinen 2000; Sharma & Grewal 2001; Sheth et al. 2000; Simpson et al. 2001). Accordingly firms establish relationships with selected customers with whom superior customer value is designed, offered, redefined and realized in close cooperation (Hoekstra et al. 1999).

5.1.3.1 Operational practices related inhibitors

The transaction-oriented mindset of the people in the case organization has naturally reflected on its operational practices in a way that delivering the so-

called capital sales projects to customers was considered the number one issue in the organization. It has been the main concern to close a deal with new or existing customers with larger scale greenfield or upgrade projects. *The focus has clearly been on single transactions with the customers rather than paying attention to long-term relationships.* The potential of the existing installed base was not seen in a sense that it would pay to develop further the relationships with the customers. There certainly was life after the automation system project start-up in the form of a more traditional maintenance type of customer service. The total offering, organizational structure and management messages all were build to support transactional operational practices. Customers on the other hand increasingly sent a message that life after the start-up is of main importance to them. The operational practices thus did not follow the needs of the customers.

Furthermore, as being a technology-oriented organization, much concentration was paid to developing high-technology products. In the case organization, *the products were developed apart from customers, which meant that not always did those products meet the needs of the customers.* Moreover, as the mindset of the case organization can also be characterized as being organization oriented, *much of the operational practices concentrated on internal matters* as were pointed out by several interviewees. Accordingly, an internal meeting was prioritized instead of meeting the customers, to give an example of the implication of being organization oriented.

...following long traditions, we have been this inward-looking company, so that we have tended to contemplate within an organization ourselves on what to do next, and we haven't always asked from customers. Now this has decreased. Now I think that we are in the right direction.

Project manager

A culture that supports strong collegial sub-groups also has its reflection on the case organization's operational practices. *Each function in the customer interface, i.e. the sales, project execution, customer service and product management has conducted their separated and predefined roles in the customer interface, with little concern on other functions' operations.*

There were *no coordinated efforts on customer encounters and on managing customer relationships.* This has reflected as fragmented internal reality to customers. Customers have commented that due to the number of different interfaces they have to the case organization it is difficult to do business with the organization. It is confusing as to whom should the customer contact in the organization, for example. Lack of coordination in the customer encounters have resulted into multiple selling efforts, as several functions have approached the customer on the same matter, without knowing the other function's intentions.

Individualism in an organization was self-evident in investigating the topic of organizational practices as well. It became clear that certain customer contact employees were naturally customer oriented already in the beginning of the follow-up period and seemed to maintain and develop long-term customer relationships. *On an individual level, the operation practices might have been*

customer oriented and relational, but relationship management was not done collectively, on an organization level. On the contrary, certain customer contact employees seemed to be even possessive of individual customer relationships and thus did not share customer specific information with other customer contact employees, for example.

Operational practices related inhibitors in the case organization could be *summarized* as follows:

- The focus has clearly been on single transactions with the customers rather than paying attention to long-term relationships.
- Products were developed apart from customers, which meant that not always did those products meet the needs of the customers.
- Much of the operational practices concentrated on internal matters.
- Each function in the customer interface conducted their separated and predefined roles in the customer interface, with little concern on other functions' operations.
- No coordinated efforts on customer encounters and on managing customer relationships.
- On an individual level, the operational practices might have been customer oriented and relational, but relationship management wasn't done collectively, on an organization level.

5.1.3.2 Operational practices related solutions

The case organization's new relational strategy's one cornerstone and thus one of three strategic targets is to focus on a profitable customer base, which emphasizes developing selected customer relationships on a way that the case organization helps the customers to create value for them. Accordingly, along the strategy implementation several activities have been done in an organization in order to meet this focal strategic target through daily operational practices. Thus, the strategy's central value of creating value for the individual customer throughout the customer's production process lifecycle has been executed with relevant norms of procedure.

Along the change process, the management started systematically to communicate this value to the employees, and say what it means in practice. The communication was participatory and interactive thus, it can be characterized as being part of *customer oriented training*. Things that were emphasized in each event was that building and developing long-term customer relationships is an important role of each member in the case organization and that everyone in the case organization is responsible for managing customer relationships.

...we have emphasized that everyone who is in contact with the customers is responsible for taking care of customer relationships, and this is something that should be remembered.

Service manager

Resulting from this, *the management and the product development and product management have gone closer to customers* by increasingly taking part in customer encounters together with the customer interface functions.

In the case organization, the customer is typically considered as being an individual plant. Along the change process, the customers have been considered also in a corporate level. This means that the idea is to serve the customers on a plant level so well that inside the customer corporation, the relationship will be little by little widened to cover other plants as well. As the business unit leader expressed, the idea is to serve the entire key customer corporation. Therefore, if the key customer wishes to go to China, the case organization is willing to follow the customer there in order to be able to create value for the customer in the new market situation, for example.

The case organization has started systematically to develop contacts on each organizational level with the customers. Accordingly, the case organization has *started to categorize its customers*. For the basis of this, the *customer specific profitability metrics* has been developed. In this way, the case organization can *identify its key customers*. The *customers have been profiled* on a corporate and especially on the plant level in order to become more aware of the individual customer's current situation. The customer profile is the basis for customer specific plans. The offering can be designed to meet an individual customer's need on a particular point of time in the process lifecycle, for example.

As is typical of professional organizations in general, also in the case organization, most people work at the customer interface. Thus, *regular customer visits* in many forms are the reality. Through customer visits, the individuals have indeed gained insights into the position and psyche of the customers on an individual level (see e.g. Wilson 1995). However, because of the internal fragmentation, this insight has not been built collectively, at the organization level. In addition, it became clear in the interviews that several customer contact people have created trusting and personal relationships with the members of the customer organization.

...and you can really sense that when you go with them (sales managers) to meet the customer, that it is more than just a business relationship. They have gone to a point that the customer can very openly talk about all his problems or good things they have experienced.

Management team member

These relationships cannot, however be fully utilized, if the relationship stays only at the individual level. It was realized that in order to create value for the selected customers throughout the customer's business process lifecycle, *the relationships need to be managed collectively and in a coordinated matter*. There is not a single person in an organization that would have all the necessary capabilities and know-how to create value for the customer alone. A variety of different kinds of expertise is needed. In order to manage selected key customer relationships in a coordinated matter, *customer specific cross-functional teams* have been established. These teams have members from each function that

contributes to the service of the individual customer. Thus, they have a member representing management, sales, project execution, availability service, performance service, product development and product management. These teams are a forum to share customer specific information, for example. Teams make customer specific actions plans and plan collective customer encounters. It is a forum where the knowledge of the history and the present situation of customer relationships are gathered. Along the establishment of customer specific cross-functional teams, the customers have been increasingly approached together. Each team has a nominated person who is ultimately responsible for the customer relationship in question. The person nominated is the one who has the best personal relationship with the members of the customer organization.

It was also pointed out that in addition to the more formal business encounters it is important to arrange more informal events with the customers where the relationships can be build on a more personal level as well.

Along the change process, *customer care strategies* have been developed further to demonstrate the level of commitment to customers. As a result of this more attention has been paid to e.g. technical advice and support, project delivery reliability, responsiveness to request, support after the start-up, and in flexibility in meeting the customer's needs. In order to keep the relationship active and to create value for the customer at each point of time during the customer's process lifecycle, the total offering has gone through a transformation of its own to cover solutions for the entire lifecycle. Moreover, customer specific portals have been opened to the selected key customers as a mechanism for customer response and interaction.

The solutions created in the case organization relating the operational practices and especially relationship management practices are *summarized* as follows:

- Customer oriented training emphasized that building and developing long-term customer relationships is an important role of each member in the organization.
- The management and the product development and product management have gone closer to customers.
- The case organization has started systematically to develop contacts on each organizational level with the customers.
- Started to categorize its customers
- Customer specific profitability metrics has been developed. This way the case organization can identify its key customers.
- customers have been profiled
- Customer specific cross-functional teams developed to manage customer relationships collectively and in a coordinated matter.
- Customer care strategies have been developed further. More attention has been paid to e.g. technical advice and support, project delivery reliability, responsiveness to request, support after the start-up, and in flexibility in meeting customer's needs.

- Total offering has become a concrete means to keep the customer relationship active.

5.1.4 Further analysis on organizational characteristics

In order to help to follow the analyzing process, the indicators for organizational characteristics related inhibitors and solutions in the case organization are assembled in table 6.

Table 6. *Organizational characteristics related inhibitors and solutions to relational customer orientation in the case organization*

Aspect	Inhibitors	Solutions
<i>Mindset</i>	<ul style="list-style-type: none"> - Technology orientation: everything was looked at from the product point of view. - Organization orientation: that the focus of the operations on internal matters. - Transactional orientation: focus on getting single transactions rather than developing long-term customer relationships. <p><i>Culture related:</i></p> <ul style="list-style-type: none"> - Strong collegial subgroups: competition between units and functions rather than working together as a process for the customer. - Individualism: Many customer contact employees are highly customer oriented on individual level. They "own" customer relationships. 	<p><i>Supporting values and norms:</i></p> <ol style="list-style-type: none"> 1. Satisfying customers on a long-term basis is the number one priority of each member in the organization <ul style="list-style-type: none"> - getting closer to customers; leaders & product development - customer meeting are prioritized against internal meeting. - communicating the importance of each individual in developing long-term business relationships. <ol style="list-style-type: none"> 2. Working in cooperation to serve individual customers. <ul style="list-style-type: none"> - Cooperation between expert groups facilitated Active communication in implementation. Engagement of personnel to the formation of new strategy to build understanding. <p><i>Experience seems to have been the best teacher.</i></p>
<i>Structure</i>	<ul style="list-style-type: none"> - Functional organization i.e. the silo structure built around high wall between the functions. <p><i>Internal fragmentation has caused:</i></p> <ul style="list-style-type: none"> - Lack of cooperation between functions: -Each function has own culture and discourse. - Lack of common denominator lead to conflicts. - Fraction and prejudice against different functions. - Internal competition. - Hidden status and power structures. <p><i>Internal fragmentation reflected on customers:</i></p> <ul style="list-style-type: none"> - The organization does not seem unified to the customers. - Different interfaces send contradictory messages. - Difficult for customer to approach the case organization. - The case organization has not always been able to fulfil the given promise. 	<ul style="list-style-type: none"> - <i>Processual organization structure:</i> follows customer's production process lifecycle. - Facilitates the process of creating value with the customer throughout the plant lifecycle. -Operating model aims at collaboration between different functions through lowering internal barriers. - Lifecycle structure is hoped to help people to recognize the interdependence → cooperation. - Barriers lowered with official structures between sales and project execution. - People organized into teams in official structures (automation project unit). - started to build cross-functional customer specific teams.

Aspect	Inhibitors	Solutions
<i>Operational practices</i>	<ul style="list-style-type: none"> - The focus on single transactions rather than to long-term customer relationships. - Products developed apart from customers: didn't always meet the needs of the customers. - Much of the operational practices concentrated on internal matters. - Each function had predefined roles in the customer interface, with little concern on other functions' operations. - No coordinated efforts on customer encounters and on managing customer relationships. - On individual level the operations often customer oriented and relational. Relationship management was not done collectively. 	<ul style="list-style-type: none"> - Customer oriented training: importance of developing customer relationships of each member in the organization. - The management and the product development closer to customers. - Developing contacts on each organizational level with the customers. - categorizing customers. - Customer specific profitability metrics identify key customers. - Profiling customers. - Customer specific cross-functional teams to manage customer relationships collectively and in a coordinated matter. - Customer care strategies developed further. - Total offering a concrete means to keep the customer relationship active.

The further analysis has followed a following train of thought:

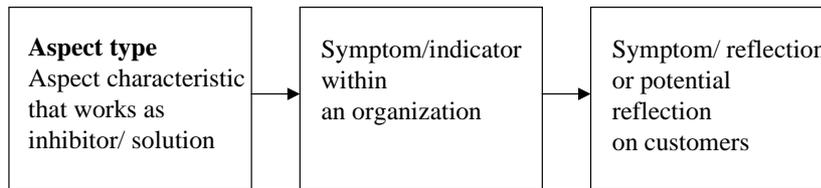


Figure 25. Structure of the further analysis on aspects relating the creation of relational customer orientation (compare Nätti (2005, 108).

I have gone through each aspect type (e.g. mindset) and each identified characteristic that has worked as either inhibitor or solution for relational customer orientation in the case organization. Firstly, I have analyzed what kind of symptoms or indicators this characteristic has within an organization, and secondly I have reasoned the potential symptom or reflection of the characteristic on customers (figure 25).

The findings indicate that deeply rooted beliefs i.e. the mindset of the people in an organization can be a big challenge in creating relational customer orientation, because being a customer-oriented organization ultimately means that the personnel's mindset supports customer-oriented values. A customer oriented individual has the customer at the center of thinking (see e.g. Deshpandé & Webster 1989), and an individual believes that understanding and satisfying customers is central to the proper execution of their job (see also Kennedy et al. 2002). A dominant mindset of the people in the organization can inhibit the creation of customer orientation if the mindset does not support the central values of customer orientation of understanding and satisfying customers being the most important role of each member in an organization.

The mindset of the personnel can be difficult to change as the mindset is a knowledge filter (see e.g. Stockport 2000) in an organization. The longer the mindset has been in place, the more difficult it may be to renew (e.g. Bettis & Prahalad 1995; Boivin & Roch 2006). The case study unambiguously pointed out that since the value for the customer is created in interactions between people the mindset and culture are ultimately the things that need to be changed in an organization to support the values of customer orientation if an organization wishes to embrace the relational customer orientation.

The findings indicate that the basic characteristic of a typical high-technology organization i.e. having the development of high technology at the center of people's thinking, turned out to be the central mindset related inhibitor for relational customer orientation. Instead of having the customer in the center of people's thinking, this place was assigned to the product. This can mean that the offering does not necessarily meet the customer requirements and thus the value is not created for the customer. Supporting an organization-oriented mindset can place the focus of attention and energy on irrelevant internal issues, instead of assigning energy to satisfying the customers. This can be reflected on customers as a slow reaction to requests. Transaction orientation in an organization is indicated through paying attention to single and individual transactions instead of aiming to build long-term business relationships with the customer. Then the horizon of the customer relationship may remain short, and practices are based on the "one project at a time" type of activities. This can mean that the customer cannot be sure of long-term support and value adding service by the organization in question (table 7).

The case study further affirmed that the culture of the organization could be a challenge in creating relational customer orientation. It turned out that the case organization has cultural characteristics that support individualism and strong collegial sub-groups that are typical to professional organizations in general (see also e.g. Bollinger & Smith 2001, 14; Thomas-Hunt et al. 2003). Collegial sub-groups and individualism encourage internal fragmentation and inter-functional and inter-personal competition in an organization, which has symptoms such as individuals "owning" and possessing customer relationships and the lack of sharing the customer specific information, for example. This can reflect on customers as a confusing and disunited interface. The activities are fragmented to customers. This can mean that the customer feels it is difficult to do business with the organization (table 7).

The case study showed that changes in the mindset of people and the culture of the organization could only be done *indirectly*. The reason for this is that the findings strongly emphasized that *positive experiences* affirm that the new frame of thinking is the right one, and are the ones that little by little can make the changes happen in the mindset level of the people in the organization and ultimately on the organizational culture. Thus in order to make the change happen in the mindset and culture level in creating relational customer orientation, the organization needs to concentrate on making changes on concrete aspects.

Table 7. *Mindset and culture related inhibitors; their indicators in an organization and reflection on customers*

Aspect type Aspect characteristics that work as inhibitor	Symptom/ indicator within an organization	Symptom/ reflection or potential reflection on customers
Mindset Technology orientation Organization orientation Transaction orientation	Focus within an organization Focus on product rather than on customers	- Products do not meet the needs of the customers. - Slow reaction to requests - No long-term support & value adding service to customers
Culture Strong collegial sub-groups Individualism	Internal fragmentation & competition ↓ a) Individuals own customers b) Do not share customer specific information	- Seems disunited to customers. - Fragmented activities with customers. - Difficult to do business with the organization in question.

Building values and especially norms that support relational customer orientation is important, in addition to changes in e.g. structure, metrics, operational practices and work processes that support the values of serving the individual customers together and creating value for the customer together as a process. The case study indicates that an organization whose mindset is customer oriented and relational, focusses on customers and customer relationships. Customer encounters are prioritized against internal meetings. Everyone in an organization understands the importance of each individual in managing customer relationships and the aim is to get closer to the customer on each level, including the management and the product development. This can be reflected on customers as a prompt response to customer needs. A customer can rely on the organization on a long-term basis and the offering becomes a better "match" for customers needs at a particular point in time. Ultimately, the customer gets value through an improved process and business performance (table 8).

On an individual level, the customer contact employees can be customer oriented and act in a relational form. This does not however mean then that an organization is customer oriented as could be seen from the previous table for example. The findings suggest that in order for an organization to be customer oriented from a relational perspective, it needs to be that in a *collective* manner. The case study indicates that a customer oriented, relational organization manages customer relationships collectively, in a coordinated manner. Then all the capabilities needed for creating value for the customer on a long-term basis can be utilized. This can mean for customers that it is easy to do business with the organization. In addition, the quality of solutions and service to customers can be improved as all the capabilities are utilized more effectively (table 8).

Table 8. *Mindset and culture related solutions; their indicators in an organization and reflection on customers*

Aspect type	Symptom/ indicator within an organization	Symptom/ reflection or potential reflection on customers
Mindset Customer oriented Relational	<ul style="list-style-type: none"> - Focus on customers & customer relationships. - Getting closer to customers. - Everyone knows the importance of satisfying customers. 	<ul style="list-style-type: none"> - Prompt response to customer needs. - Can rely on the organization on a long-term basis. Better "match" <p style="text-align: center;">↓</p> <ul style="list-style-type: none"> Value through improved process & business performance. - Easy to do business with the organization. - Quality of solutions and service improved.
Culture "Collective" culture	<ul style="list-style-type: none"> - Coordinated effort to manage customer relationships. - All the capabilities needed for creating value for the customer fully utilized collectively. 	

The case study further affirms that structural choices are tightly intertwined with mindset and culture of an organization. The structure is a reflection of the organization's culture (see e.g. Narver & Slater 1995). The case study affirms that the structural choices lie largely within the management control as opposed to e.g. the mindset (see also Sorenson 2003, 227). This is why, the structure can be a concrete means in the pursuit towards increased relational customer orientation within an organization. The case study showed that functional i.e. the silo structure could inhibit relational customer orientation, as one overriding value of the customer orientation lies to the idea of creating value for the customer together as a process. The silo structure builds a high wall between the functions. This encourages a lack of cooperation. In fact the silo structure seems to encourage inter-functional competition, as the separated functions have for a long time built their own sub-cultures and discourse. The findings indicate that barriers between functions can lead to prejudice against other functions and can cause hidden power and status structures. This internal fragmentation due to the silo structure can reflect on customers as fragmented activities as the organization seems disunited to the customers. Moreover, lack of cooperation can mean that the different interfaces send contradictory messages to customers. Moreover, it can mean that the promises given to the customer cannot necessarily be kept (table 9).

Table 9. *Structure related inhibitor; its indicators in an organization and reflection on customers*

Aspect type Aspect characteristic that works as inhibitors	Symptom/ indicator within an organization	Symptom/ reflection or potential reflection on customers
Structure Silo structure	Barriers between functions ↓ - Lack of cooperation / competition between functions. - Prejudice against other functions. - Hidden power & status structures.	-Disunited to customers/ fragmented activities. - Interfaces send contradictory messages. - Cannot necessarily fulfil the given promises to customers.

The case study indicates that the processual organization structure can be one concrete solution in creating a relational customer orientation in a professional high-tech organization. This means that the structure follows the customer's production process lifecycle. Accordingly, the structure is set to support the development of long-term customer relationships with selected customers. The findings indicate that the processual organization structure can facilitate the process of creating value for the customer on a long-term basis. It clarifies roles of individuals and functions in the value creation process along the customer's process lifecycle. The findings suggest that the processual organizational structure helps people to realize their interdependence on other experts, units and functions in the endeavor to satisfy the customers. The processual organization structure is reflected on customers as having support in each lifecycle step of the customer's process. Moreover, there are clear assigned counterparts for the customer in each step. The cooperation can "flow" frictionless from one step in the lifecycle to another (table 10).

Table 10. *Structure related solution; its indicators in an organization and reflection on customers*

Aspect type Aspect characteristic that works as solution	Symptom/ indicator within an organization	Symptom/ reflection or potential reflection on customers
Structure processual organization structure	Structure follows customer's production process lifecycle. ↓ - Facilitate the process of creating value for the customer on a long-term basis. - Clarifies roles & people can realize interdependence on satisfying customers. ↓ Increased cooperation.	Support & clear roles/ assigned counterparts in each lifecycle step. Cooperation "flows" frictionless from one step of a lifecycle to another.

The findings further affirm that operational practices are intertwined with the mindset and culture of an organization as well as its structure. Operational practices follow the norms of the organization that are based on its values and accordingly its culture. Structure, on the other hand can make its own limitations to the operational practices or in the best case can support the customer oriented, relational practices.

The case study showed that especially those operational practices that are at the core of serving an individual customer and building, maintaining and developing long-term customer relationships are important in the creation of relational customer orientation. The case study indicated that transactional activities could inhibit relational customer orientation, as the focus is on getting a single transaction rather than paying attention to the entire customer relationship. This can reflect on customers as a situation where the horizon of relationship with the supplier remains short. Then the cooperation can be characterized as including "one project at a time" types of activities. Product development centered activities and thus concentration on internal matters can mean that products are developed away from customers. This can lead to a situation where the offering does not match the needs of the customer. Non-cooperative working practices can mean that there are no relationship management practices on a collective level. This means that the relationship can be developed between some individuals in an organization, but not to an extent that would cover the entire lifecycle. The bond (about relational bonds see e.g. Halinen 1994) between the organizations can thus remain weak (table 11).

Table 11. *Operational practices related inhibitors; their indicators in an organization and reflection on customers*

Aspect type	Aspect characteristics that work as inhibitors	Symptom/ indicator within an organization	Symptom/ reflection or potential reflection on customers
Operational practices	Transactional activities	- Focus on getting single transactions.	- Horizon of relationship with the supplier remains short. "One project at a time" type of cooperation.
Product development centered activities	- Products developed apart from customers.	- No collective relationship management practices.	- Offering does not match with the needs of the customers.
Internally bound practices			- Relationships may be developed between some people but not to cover the lifecycle. →
Non-cooperative practices			Bond can stay weak.

Operational practices that can be characterized as being relational, customer centered and cooperative seem to be central in creating relational customer orientation. Findings indicate that it is important to develop contacts to cover each level of the customer's organization. Moreover, in order to be able to operate on a relational manner, it is useful to identify and profile the key customers so that the customer specific plans can be made. Furthermore, findings

show that to manage customer relationships collectively calls for cross-functional customer specific teams to gather around all the capabilities needed to create value for the customer. Proper customer relationship management can positively reflect on customers. Then the customer value can be designed and realized in close cooperation. This can lead to a better "match" between customer needs and the offering, for example. Furthermore, the customer can receive value and support on a long-term basis. A connection on each organizational level can mean a stronger bond between the organizations and thus the knowledge on suppliers can be improved (table 12).

Table 12. *Operational practices related solutions; their indicators in an organization and reflection on customers*

Aspect type		
Aspect characteristics that work as solutions	Symptom/ indicator within an organization	Symptom/ reflection or potential reflection on customers
Operational practices		
Relational activities	- Customer relationship is viewed as on-going & maintained phenomenon.	- Customer value is designed and realized in close cooperation → perfect "match".
Customer centered activities	- Contacts on each level with the customer.	- Support & value on long-term basis. → Can trust and delegate responsibility to supplier & concentrate on core knowledge.
Cooperative activities	- Identification & profiling key customers. - Cross-functional teams to manage relationships collectively.	- Stronger bond as links to cover each level of organization. → improved knowledge on supplier.

As a *summary* (figure 26) of analyzing the organizational characteristic aspects of mindset (including culture), structure and operational practices, I propose that that since the value for the customer is created in interactions between people, the mindset and culture are ultimately the things that need to be changed in an organization. This would support the values of customer orientation and relational activities if an organization wishes to embrace the relational customer orientation. In order to create a relational customer orientation in a professional high-tech organization, the mindset of an organization needs to be reoriented to support customer oriented and relational values. The findings indicate that an organization whose mindset is customer oriented and relational, focusses on customers and customer relationships.

On an individual level, the customer contact employees can be customer oriented and act in a relational form. This does not mean however that an organization then is customer oriented as could be seen from the previous table for example. The findings suggest that in order for an organization to be customer oriented from a relational perspective, it needs to be that in a collective manner. Thus, the culture should be oriented to encourage collectivity in serving the customers together instead of encouraging collegial sub-groups and individualism.

Relating to the findings, I propose that changes in the mindset of people and the culture of the organization can only be done indirectly. The reason for this is

that the findings strongly emphasized that positive experiences that affirm that the new frame of thinking is the right one, are the ones that little by little can make the changes happen at the cultural level of the organization and ultimately on the mindset level of people in the organizational. Building values and especially norms that support relational customer orientation are important change targets, in addition to changes in e.g. structure, and operational practices as well as other aspects that are covered in the following sub-chapters.

Based on the findings, I propose that structure should be reorganized processually. Processual organization structure is one concrete solution in creating relational customer orientation in a professional high-tech organization as it can facilitate the process of creating value for the customer on a long-term basis. It clarifies roles of individuals and functions in the value creation process along the customer's process lifecycle. Thus relational customer orientation calls for the processual organization structure as opposed to the silo structure.

The findings indicate that to create a relational customer orientation, the operational practices that are central to the relationship management should be developed, as they are the practices that are at the core of serving individual customers and building, maintaining and developing customer relationships. Relational customer orientation calls for operational practices that are relational, customer-centered and collective as opposed to transactional, internally bound and non-cooperative practices. Findings show that to manage customer relationships collectively calls for cross-functional customer specific teams.

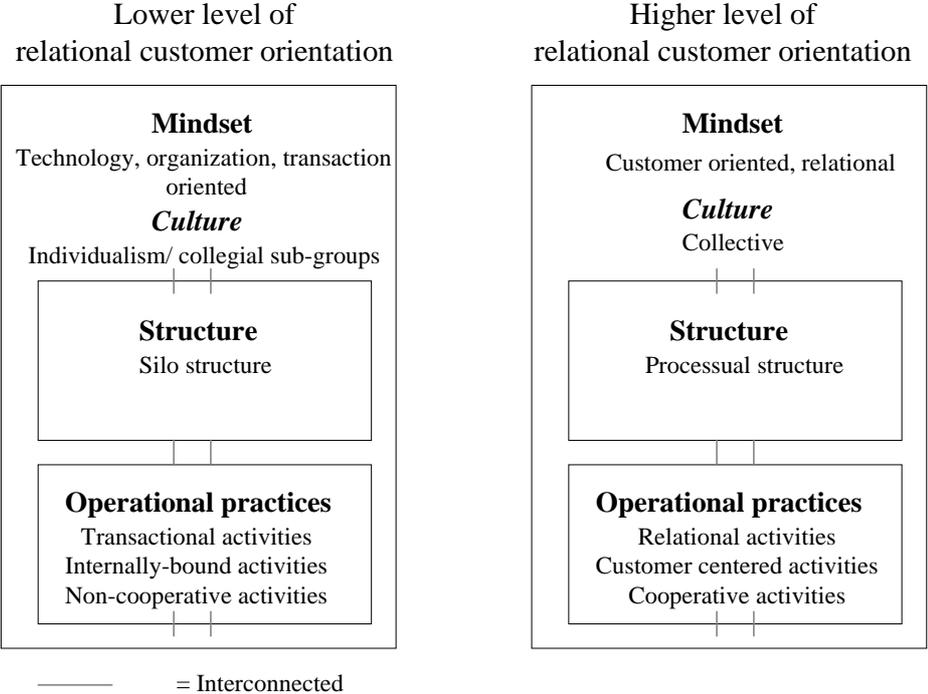


Figure 26. Organizational characteristics in creating relational customer orientation.

5.2 Actor processes relating the customer interactions

Customer orientation consists of one overriding value: the commitment by *all members of the organization* to continuously create superior value for customers' objectives (Narver et al 1998; Kennedy 2003). Thus work processes throughout the organization must be designed to add value to the ultimate customer (Kennedy 2003). Furthermore, as this research has a relational view to the phenomenon of creating customer orientation, it is essential to understand the role of those organizational processes that are at the core of building, maintaining and enhancing long-term customer relationships. As Grönroos (2004) points out, long-term relationship with a customer organization proceeds in an interaction process where various types of contacts between the supplier firm and the customer occur over time.

Due to both the complexity of high-tech products (see e.g. Möller & Rajala 1999) and expanding proportion of different kinds of services out of the total offering (see e.g. Gummesson 2002), intensive personal interaction is needed for carrying out business and taking care of customers. Actors representing different kinds of expertise and units are involved in those customer interactions on a daily bases. In order for a professional high-tech organization, such as the case organization, to embrace relational customer orientation and thus to be able to cocreate value with the customer, it needs to design its work processes relating customer interactions in a way that supports the cooperation between actors, units and departments. These work processes that seem to be focal to the creation of relational customer orientation are inter-functional coordination of customer interactions and dissemination of customer specific information.

5.2.1 *Inter-functional coordination of customer interactions*

Customer value will be maximized only if it is created from across a business' functional areas (e.g. Porter 1985; Webster 1994). Customer interaction activities in industrial organizations are generally assigned to independent organizational functions or units as is also the case in the organization studied. The sales function is responsible for the sales process and acquiring the so-called larger scale capital projects i.e. the project where the customer invests in greenfield or upgrade automation solutions. The sales process alone calls for intensive interaction with several customer organization representatives. Project execution customizes and implements the automation project in close cooperation with the customer. And the customer service takes care of the customer relationship between the larger investments and assures process availability through a variety of different kinds of services and smaller scale automation system upgrades. I call these three functions in the case organization as the main customer interface functions, as they are the functions that as their main job description are in the closest daily cooperation with the customers.

In addition to these main customer interface functions, also several other functions have interactions with the customers and thus contribute to the creation of value for the customer. The product managers often participate in the sales processes and also to project execution. Information management solution and performance service experts customize and implement their solutions and services in close cooperation with the customers. Marketing and communication respectively represent the company e.g. in customer events and exhibitions. Furthermore, to an ever increasing extent also the management takes part in customer interactions. The coordination of the interfaces between these intra-organizational units and functions, and between them and the product development, and between them and the corresponding organizational units of customers, constitutes a key challenge for an organization as the case organization is (see also Möller & Rajala 1999). The challenge is to create an organization in which cross-functional customer-value-creation activities and processes are the norm and not exception (e.g. Déshpande & Farley 1997; Narver et al. 1998). The multitude of interactions between different functions in an organization and between these functions and the customers in the case organization are depicted in the following simplified figure 27.

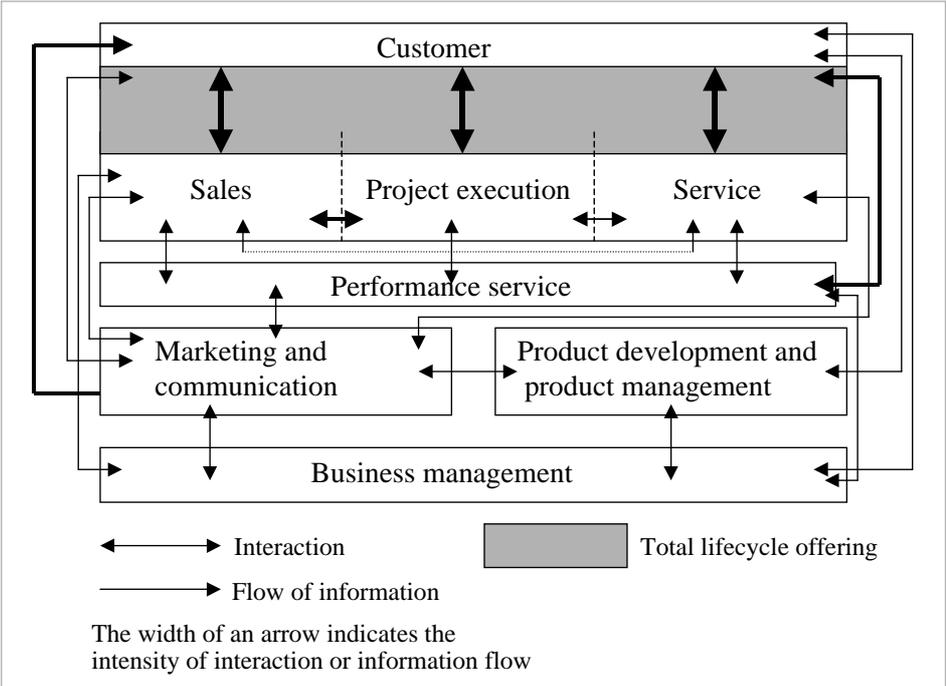


Figure 27. Interactions between functions in the case organization and between these functions and the customer.

By looking at the depiction of the multitude of interactions within an organization and with the customer, it is easy to understand the need for inter-functional coordination of the customer interactions. Inter-functional coordination comprises the business's coordinated efforts to create superior value

for the buyers (Narver & Slater 1990). Narver & Slater (1990) continue that any point in the buyer's value chain affords an opportunity for a seller to create value for the buyer firm. Therefore, any individual in any function in a seller firm can potentially contribute to the creation of value for buyers. A seller must integrate effectively, as well as adapt as necessary, its entire human and other capital resources in its continuous effort to create superior value for buyers. Inter-functional coordination is also seen as being a key to manage customer relationships (e.g. Narus & Anderson 1995; Kotharaman & Wilson 2000; Jones 2003; Brady 2004).

In the change process towards increased relational customer orientation, the management of the case organization has paid attention to inter-functional coordination in an effort to create value for the customers together as a process. Prior to the change process initiation, the organization could be characterized as being more transaction and organization oriented. In transactional exchanges, different functional groups can work near premise functional goals. This was clearly the situation in the case organization. Whereas, in a relational exchange, the value creation should be looked at from a more holistic perspective. A lack of well-managed inter-functional coordination can inhibit relational customer orientation.

5.2.1.1 Inhibitors relating the lack of inter-functional coordination

The case organization has a strong history of being a product oriented high-technology organization. The focus on developing technology has made the organization transactional and even organization oriented. Its culture has supported individualism and strong-collegial subgroups instead of collectivity and teamwork, for example. Accordingly, the case organization has been used to organize its differentiated functions separately. These separate functions and units have their own differentiated roles in customer interactions and accordingly have *divergent goals*. Following this *each function has handled customer interactions autonomously, with no one being responsible for looking at the entity*.

In the past, the *cooperation* and sharing of customer specific knowledge between the functions in an organization has been *minor*. Rather there seemed to be *competition between the functions*, especially between sales and service. This again tended to increase the distance between the functions operating in the customer interface. Prior to the follow-up period, the attention had not largely been paid to inter-functional coordination of customer interactions. Accordingly it was not an exception that the customer would get several different offers from Metso Automation relating to the customer's investment project, because each function and unit that would take part in that investment project made an offer of their own concerning their piece in the entity. The customer was then the one who would collect the pieces in order to get a total picture of Metso Automation's offering, as a sales manager put it:

There is a considerably high barrier (between functions). The information about what they (others functions) are doing doesn't come to us; you always have to seek for it separately. Last week we visited our customer in Lohja, and the problem seemed to be that in that customer case there was service and project organizations involved, then also the performance service representative had visited the site. We had four different organizations involved with the same customers and the customer received three separate offers...it must have not felt good for the customer.

Sales director

Due to the lack of inter-functional coordination, *no one has had a complete picture of what has been promised to an individual customer*, as was explained by the service director:

We haven't even nominated them (persons responsible for the customer). Then there come these situations that the service manager has assumed that a performance service specialist takes care of certain specks for the customer due to some agreed date. Then a couple of days later the service manager calls and asks where are they, and then they together realize that no one has made those specs, because the information hasn't reached the right person in the organization. Then they have to call to the customer, that they'll get back again after a month.

Management team member

Moreover, it was pointed out that no one had a complete picture of a customer relationship for that matter. Prior to the initiation of the change process, the case organization had no person nominated who would have the ultimate responsibility of the customer relationship. The sales manager, project manager and customer service manager might have been responsible for the same customer relationship inside their own functions. This naturally was reflected on the customers as a fragmented internal reality.

The customer might then be the only one who has a picture of the state of the customer relationship. In the extreme, the lack of inter-functional coordination had resulted even into multiple selling efforts to the customer. It was pointed out that being unaware of other function's customer interactions and plans, several functions might have contacted the same customer in attempt to sell the same solution. The lack of inter-functional coordination in the case organization clearly inhibits concerned responses to customer needs and thus diminishes customer orientation.

Inhibitors relating to the lack of inter-functional coordination in the case organization can be *summarized* in a following way:

- High walls between different functions has led to:
- Cooperation between functions has been minor. Instead, competition between the functions.

- Each function has divergent goals on customers, and has handled customer interactions autonomously, with no one being responsible for looking at the entity.
- No nominated person who would have the ultimate responsibility of the customer relationship, leading to:
- No one has had a complete picture of what has been promised to an individual customer.
- No one had a complete picture of a customer relationship.
- Lack of inter-functional coordination has led to:
- Multiple selling efforts to the customer.
- Clearly inhibited concerned responses to customer needs.
- Reflected on customers as fragmented internal reality.
- Customer might then be the only one who has a picture of the state of the customer relationship.

5.2.1.2 Solutions relating the inter-functional coordination

In the new relational strategy of the case organization one value and a central strategic target is that value is cocreated with the customer together as a process. This implies cooperation between individuals, units and functions in satisfying the customers. Because of this, *several activities have aimed to improve the cooperation between people and functions* in an organization that take part in customer interactions. These activities have been pursued to *encourage formal and informal contact among employees across various functions*, in order to increase the sharing and use of customer specific knowledge, for example.

Formal rules and norms of procedure of the new relational strategy emphasize the importance for working together for the customer. Through official *organization structure modifications*, the cooperation especially between the sales and project execution has been improved. Along the change process, these two previously separately organized functions have been unified. Consequence the collaboration between these two customer interface functions has naturally improved.

Now *incentives* have increasingly started to include measures for the level of cooperation with others and networking in general. New *cooperative working practices* has encouraged the collaboration between individual working in the customer interface. Accordingly, new product managers being responsible for developing and marketing new availability and performance services, have been encouraged to get close to the customers and to cooperate with other customer interface functions right from the start. Thus, this has become a natural way to operate.

An activity carried out in the case organization that directly aims to improve the inter-functional coordination of customer interactions is *establishing cross-functional customer specific teams*. These *non-hierarchical* teams include members representing each function or activity that is done with and for the customer. The idea is that in these customer specific teams different members

carry the necessary capabilities in e.g. implementing the total offering to customers including technology and service.

The team gathers together the experiences and views each team member has about that particular customer. Because they all have contacts, views and ideas.

Service manager

In other words, these teams *include a complete set of actors in order to manage the chain of creating value for the customer*. They can include a member from sales, project execution, availability service and performance service as well as members from the product development and product management and the business management. The following figure 28 is a description of one cross-functional team that is established to manage the relationship with an important Finnish dairy customer Valio. The team has nominated persons that cover the corporate level as well as individual site level that handles the customer connections 24/7.

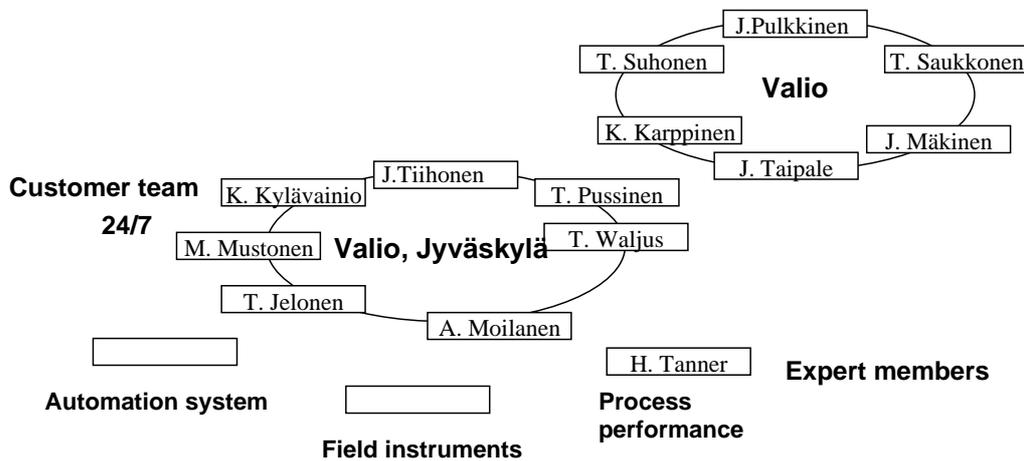


Figure 28. Cross-functional customer specific team in a case organization. Team Valio (modified from the case's strategy document).

These teams have been pivotal in the *improvement of sharing the customer specific information and solving customer specific problems and needs together*. Moreover, increasingly customers have been approached with coordinated matter together. In addition, different kinds of *customer events* have been organized in cooperation. These events gather together people representing different groups of expertise from both the case organization and the customer's organization.

Through these teams, the people working with a particular customer are increasingly aware of all the activities with that certain customer. Each team has made a *customer specific plan* that is regularly followed together. Accordingly, the total picture of the customer relationship, its history and the current situation is available. Because the total offering that aims to create value for the customer

at a particular point in time in the customer's production process lifecycle is as complex as it is, it is impossible that one person could handle the management of a customer relationship alone. Different kinds of capabilities are needed. This is the reason why each relevant function is represented in these cross-functional teams. Each cross-functional customer specific team has a *nominated person who is ultimately responsible for that particular customer relationship*. This nominated person is the one who has the *best personal relationship with the key members of the customer organization*. Thus, the relationship coordinator or key account manager can be sales manager, project manager, service manager or some other person working in the customers interface, depending on the case. This person calls in the team members together in e.g meetings when needed.

The person responsible for a certain customer relationship has not been chosen based on the organization. The idea has been that it is the one who has the best personal relationship with the customer. It can be project manager or sales manager. It can be service manager or service engineer who has worked for the customer for example.

Management team member

It was emphasized that along the cross-functional customer specific team the *competition between the sales and service functions has decreased noticeably*. A common opinion of the interviewees was that the *cooperation between the functions has improved* along the follow-up period.

I think that they (customer contact employees) have started to understand that they are dependent on each other and that you can look at things from customer perspectives. They have started to understand that they are not each other's competitor.

Leader

Also the product development and product management has moved closer to the customer interface and accordingly the customer specific information is carried out in the organization between the product development and the customer interface main functions:

Because of the history we have been an extremely product development driven company, and in this sector I think that we have now progressed a lot. We have actually nominated persons from sales and project teams who are responsible for communicating to the product development people. They participate in product development meetings to communicate the customer needs. And we have invited product managers to sales cases of course.

Management team member

Inter-functional coordination related solutions in the case organization can be *summarized* as follows:

- Formal rules and norms of procedures support satisfying customers together.
- Organization structure modifications have lowered the boundaries between sales and project organizations.
- Measurement of results supporting cooperation between sales and project execution.
- Reward systems and incentives encourage cooperation.
- Cooperative working practices have encouraged the collaboration between individual working in the customer interface.
- Establishing cross-functional customer specific teams. *These teams:*
 - are non-hierarchical.
 - include a complete set of actors in order to manage the chain of creating value for the customer.
 - aim to improve the sharing of customer specific information and to solve customer specific problems and needs together.
 - make a customer specific plan.
 - have a nominated person who is ultimately responsible for that particular customer relationship. This nominated person is the one who has *the best personal relationship* with the key members of the customer organization.

One central aim of the proper inter-functional coordination is to carry the voice of customers between different customer contact employees, and between customer contact employees and other employees in an organization.

5.2.2 Generation and dissemination of customer specific information

It is important to have accurate market intelligence throughout the organization to ensure that customer requirements are met (e.g. Kennedy 2003). Kohli & Jaworski (1990) posit that the generation and dissemination of market intelligence is critical to sustaining a focus on customer satisfaction and ensuring that activities are evaluated in terms of their contribution to customer value. Information plays a key role in building and maintaining relationships, as it is imperative that organizations use customer specific information to shape appropriate responses to individual customer needs. (Jayachandran et al. 2005). Jayachandran et al. (2005) argue that building customer relationships requires detailed and up-to-date information about customer interactions. Customers often have multiple channels to communicate with a firm and could interact with numerous departments. The information from these interactions serves as the basis for future interactions.

Kennedy et al. (2003) point out that many organizations collect customer specific data, but only when the data are widely circulated and become shared organization wide platform from which decisions are made, a customer

orientation prospers and becomes self-reinforcing (also Morgan et al. 2005). The case organization represents a professional high-tech organization, whose offering to the customers consists of high-tech products, concrete services and knowledge-based consultative types of services. The majority of the case organization's employees representing different expertise areas and functions work in the customer interface have an inbuilt idea about the customer and the customer relationship. Because of a vast number of employees working in the customer interface, it can be only natural that disseminating information is a challenge as a service manager put it:

We have quite large personnel; we have a lot of different organizations who are somehow in contact with the same customer. It is often criticized that these internal functions don't communicate with each other and I think is totally understandable. This large of a crowd cannot share each detail.

Service manager

As a variety of different expertise areas are needed to satisfy customers it is a fact that no one can handle all the information nor can be an expert in everything. For this reason, it is important to share customer specific information as the service director pointed out:

It is extremely important in this kind of an expert organization to realize that there isn't a one person who can have all the capabilities needed. One person in this orchestra can only play one instrument. But that isn't enough for a symphony. It takes all the capabilities available.

Management team member

Furthermore, the customer contact employees are the ones who represent the company to the customer and are thus in a key position in the building, maintaining and developing a trusting relationship. If the information is not flowing in the organization, it is reflected on customers as a manager put it:

...we don't seem unified in the customer interface. The customer often asks things like how come the information doesn't flow in your organization. A customer expects that if he tells something to someone in the organization the message will reach all the people who need that info. That he doesn't have to say the same thing to three different persons. Unfortunately the reality is that some information just doesn't flow.

Project manager

Although there is a lot of customer specific information in the case organization on an individual and function level, building organization's common knowledge stock about customers seems to be a challenge. Customer specific information is an important resource in an organization aiming at relational customer orientation. It is important that organizations utilize that customer specific information to shape appropriate responses to specific customer's needs.

5.2.2.1 Inhibitors relating the customer specific information generation and dissemination

The customers have repeatedly given feedback that the case organization does not seem unified to the customers. Accordingly responses and messages to the customers have not been consistent, which has been confusing to the customers. This indicates that customer specific information is not disseminated among the customer contact employees well enough. It has often been the case that the customer service representative is not aware of the sales representative's customer visit, not to mention what has been discussed with the customer, for example, and vice versa.

Prior to the initiation of the change process, the case organization has actively collected and generated market information, including customer specific information. The management has from time to time invested in market studies about market area situations and competitors. Furthermore, in Metso Automation head office there is an appointed person responsible for generating market intelligence for the basis of decision-making. This market intelligence has been available to all employees in the company's intranet. This information is more of a general type of market information. Moreover, from time to time Metso Automation has conducted unified customer surveys that have investigated general customer opinions about the company, and for example have generated information about the perceived image. In addition to this more general type of market and customer information, the case organization has actively collected and generated customer specific information. This has been done mainly by the customer interface main functions, i.e. the sales, project execution and customer service. The sales people send a questionnaire to individual customers after each sales case to find out e.g. the customer's perception of the sales procedures and negotiations of the case organization and the reasons why the customer have or have not closed a deal with the case organization. The answers are documented in the sales database. The project organization conduct their own customer questionnaire after each project start-up to find out the customer's opinions about the project implementation and management. In addition, customer service has its own customer survey conducted once a year. This investigates the customer's perceptions of the service level and finds out improvement suggestions. This survey also includes open-ended questions that are considered the most useful ones. All these questionnaires and surveys conducted by the customer interface functions are customer specific, so they generate information about the opinions of individual customers.

As can be seen, the case organization has generated market intelligence and "more formal" customer specific information prior to the change process initiation. However, it became evident while analyzing the data that, there are fundamental *difficulties in sharing and disseminating and to some extent utilizing this market intelligence in an organization*. It was mentioned in several interviews that e.g. the market studies and the results of the Metso Automation's general customer surveys were not reaching people who work in the customer interface. They are mostly disseminated to the management, and as I observed

there seemed to be difficulties among the management to decide what to do with all the market intelligence. This market intelligence mostly stayed at a "nice to know level" rather than create concrete actions. Moreover, the customer contact employees who had seen the results of more general types of customer surveys commented that the information is too general and superficial to be utilized in the customer interface. Moreover, in those anonymously filled surveys it was impossible to know individual customer's opinions and perceptions. Thus, among the customer contact employees, customer specific information was considered more useful.

All the main customer interface functions had their own separated means of collecting and storing formal customer specific information. This collected information was actively utilized within a function. The sales developed its sales procedures and made for customers specific action plans based on their collected information, and project executions developed their processes accordingly based on the information that was collected after each start-up. In addition, the customer service used their collected official information to make customer specific plans and to profile their customers for example. It became evident to me through the data analysis that this *formally collected customer specific information tended to stay function specific*, meaning that other customer interface functions were not visiting other function's databases and this information was not actively disseminated outside the specific function either. As was commented there are too many databases where the customer specific information is stored, that all the information is lost or buried. It was also pointed out that it is impossible to be aware of all the existing databases.

This function specific, more formal customer information was stored to each function's own databases. Thus, there seemed to be plenty of customer specific official information collected and generated in the organization, but it stayed function specific and thus fragmented. *The organization's common knowledge stock about the individual customer relationships was weak*. Moreover, it was pointed out that information about customer needs from customer interface functions to the product development has not been disseminated systematically. There has been a tendency by the technology-oriented organization that the products are developed apart from the customers.

In addition to the so-called formally generated market and customer specific information, there is plenty of individually bound customer specific knowledge in the case organization. Many times this information is of a tacit nature. People working with the customers on a daily basis, have individual knowledge about the customers that has been gained during each customer encounter and accumulated over a long period. As the majority of the personnel work in the customer interface, it is only natural that there is a lot of tacit knowledge in the organization about the customers and the customer relationship. It was emphasized frequently by the interviewees that it is difficult to share this tacit knowledge within an organization even among the people working in the same unit and functions. It was frequently emphasized that tacit knowledge cannot be shared through systems and databases. The only way is through conversation.

There is an enormous amount of tacit knowledge in this kind of an organization. Even though we all have the CRM databases available in the market, you cannot get all the knowledge. Technical information relating to a customer case can easily be updated to a database. But deeper knowledge about what kind of a person the customer is and how you should approach him and so on...for this we don't have any possibilities.

Service manager

This tacit information is disseminated in the case organization to some extent at the function level by "coffee table conversations" and internal weekly meetings. However, there has not been a systematics to share this tacit knowledge with people representing other functions. Thus, there seems to be a *high level* of individual and *function specific tacit knowledge* about the customer relationships that *is not shared in the organization*.

Moreover, people working in the customer interface seem to be extremely busy in their daily work with the customers. It was frequently mentioned that there is no time for information dissemination. Everyday activities concentrate on the customer interface. It seemed that it was sometimes even hard to understand the significance of sharing the customer specific information with others. Accordingly, it seemed to be *difficult to understand the significance of knowledge to the whole organization*.

I think that people don't necessarily understand that we should share knowledge to a wider audience.

Sales Manager

Inter-functional competition seems to be a central factor impeding the sharing of customer specific information. There is a tendency by sales and service representatives to guard and selectively share information with people representing the other function because of the competition of customers. It was pointed out, that it is a common opinion that you are in a strong position if you possess information that no one else has.

I would claim that people don't share information because it gives them power. I've seen this a lot. In my opinion there is a surprisingly great deal of this sort of knowledge is power attitude here. So that people don't share everything, and people might think that it is considered that you are somehow special if they come to you to tell something.

Product development

Then again, competition on customers may have caused friction between individuals. Bad personal relationships were mentioned to be one possible inhibitor for sharing customer specific information.

In addition, it was often emphasized that sharing customer specific information is also a *person-specific issue*. Some people understand the

importance of sharing the information and thus actively communicate to others about the experiences with the customer, whereas others naturally hold information to themselves.

It seems to be a generally agreed challenge that customer specific information is not shared among customer interface functions and between customer interface functions and the product development. It was agreed on that this deficiency is reflected directly on customers. As a sales manager pointed out it has been *impossible to know what kind of messages are communicated to the customers in each encounter*:

We are for some reason not aware of what is communicated to the customers...someone ought to look at the entity, and see what's the role of sales in all this. And same goes with the service. It is also a mystery to us, as what do they communicate to the customers.

Sales director

The inhibitors on generation and dissemination of customer specific information in the case organization can be *summarized* in the following way:

- Formally collected customer specific information tended to stay function specific. Information was not actively disseminated outside the specific function.
- Information about customer needs from customer interface functions to the product development has not been disseminated systematically.
- High level of individual and function specific tacit knowledge about the customer relationships that is not shared in the organization.
- Everyday activities concentrate on the customer interface. Difficult to understand the significance of knowledge to the whole organization.
- Inter-functional competition seems to be a central factor impeding the sharing of customer specific information. Thus individuals guard and selectively share information with people representing the other function
- Bad personal relationships one possible inhibitor for sharing customer specific information.
- All these impediments mean that:
- The organization's common knowledge stock about the individual customer relationships stayed weak.

5.2.2.2 Solutions relating the customer specific information generation and dissemination

Along the change process, more emphasis has been paid to the dissemination of customer specific information among individuals and functions. It is a common understanding of the case organization's management team members that in order to be able to satisfy the customers, and to maintain and develop customer relationships on a long-term basis, there has to be a clear understanding of the state of each individual customer relationship. This indicates that the information

about the history of a customer relationship needs to be available. The customer specific information is needed in order to understand the individual customer's needs and to develop customer specific offering. The goal is also to be constantly aware of what is going on with the individual customers.

Along the change process, the case organization made a decision to develop a *common system* that *gathers customer specific information* that is entered via the functions specific databases into common customer relationship management database. This way the customer contact employees can continue to fill in the customer specific information to their own database in the same way as previously, but they have the other function's customer specific information available as well. The database aims to help the collection, dissemination and storing of customer relationship specific information. Accordingly, the customer specific information is easily available in one place for each member of the organization. This system also becomes a place to store individual experiences and observations from customers that seem useful to be shared with the others as well. The new systems aim to become a place for storing the organization's common knowledge stock. The customer relationship database is thus supposed to store information about customer interactions, allowing the history of a customer relationship to be available for the organization members. The interviewees pointed out that building customer relationship management systems and databases is only one practical means of advancing the sharing of customer specific information in an organization. However, systems need to be developed to the needed stage in order to make the dissemination of customer specific information as easy as possible. When data management is functioning, customer contact people can concentrate on developing and maintaining customer relationships as the project manager put it:

Another thing is that when we gather customer information it has to be available for everyone. I would claim that as soon as we have the knowledge management working we have more time to concentrate on taking care of the customer relationship.

Project manager

During the follow-up period, the management team started actively to encourage the information sharing through presentations and through *cross-functional workshops and meeting*. Prior to the change process initiation, a yearly sales meeting that gathers all the sales representatives from around the world to learn about current issues, concentrated much on product and new system version presentations. Along the change process, the content of the sales meeting went through its own transformation. Firstly, customer contact employees as well as the sales representatives were invited. A focal reason for this was to encourage information sharing. Secondly, the content of the meeting changed to include issues that had to do with serving the customers throughout the entire production process lifecycle. The cross-functional groups made team work on issues around individual customer relationships, and e.g. on how to develop service total offering in a way that concretely can improve the customer's business

performance, just to mention a couple of examples of the topics covered. Thirdly, in the sales meeting, the invited sales, project execution and customer service representatives gave presentations of their topical customer specific issues and success stories. Organizing these cross-functional workshops and meetings was one formal means to facilitate the market and customer specific information sharing and dissemination. This has advanced the information dissemination as was pointed out:

I feel that the communication has improved. I would see that it is now rare to communicate to a customer in a way that other functions would not be aware of things.

Service manager

In addition, in the quarterly arranged informative meetings, there were presentations invited representing the sales, project execution, availability service and performance service.

Along the change process, *cooperative working practices* have been developed in the case organization that advance the information dissemination between different customer contact employees and functions. Accordingly, the sales and project execution has been organized together and along the way the project management has increasingly started to participate in customer encounters already in the sales phase. In addition, the customer service has been increasingly taking part in the sales process in addition to participating in the customer encounters in the project implementation phase. The product development, too, has been encouraged to get closer to customers though collaborating and communicating with the customer interface functions. As well as developing the performance services, the performance service experts and product managers have been encouraged to collaborate with the sales and customer service right from the start. In this way, these product managers have learned from experience by participating in customer encounters. This has become a natural way to operate.

It was mentioned by several customer contact employees in the interviews, that along the change process it has become easier to make a call to a colleague who represents another customer interface function to ask information before making a customer visit. Collaborative working practices have made the approach natural. *Customer-specific cross-functional* teams are an important way to disseminate customer specific information, *also* the one that it *in its tacit form*.

For instance sales reps have lots of this sort of (tacit) knowledge, but today it's communicated further. Because we have that (cross-functional customer specific) team always working for that particular customer case. I would say that this sort of tacit knowledge that exists only in sales reps head has decreased.

Management team member

It was pointed out that when the cross-functional customer specific team has a concrete common cause or a problem to solve relating the individual customer, it becomes natural to also discuss the more tacit customer specific information openly.

During the follow-up period, the case organization has started to *utilize the existing customer specific, especially financial information to identify high-value customers* as is typical to relational strategies. Though finding out the individual customer's profitability figures, the case organization has started to categorize systematically their customer relationships. Special attention has been made to those key customer relationships. In addition, this information has been used to figure out the reasons behind why some customers do not reach the aimed profitability levels.

In addition, *customer specific information has been used in detail profile customers*, so that it is possible to know what kind of solutions and services would an individual customer need in particular point of time, and this way how could the case organization contribute positively to the customer's business performance. Now, it was emphasized, the communication is cross-functional:

One thing that has improved is the openness and communication between units and people in this house...

Project manager

Solutions relating to the *dissemination* of customer specific information made in the case organization can be *summarized* as follows:

- Common system that gathers customer specific information aims to help the collection, dissemination and storing of customer relationship specific information. Accordingly, the customer specific information is easily available in one place for each member of the organization.
- Encourage the information sharing through presentations and through cross-functional workshops and meeting.
- Structure and cooperative working practices in the case organization that advance the information dissemination between different customer contact employees and functions.
- The product development has been encouraged to get closer to customers though collaborating and communicating with the customer interface functions.
- Customer-specific cross-functional teams are an important way to disseminate customer specific information, also the one that it in its tacit form.

Relating development areas that have to do with the *utilization* of customer specific information are:

- utilize the existing customer specific, especially financial information to identify high-value customers
- customer specific information has been used in detail profile customers.

5.2.3 Further analysis on actor processes relating the customer interactions

To help to follow the analyzing process, the indicators for actor process related inhibitors and solutions in the case organization are assembled in table 13.

Table 13. *Actor processes related inhibitors and solutions to relational customer orientation in the case organization*

Aspect	Inhibitors	Solutions
<i>Inter-functional coordination of customer interactions</i>	<p><i>High walls between different functions has led to:</i></p> <ul style="list-style-type: none"> - Cooperation minor. Rather, competition - Function had divergent goals on customers; handled customer interactions autonomously - No one being responsible for looking at the entity. <p><i>No nominated person who would have the ultimate responsibility of the customer relationship, leading to:</i></p> <ul style="list-style-type: none"> - No one had complete picture of the promises to individual customer - No one had complete picture of a customer relationship. <p><i>Lack of inter-functional coordination has led to:</i></p> <ul style="list-style-type: none"> - Multiple selling efforts to the customer. - Inhibited concerned responses to customer needs - Reflected on customers as fragmented internal reality. - Customer might be the only one who has a picture of the state of the customer relationship. 	<ul style="list-style-type: none"> - Formal rules and norms of procedures... - Organization structure & metrics & reward systems and incentives... - Cooperative working practices... all encourage inter-functional cooperation. <p><i>Establishing cross-functional customer specific teams. These teams:</i></p> <ul style="list-style-type: none"> - are non-hierarchical. - include a complete set of actors in order to manage the chain of creating value for the customer. - aim to improve the sharing of customer specific information and to solve customer specific problems and needs together. - make a customer specific plan. - have a nominated person who is ultimately responsible for that particular customer relationship. - This nominated person is the one who has the best personal relationship with the key members of the customer organization.
<i>Generation and dissemination of customer specific information</i>	<ul style="list-style-type: none"> - Formally collected information tended to stay function specific. - Information was not actively disseminated outside function. - Information about customer needs from customer interface to product development not systematically disseminated. - High level of individual and function specific tacit knowledge about customer relationships: not shared in the organization. - Difficult to understand the significance of knowledge to the whole organization. - Inter-functional competition. - Guarding and selectively sharing information with people representing the other function <p><i>All these impediments mean that:</i></p> <ul style="list-style-type: none"> - The organization's common knowledge stock about the individual customer relationships stayed weak. 	<ul style="list-style-type: none"> - System gathering customer specific information into common customer relationship management database: - Customer specific information easily available in one place. - Encourage the information sharing through presentations and through cross-functional workshops and meeting. - Structure & cooperative working practices in the case organization that advance the information sharing. - Product development encouraged to get closer to customers & customer interface functions. - <i>Customer-specific cross-functional teams</i> a way to disseminate customer specific information, also in tacit form. <p>Utilization developed:</p> <ul style="list-style-type: none"> - Identify high-value customers. - In detail profile customers & customer needs.

The similar train of thought has been used in analyzing further the actor processes' role in the creation of relational customer orientation. The findings affirm that inter-functional coordination plays an important role in the creation of customer orientation within a professional high-tech organization as customer orientation consists of one overriding value: the commitment by all members of the organization to continuously create value for the customer (see also Narver et al. 1998; Kennedy 2003). Inter-functional coordination comprises the business's coordinated efforts to create superior value for the buyers (Narver & Slater 1990). Inter-functional coordination is also seen as being a key to managing customer relationships (e.g. Narus & Anderson 1995; Jones 2003; Brady 2004) as was affirmed also by findings of this research.

The case study showed that because the basic nature of professional high-tech organization calls for a multitude of interactions between different expertise areas and the respective areas of the customer, the inter-functional coordination is a focal issue if an organization wishes to embrace relational customer orientation. The technology, organization and transaction oriented mindset backed up with a culture that supports individualism and collegial sub-groups as well as a tendency to organize activities functionally, is a challenge to customer orientation as these aspects ultimately lead to the lack of a coordinated effort to create superior value for the customer.

Findings indicate that in an organization where there is no inter-functional coordination, the separate functions working in the customer interface have separated "autonomous" customer interactions. In this kind of fragmented organization, the cooperation between functions in customer encounters is minor, rather there seems to be competition for customers. Thus, the functions or even individuals can have a divergent function or individual specific goals with customers. A lack of inter-functional coordination can mean that no one in the organization has a complete picture of the promises given to the customer nor has no one a complete picture of the customer relationship. In my opinion, this can only mean that superior customer value cannot be created and thus this kind of an organization is not operating in a manner that would support customer orientation. This can be reflected on customers as disunited organization with fragmented activities with the customer, and contradictory messages sent by different individuals representing different functions.

The case study also showed that in extreme cases the lack of inter-functional coordination could lead to multiple selling efforts on customers by different functions in the same supplier organization. Having no inter-functional coordination can mean that the customer cannot be sure of concerned responses to customer needs as no one has the ultimate responsibility of the customer relationship. This can mean that the customer might be the only one with the complete picture of the relationships (table 14).

Table 14. *Inhibitors relating to the lack of inter-functional coordination; their indicators in an organization and reflection on customers*

Aspect type Aspect characteristics that work as inhibitors	Symptom/ indicator within an organization	Symptom/ potential reflection on customers
Inter-functional coordination Internal fragmentation: "autonomous" customer interactions.	- Cooperation between functions minor. Rather competition. - Divergent, function specific goals on customers.	Disunited supplier organization & fragmented activities.
No coordination	↓ - No one has a complete picture of promises given to the customer. - No one has a complete picture of the customer relationship.	↓ - No concerned responses to customer needs. - Multiple selling efforts to customers. - No complete picture of the supplier & its offering. ↓ Customer might be the only one with a picture of the relationship

The findings suggest that inter-functional coordination aims at *collective* and *coordinated* customer interactions and the management of relationships. Thus, it is essentially a focal development area if an organization wishes to create relational customer orientation. The case study showed that there are several means for inter-functional coordination in an organization. Formal rules and norms of procedure, organizational structure, metrics, reward systems and operational practices that encourage cooperation and collaboration are such means. However, in the case study customer specific cross-functional teams were emphasized as being central in inter-functional coordination of customer relationships and on managing long-term relationships with the customers. The findings emphasize that each team should have a nominated relationship coordinator, who is ultimately responsible for the customer relationship in question. It was interesting to find that the relationship coordinator should be the one who has the best personal relationship with members of the customer organization already existing, regardless of the position in an organization. Due to customer specific cross-functional teams and a nominated relationship coordinator, the organization can have a complete picture of the customer relationship (table 15).

In my opinion, the inter-functional coordination of creating value for the customer can mean that the customer can get a well-justified and "fit" solution for each step of the customer's production process lifecycle, as the organization knows the customer's situation better and can thus customize its solutions. Nominated relationship coordinator can mean that the customer feels that it is easy to approach and operate with the organization. As all the capabilities of the organization needed for creating superior value for the customer are utilized, can the customer get a quality and customized total offering which can ultimately mean improved process & business performance.

Table 15. *Inter-functional coordination related solutions; their indicators in an organization and reflection on customers*

Aspect type	Aspect characteristics that work as solution	Symptom/ indicator within an organization	Symptom/ potential reflection on customers
Inter-functional coordination	Collective & coordinated customer interactions & relationship management	Rules & norms of procedure Structure, metrics, rewards systems encourage cooperation.	Well-justified and "fit" solutions for each step of lifecycle.
<i>Means of coordination:</i>	Rules & norms of procedure Structure, metrics, rewards systems	<i>Cross-functional teams:</i> - manage chain of creating value for the customer. - utilize all the capabilities needed for value creation. - gather customer relationship history to organizations knowledge stock. - nominate relationship coordinator. ↓	Quality & customized total offering as the capabilities are fully utilized. ↓
Customer specific cross-functional teams		Complete picture of the customer relationship.	Improved process/ business performance

To ensure that customer requirements are met, it is imperative to have accurate market intelligence, including customer specific information, throughout the organization (e.g. Kohli & Jaworski 1990; Kennedy 2003). It was interesting to notice while analyzing the case that an organization such as a professional high-tech organization, which has most employees working in the customer interface, the generation of market intelligence, especially the customer specific information is not a problem. On the contrary, there seems to be plenty of customer specific information available in this type of organization. It is generated through formal means via market and customer surveys, and more importantly and foremost in daily interactions with the customer. It seems, however, that this knowledge, that is often tacit, easily stays at an individual level and in some case function specific. Customer specific information tends not to be *disseminated* among individuals and functions on an organization that is technology oriented and embraces an individualistic culture.

The findings indicate that if the customer specific information is not shared among individuals and functions it does not become a part of the common organization's knowledge stock. Thus, the market intelligence and the customer specific information cannot be fully *utilized* to ensure that individual customer's needs in particular point of time in the customer's process lifecycle are met. On the contrary, a lack of disseminating the customer specific information can be reflected on customers as fragmented activities. It can harm the responsiveness to customer needs as the knowledge stays at one level or place in the organization. This may potentially also hamper the ability to combine the

expertise and capabilities of an organization to form a multi-layered and innovative customer specific offering. Thus creating superior value for the customer is harmed which means that an organization is not following the values of relational customer orientation (table 16).

Table 16. *Inhibitors relating the customer specific information generation and dissemination; their indicators in an organization and reflection on customers*

Aspect type	Symptom/ indicator within an organization	Symptoms/ potential reflections on customers
Aspect characteristics that work as inhibitor		
Customer specific info generation and dissemination Possessing info: Function specific... Individually bound...knowledge	Formally collected & interaction generated info not disseminated between: a) customer interface functions b) customer interface functions & product development.	Fragmented activities. Harm responsiveness to customer needs as the knowledge stays at one level/ place at the organization.
	High-level of individual and function specific <i>tacit</i> customer knowledge → not shared.	May hamper the ability to combine the expertise to form a multi-layered and innovative offering.
	↓ Organization's common knowledge stock on individual customers stays weak.	

The findings suggest that in creating a relational customer orientation, attention needs to be paid not only to the generation of market intelligence, including the customer specific information, but also and foremost to the dissemination of this intelligence. Therefore all the individually and functionally bound customer specific information could be fully utilized to respond to the needs of an individual customer at a particular point of time. This collective customer specific knowledge means the organization's common knowledge stock on individual customers. Then superior value can be cocreated with the customer.

The case study showed that in a professional high-tech organization, there are several activities that can be done to improve the dissemination of customer specific intelligence in an organization. Dissemination of customer specific information calls for a common system i.e. database where the customer specific information is easily available to everyone in one place. The database alone is not enough as the case study indicates that customer specific information is best disseminated by cooperation and conversation. The findings further indicate that more formal market intelligence and customer specific information can be effectively shared through presentations and cross-functional workshops and meetings.

However, as the case study has many times shown this customer specific, individually bound knowledge is in its tacit form, it is impossible to disseminate all the relevant information through system and meeting. Findings show that the dissemination of customer specific information, also the one that is tacit can be facilitated and encouraged by structural arrangements, metrics, and cooperative operational practices, and foremost by assigning customer specific cross-functional teams. The common organization's knowledge stock on a particular customer can then be utilized to identify and profile key customers, make customer specific plans and to customize offering, for example. An organization that gets to utilize all the relevant customer specific information seems unified to the customers. Thus, it is easy to do business with such an organization. The customer can get prompt responses to specific needs, and most likely will receive innovative and customized offering that add value to the customer (table 17).

Table 17. *Solutions relating the customer specific information generation and dissemination; their indicators in an organization and reflection on customers*

Aspect type	Symptom/ indicator within an organization	Symptom/ potential reflection on customers
Customer specific info generation and dissemination	System: info easily available at one place.	Unified supplier organization.
Sharing info:	Official info shared via system, presentations, cross-functional workshops & meetings	Prompt response to needs.
Collective customer specific knowledge		Easy to do business with.
<i>Means:</i>		Innovative & customized offering
- System	Tacit info shared through:	↓
- Presentations, cross-functional workshops & meetings	a) structure, Structure, metrics & cooperative operational practices	Added value
- Structure, metrics & cooperative operational practices	b) cross-functional teams.	
- Cross-functional teams		

As a *summary* (figure 29) of analyzing 'the actor processes relating the customer interactions' aspects I propose that if an organization wishes to create a relational customer orientation it needs to ensure the proper inter-functional coordination aiming at collective and coordinated customer interactions and the management of customer relationships. Only then can all the members of the organization together continuously create value for the customers. The findings indicate that in an organization that represents a lower level of relational customer orientation, there are no coordinated efforts to approach the customers. Instead, interactions are autonomous, which can reflect on customers as fragmented activities.

An organization can improve its inter-functional coordination via formal rules and norms of procedure, through structure, metrics and operational

practices that encourage inter-functional collaboration and via cross-functional customer specific teams. Cross-functional teams manage the chain of creating value for the customer.

Based on the findings, I propose that to meet the requirements of the specific customer relationship, it is important to have accurate customer specific information throughout the organization. In an organization such as the professional high-tech organization, where most employees work in the customer interface, the generation of customer specific information is not a problem. On the contrary, there is plenty of customer specific information available that is generated in daily interactions with the customer. The findings indicate that this knowledge, that is often tacit, easily stays on an individual level and in some cases function specific. Customer specific information is not shared among individuals and functions on an organization that is technology oriented and embraces an individualistic culture.

Because of the findings, I propose that in creating relational customer orientation, attention needs to be paid not only to the generation of customer specific information but also and foremost to the dissemination of this intelligence. I propose that only when the customer specific information is disseminated (i.e. shared) widely and becomes collective, a shared organization wide platform from which customer specific decisions and plans are made, a relational customer orientation prospers.

The means for generation and dissemination of customer specific information are common system (i.e. customer relationship management database), presentations, and cross-functional workshops and meetings. Dissemination of information can be encouraged also by organizational structure, metrics and cooperative operational practices, and foremost via cross-functional teams. The findings emphasize the role of cross-functional teams in the dissemination of customer specific information. This information is many times in its tacit form, and can then be best disseminated through close collaboration.

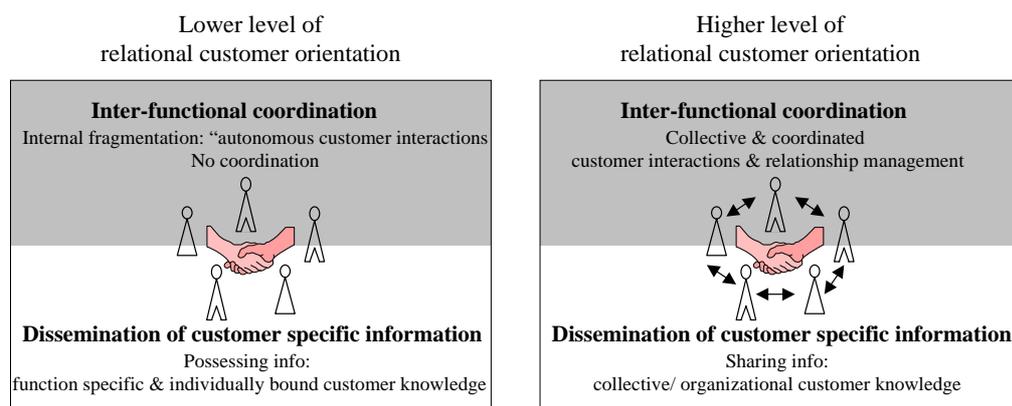


Figure 29. Actor processes relating the customer interactions in creating relational customer orientation

5.3 Leadership style

In creating relational customer orientation, leadership is essentially a focal issue. Marketing researchers agree that without *senior* leadership support, a customer orientation is unlikely to take root (Brady 2004; Day 1994, 1999a; Jaworski & Kohli 1993; Kohli & Jaworski 1990; Narver & Slater 1990; Slater & Narver 1995; Narver et al. 1998; Ruekert 1992; Kennedy et al. 2003; Kirca et al. 2005). According to Webster (1988) top managers shape the values and orientation of an organization. In transformations to customer orientation, senior leaders must articulate organizational aims in terms that are harmonious with customer satisfaction drivers (Senge 1990), and their behavior must be consistent with customer-oriented mandates (Day 1994, 1999b). Without managerial vision and a purpose to satisfy customers, employees may work conscientiously, but individually they cannot transform an organization (Day 1999b; Senge 1990). *It is the leaders, who can make the change happen in the organizational level* (see also Day 1999b).

It has applied to so many people in the organization; people have committed themselves, and I think that the advance in customer orientation has come to us more from the top. Of course it has to come from both directions in order to succeed, but it hasn't started only from the interface, because then it would have happened a long time ago.

Project manager

The new business unit leader was in a key role in driving the change towards increased relational customer orientation – he was the one who initiated the change. The leader had a clear vision in his mind that it is the customer focus and focus on existing customer relationships where the future of the case organization is aiming at. The new business unit leader crystallized the new business unit values of cocreating value with the customer, serving the customers throughout their production process life cycle, and working together as a team for a common cause of satisfying the customers. The leader then articulated the new values as a set of strategic targets that are in line with customer satisfaction drivers.

As Martin & Bush (2003) argued, the managers need to be characterized as being transformational in order to influence positive customer orientation (see also Slater & Narver 1995). Transformational leaders adopt a long-term perspective, in addition to being aware of the current situation they also focus on the future, and they see the intra and extra organization issues from a holistic orientation rather than as discrete factors (Kotter 1990). Furthermore, transformational leaders work as coaches in developing people around them. In addition, they are frequent communicators (Slater & Narver 1995). It seems to me that the case organization's leaders (i.e. the management team members) can be characterized as being *transformational leaders*. In the management interviews as well as in their presentations during the follow-up period, the *long-*

term vision was centrally present at all times. The management team members were well aware of the present situation, but in addition to focusing on the present issues, they had the capability to see far into the future as well. In addition, they seemed to have a *holistic orientation to organizational issues* in a sense that the management team members pinpointed clearly and systematically how intra- and extra-organizational issues form an entity in cocreating value with the customers. One practical outcome of this is the value proposition thinking in the case organization's strategy. In the value proposition, the management team members had pondered on how each intra-organization issue contributes to creating value for the customers. It was frequently mentioned in the interviews that the business unit leader was a sort of a *coach* to people. The business unit leader wanted to give his employees the freedom to realize what customer orientation is to themselves through coaching and through examples. It was emphasized that the business unit leaders are respected among the employees and it seems evident that the leaders respect their employees.

Frequent communication had a central role in driving the change. The communication that concentrated on explaining what has been done with the customers aimed to increase understanding of what the customer orientation and taking good care of customer relationships mean in practice. The business unit leader mentioned that in his opinion if people understand the key ideas of the way to operate they are motivated to change their way to do things. An urge and want for a change on the individual level is needed as well. The leader's noticeable self-esteem to the vision that customer orientation and focus on long-term customer relationships is the right course for the organization, resulted in trust among his employees, which was frequently mentioned in the interviews.

In the data, three components or characteristics of leadership style were clearly emphasized, and seemed as being central to the creation of relational customer orientation, as they are focally issues that have an effect on customer interface. These characteristics are the *leadership commitment, empowerment, and the metrics*. In the preliminary model instead of metrics, the third leadership style characteristic was the reward system. Metric describes better the characteristic that clearly was emphasized in the data. It accents the metrics as being central to encouraging collaboration between customer interface units and functions to serve the customer together as a process. The role of redeveloping the reward system alone was considered as being limited.

5.3.1 Commitment

Leaders' commitment to change and to customer-oriented values is in a key role in a successful change program (see also Day 1999a). The management of an organization pursuing customer orientation has to affirm the importance of the new orientation (e.g. Brady 2004). If leaders themselves are committed to technology or organization orientation, the customer orientation on organizational level is naturally inhibited. In the case organization, the business unit leader's commitment to change towards increased relational customer

orientation was clearly noticed, and it was frequently mentioned in the interviews.

5.3.1.1 Inhibitors relating the lack of leadership commitment

It was pointed out in several customer contact person interviews that there have been times when the management has not fully understood the nature and importance of taking care of the customer relationships on a long term basis. It was criticized that then the management had been much concentrating on internal issues and thus the mindset had been *organization oriented*. It was mentioned that this kind of an organization orientation led to a situation when it was necessary to cover up and hold back from the management some customer interface activities that were aiming at taking care of customer relationships, and did not show instant monetary results. The customer contact employees were scared that the management would forbid those activities or intervene in a negative way. A sales manager explained the criticism in the following way:

I would say that one secret behind our success is that the management hasn't payed too much attention to what's going on in the customer interface. We have been able to take care of that in a professional manner, as there haven't been these distractions such as the company management present. They have concentrated more on their intra-organizational matters.

Sales manager

In the past, these organization-oriented managers were not interested in participating in the customer encounters. Thus, contacts to the customer on a management level were not developed. Actually, it was frequently mentioned by the customer contact employees that the managers in the past were gladly left out of customer encounters, because of the restricted knowledge they had of the individual customers and their possible incompetence to behave in customer encounters. It was expressed that there had been displeasing situations resulting from the fact that the manager did not know the customer's business, for example.

...in the past we have had managers, who we didn't gladly take to customer encounters, because we didn't want to harm our position – we had to be ashamed of him. There clearly was no experience on how to behave with the customers.

Sales manager

The history of *being technology oriented has also covered the managers in the past*. It was mentioned that starting from the leaders it has been for a long time a common mindset in an organization that developing superb high-technology products is the single most important thing in the company. It has been a

common understanding that a good high-tech product sells itself. There is no need for all the fuzz in the customer interface, as one sales manager expressed:

All in all it is surprising how strongly we have been this old Valmet in this house. Meaning the attitude that we don't need sales or marketing; the product sells itself, we just have to do offers.

Sales manager

In addition, it was a common opinion that in the past, the *managers did not actively encourage inter-functional collaboration*. Rather, the functionally organized structure and the measurement of results in the past encouraged inter-function competition. The management did not see the intra organizational issues from a holistic approach as reflecting the customer interface. It was also pointed out that in the past there have been business unit managers who have used customer-oriented expressions in their official presentation but the activities have been anything but customer oriented. The message was contradictory to activities. Moreover, it was pointed out that it is not enough that the senior leaders communicate customer oriented values, if the managers close to the customer contact people are technology or organization oriented.

The inhibitors in the case organization relating to the lack of leadership commitment can be *summarized* as follows:

- Organization, technology and transaction oriented mindset of the managers lead to concentration in internal matters instead of paying attention to customer interface.
- Then the importance of customer interface activities was not fully realized.
- Managers were not interested in participating to the customer encounters, and in fact were gladly left out of the customer encounters because of the limited knowledge of individual customers and incompetence to behave in customer encounters.
- Managers were not able to see the value creation to the customer from a holistic orientation. Thus, the cooperation between functions weren't encouraged. Rather structures and metrics built in by management encouraged competition between customer interface functions.
- The official presentations and expressions of the managers can communicate customer-oriented values, but if the actions are contradictory to those messages, the customer orientation stays at power point level.
- Senior managers can communicate customer-oriented values, when at the same time the managers close to the customer contact employees can embrace technology or organization oriented values.

5.3.1.2 Leadership commitment related solutions

The leaders' clear commitment on new strategic targets and new way to do business by paying attention to long-term customer orientation, was mentioned as an important motivational aspect to change activities in the individual level. During the strategy development and review, the attention was clearly shifted from products to customer and market issues. In addition to committing on relational customer orientation on the strategy level, it was frequently mentioned in the interviews that it is important that leaders 'walk the walk' and get closer to customers themselves. As the business unit leader himself expressed:

I go to see customers myself. You need to go and work as an example. I have always said that customer comes first. If you have booked an internal meeting the same time you would have a meeting with the customer, the customer meeting always comes first.

Leader

During the period followed, there was a noticeable change in business unit *management's tendency and want to be part of building, deepening and maintaining customer relationships*. It was understood that customer relationships have to be redeveloped also to cover the management level. The business unit leader emphasized that the more the case organization takes responsibility of the customers' production process performance on a long-term basis, the higher to the customer's organization the connections and contacts needs to be.

The management team members *served as positive role models* so that the employees could learn what kind of behavior is expected in terms of customer orientation. Accordingly, along the change process, the leaders of the case organization wanted to get close to customers themselves. This was noticed and respected by the customer contact employees. The participation of the leaders in the customer encounters was clearly understood and encourages by the customer contact employees. The leaders should create contacts and develop relationships with the customer's leaders as a sales manager put it:

I think that it (the role of the management in the customer interaction) has a say. Concerning the large investments, you need to create contacts between the management of our organization and the management of customer organization. And we aim to organize this sort of possibility. And today it works that way.

Sales manager

Leaders of the case organization serve as *role models* of customer orientation not only by their noticeably increased personal interest to take part in customer encounters, but also *in encouraging the inter-functional collaboration*. It was often pointed out that the management team members work in close cooperation together and collaborate no matter which customer interface function the leaders represent. Furthermore, the leaders of the case organization have been actively

driving the reduction of inter-departmental conflict and increased inter-departmental connectedness (see also Jaworski & Kohli 1993). The encouragement for inter-functional collaboration in serving the customers has been noticeable.

...the authorization to work in this way (in cooperation with other functions for the customer) has come all the way from the management. So if someone today says that we are not authorized to work this way, he is wrong – he hasn't had his ear and eyes open. Today our culture supports this and we have authorization. Now it's only a matter of a person's own willingness...

Project manager

In the case organization, *the importance of the leadership commitment to customer orientation throughout the organization was realized* (compare Kennedy 2003). This means that the employees need to witness an unbroken circuit of leadership commitment all the way from senior leaders to the leaders who are close to individual customer contact employees. The case organization had experiences in the past where the senior leaders communicated in their official announcement customer oriented values, but their activities and activities of the closest supervisors were contradictory to those values. This harmed the credibility of the messages. Along the change process, firstly, the new business unit leader emphasized that in order for a change to become a reality it is crucial to build a management team who has a clear and unified goal in their mind as where the change is aiming at. In addition, each leader in the management team has to have a true willingness to change the business to the chosen course. In the case organization, the business unit leader built up a management team, where along the way the real urge for the change evolved. Thus, in addition to the business unit leader, all the leaders in his management team were committed to the change, and accordingly the business unit leader delegated the responsibility of the change to the management team members. It became evident that *the atmosphere in the management team was good*, which positively affected the drive for change in the organization. *The cooperation between the leaders in the management team worked well* and there was respect for a colleague in the management team.

During the follow-up period, the commitment to relational customer orientation by other leaders, besides the business unit leader became clear and was proven, as the business unit leader, who had initiated the change left the company. The new appointed business unit leader as well as other management team members continued the chosen course of relational customer orientation. It was clear to me that *the entire management team of the case organization was committed to relational customer orientation*. It was a task of the management team members then to commit their subordinates who lead the customer contact workers, to the creation of relational customer orientation. The role of the customer contact employees' leaders was never previously questioned. There had hardly been any changes made in those positions, regardless of frequent changes

in the senior leadership positions. Along the change process, the top management of the business unit wanted to make sure that the leaders who are closest to the customer interface, would also understand and would be truly committed to relational customer orientation. It was occasionally necessary to remove the dissenters and hire believers of the new relational strategy. In this way, it was made sure that the leadership commitment to customer orientation and development of long-term customer relationships would cover the entire organization. One exception could harm the positive change, as a product management leader pointed out:

So that we'd remember to talk about customer orientation and everyone should act in that way. The management has quite a responsibility in this. There shouldn't be any such occasions that someone works in a "non customer oriented way", and is appraised for that. That can easily develop an attitude that customer orientation is not real, its only words. The willingness has to be genuine, as it is. But it can be easily ruined, if people are appraised in situations that do not support customer orientation. The management has a huge responsibility that these kinds of situations aren't to happen.

Performance service manager

The leadership commitment and example throughout the organization was also actively communicated to the personnel to maintain the positive change towards relational customer orientation. The solutions relating to the leadership commitment to relational customer orientation in the case organization can be *summarized* as follows:

- The strategy follows customer oriented, relational targets.
- Encouraging emphasis on customers instead of intra-organizational issues.
- Noticeable change in business unit management's commitment and want to be part of building, deepening and maintaining customer relationships.
- The more the case organization takes the responsibility of the customer's production process performance on a long-term basis, the higher to the customer's organization the connections and contacts need to be.
- Leaders served as positive role models:
- The participation of the leaders in the customer encounters was clearly understood and encouraged also by the customer contact employees.
- Role models also in encouraging the inter-functional collaboration.
- The importance of the leadership commitment to customer orientation throughout the organization was realized
- In addition to the business unit leader, all the leaders in his management team were committed to the change
- Leaders at close proximity to customer contact employees were committed to relational customer orientation.

5.3.2 Empowerment

Empowerment or the lack of it - namely centralization - for that matter is assumed to play a role in the creation of relational customer orientation as being either enabler or inhibitor to serving the customer. Defined as an "enabler", empowerment is generally accepted as the delegation of decision-making authority to subordinates. As an enabler, empowerment is a motivational tool that allows the individual employee to gain motivation and increase his or her self-efficacy. An empowered employee working in the customer interface has the ability to make decisions based on what is suitable for the customer (Strong & Harris 2004).

5.3.2.1 Centralization related inhibitors

Centralization, which refers to a limited delegation of decision-making authority in an organization, can negatively affect customer orientation (Matsuno et al. 2002). A clear message from the customer contact employees was that prior to the initiation of the change process, the customer contact employees felt that the decision making in the customer interface functions was more centralized and controlled. Each customer interface function, i.e. the sales, project execution and customer service, had their fixed roles that had been developed during the years and within that fixed role it was allowed to make decisions, but when facing the unexpected situation in customer encounter, it was a matter of a management to figure out the solution. The decision-making was expressed as being bureaucratic. It was mentioned that the centralization of decision-making some times led to situations, where the reaction to customer's wish, request or problem could not be answered fast enough, because the decision-making took such a long time inside an organization.

A lack of independent decision-making possibilities of the people working daily in the customer interface had an effect on motivation. It was mentioned by several customer contact employees, that if serving the customers is complicated by intra-organizational bureaucracy, the motivation is gradually decreasing. This can clearly have a negative effect on how the customers are served. As it was pointed out by the performance service sales representative, the customer contact employees are the ones who represent the company to the customers.

...if we talk about customer orientation, then we should also talk about personnel-oriented leadership. Those people who are in the customer site are our front men. They represent us at customer site and they are the ones who build image of us in minds of the customers. If they are burn out, and are in the mode that they would love to change their employer whenever they got an opportunity, then what is the image we are building...Managers should make sure that these people are motivated when they go to the customer, so that they shouldn't argue all the time with the HR and other instances.

Performance service specialist

It was pointed out that the lack of motivation and decision making authority in the customer encounters can make the customer contact employees passive. The communication was more as top-down communication than the communication from the customer interface for the basis of the management decisions. The customer contact employees felt that they were not trusted in independent decision making in customer encounters and it was expected that decisions would be made by the management, and that a manager should know the answer to everything. As the business unit leader expressed:

...it is ok that one person isn't expert in everything. It is ok that the manager doesn't know everything. In the old model, the message coming top-down was the only right one.

Leader

Along the limited knowledge of dissemination from the customer interface to the management, the personnel were not participating in the strategy development either which led to strategies that did not necessarily answer the reality in the customer interface. The centralization related inhibitors for relational customer orientation in the case organization are *summarized* as follows:

- Centralization seemed to be a clear constraint for fast and flexible customer service: the reaction to customer's wish could not be answered fast enough, because the decision-making took such a long time inside an organization.
- Centralization had an effect on motivation.
- Centralization seemed to passivate customer contact employees: it became a common procedure that independent decisions cannot be made.
- Centralization aggravated the information dissemination from customer interface to the management. Customer contact employees were not participating in the strategy development.

5.3.2.2 Empowerment related solutions

Martin & Bush (2003) and Strong & Harris (2004) find that perceived empowerment plays a critical role in the organization in its ability to develop and maintain employees' commitment to customer orientation (see also Jaworski & Kohli 1993).

The empowerment had a two-fold role in the case organization's change process. Firstly, the responsibility of implementing the change was delegated to several individuals. Accordingly, the customer contact employees were, by engagement to the planning, empowered to decide on the content of the new relational strategy. Secondly, the customer contact employees were empowered with independent decision-making authority in serving the customers.

It was a common opinion of the case organization management team that in the change process, people should be delegated with responsibility. This motivates and encourages the change towards a chosen course.

In the change process you need to empower and delegate responsibility. It is important when you wish to get something to happen that people have the want for it. Only then can it eventually materialize.

Leader

Accordingly, in the change process the management team engaged customer contact people to figure out for themselves how the procedures of serving the customers and doing business should be changed.

The business unit leaders emphasized that their role is to make sure that each and everyone in the organization understands the new customer oriented and relational values. When the employees understand the common goal and have a clear frame of values and norms of procedures built into their mind, the managers can trust the employees and accordingly empower them with decision-making authority in customer encounters. Accordingly, the individual persons as well as units are encouraged to make decisions autonomously and independently, however encouraging them to do teamwork and collaborate cross-functionally. It was a common understanding of the interviewees that people have increasingly started to make decisions in customer service related issues independently and still working together as a team as one manager put it.

But now people pretty much automatically work that way. And they now and then drop by to tell where they are going with a certain matter, and say that now we have to make these and those sorts of decisions on it. Working together as a team and independently for the customer has become a natural way to do things.

Management team member

The leaders trust that customer contact people understand the common goal of satisfying customers, and are accordingly capable of doing decisions on their own. *People are empowered to make own decisions instead of asking each detail from the leader.*

I think that it (the decision making authority) is empowered to the lower level. People don't anymore expect that the leader alone decides, but people have taken the power and responsibility to their own hands. You do not anymore have to come and ask the leader all the time whether you can or cannot do this or that. People know the common goal. This makes it easy for them to make decisions.

Management team member

It was emphasized by the management team members that they truly believe that when customer contact people are given the room to make customer relationship

specific decisions on their own, the customer contact people are motivated and accordingly operate in a more effective manner. Thus, the empowerment is believed to have an effect on performance. Moreover and most importantly, it is believed that by empowering the decision-making authority to employees working in the customer interface, the responses to customers become quicker.

The empowerment related solutions done in the case organization are *summarized* as follows:

- In the change process, people were delegated with responsibility in the strategy formation and implementation. It was believed to motivate and encourage the change towards a chosen course.
- When the employees understand the common goal and have a clear frame of values and norms of procedures build in their mind, the managers can trust the employees and accordingly empower them with decision-making authority in customer encounters.
- Accordingly, people are empowered to make own decisions instead of asking for each detail from the leader.
- People have increasingly started to make decisions of customer service related issues independently and still working together as a team.
- The empowerment is believed to have a positive effect on customer interface:
- The customer contact people are motivated and accordingly operate in a more effective matter.
- The responses to customers become quicker.

5.3.3 Metrics

Metrics was a central discussion theme in every interview and was a theme that was brought up by the informants themselves; it was an issue that clearly caused emotional reactions. *Metrics in this case means mainly the measurement of results of the individuals and most of all units and functions.*

The reward system, that was assented to as a central leadership style characteristic in the preliminary model (see e.g. Ruekert 1992; Day 1999a; Strong & Harris 2004; Kirca 2005), did not seem to play as important a role in the change process as did the metrics. However, it was pointed out by the management team members that a focal activity in implementing the new relational strategy was also the individual superior-employee conversations where among other things the reward system and the incentives were agreed. It was emphasized that along the change process, in aligning the reward system, the *emphasis was increasingly paid to behavioral evaluations in addition to more traditional monetary evaluations.* The incentives were increasingly tied to the individual's teamwork capabilities, willingness, and ability to serve customers.

...in the bonus plans one evaluation criteria is the inter-functional and inter-business line cooperation. This is supported.

Management team member

Therefore, in this sense, the case study supports the general understanding in the customer orientation discourse that if organizations are to develop a customer-oriented culture the employees need to be evaluated and rewarded accordingly (see e.g. Glassman & McAfee 1992). Because of the clear emphasis on the issue of metrics i.e. the measurement of results as inhibiting or advancing relational customer orientation in the interviews, it is a matter of concentration of this section. Some incentive and reward system characteristics are also covered to some extent.

5.3.3.1 Metrics related inhibitors

People in the customer interface functions are the ones who work with the customers on a daily basis. Due to differentiated roles of these customer contact functions, they have been organized separately, which is one reason for the fact that there have been high barriers between these functions in an organization. As it seems, organization structure can by no means explain alone the barriers between the functions. Metrics i.e. the measurement of results seems to be a central denominator to the internal fragmentation.

Along with organizing the customer interface functions separately, there is a *long history of measuring the results of these functions separately*. Accordingly, each function has made their separate budgets and incentives. It was frequently mentioned in the interviews that when the functions are measured separately and each function is differentiated, strict targets set, it is only natural that the functions and people in them concentrate on their own matters, and have little interest to other functions. In other words, things that do not affect your own bottom line are not interesting.

It is a negative truth that those things that do not come under your bottom line, are not of interest.

Management team member

Before the change process, sales and project execution were organized separately and accordingly had their own metrics and targets set. This led to limited cooperation between these functions. As a result, there were often situations where the sales sold a project to a customer that was impossible for the project organization to deliver according to the agreement. This naturally increased the barrier between these functions that was directly reflected on the customer interface.

There has been friction for long time between the sales and the customer service functions, mostly because they both sell projects. Sales is responsible for

larger scale projects whereas customer service is responsible for selling smaller scale upgrade projects. These functions are measured separately, and both have their strict and differentiated financial budgets i.e. targets to be reached. This has led to not only to lack of cooperation but also to *competition* on customers between these functions. To reach the budget, these functions are constantly competing with each other on which function can book a sale on a particular customer case.

It is an understatement to say that this causes barriers for cooperation. I am talking about competition for customers, competition for customers' money.

Service manager

The competition for customers between the sales and customer service has led, at the extreme, to a situation when a sales manager has said to the customer 'buy from me; you'll get a cheaper deal'.

Overall, it was pointed out by the informants regardless of which internal unit or function was represented, that separated budget targets do not leave room to think about the common goal. Accordingly, the role of individuals and functions has been emphasized instead of the teamwork.

.... the budget plans that have been assigned to those people do not leave much room to think. I would like to look at the bigger picture and not only my own little box there...so that this belongs to me and nothing else. In this model the company results as an entity are of little interest to an individual. Your own performance in somehow emphasized, not the team work.

Product development

It was pointed out that it is not worth talking about a common goal of satisfying customers together as a process, as long as the metrics lead in the wrong direction i.e. encouraging inter-functional competition instead of collaboration. It was still well realized by the informants that this internal competition and fragmentation reflect negatively on customers.

The fact that we are very strongly divided on capital sales and service isn't necessarily a good thing from the customer point of view.

Performance service manager

Metrics related inhibitors to relational customer orientation in the case organization could be *summarized* as follows:

- Results of the customer interface functions are measured separately. Accordingly, each function has had their separate budgets and incentives done.
- Resulting this, the functions and people in them concentrate on their own matters, and have little interest to other functions.

- Sales and project execution had their own metrics and targets set. This increased fragmentation between these functions that was directly reflected on the customer interface.
- Friction between the sales and the customer service because they both sell projects.
- This has led not only to a lack of cooperation but also to competition with customers.
- Separated budget targets do not leave room to think about the common goal. Accordingly, the roles of individuals and functions have been emphasized instead of the teamwork.
- Internal fragmentation in an organization between different customer interface functions, units and individuals is negatively reflected on the customer interface.

5.3.3.2 Metrics related solutions

It was emphasized by the business unit leaders that if you want to get the change done to become a customer-oriented organization that understands the value of long-term customer relationships, the metrics need to be aligned accordingly. Thus, it was a common understanding by the business unit leaders that changes are needed in the reward system and incentives as well as measurement of results. As it was pointed out, the metrics and incentive plans should support the wanted goal and achievements:

If you say something and measure something else... and the measurement is closely connected to rewarding...it would be important to have the business measurement and the intensives in line with each other, and they should be in line with the goals. If they are not, we cannot reach the goal.

Performance service manager

The measurement of results is a central factor in the endeavor to increased inter-functional collaboration. As was pointed out by e.g. the business unit leader, people need to have a common goal. Along the change process, the *reward systems and incentives were built to encourage inter-functional cooperation*. Accordingly, the incentives were for the most part tied to the case organization's results in addition to the function or individual results. This aimed to increase the collaboration as it was noticed that it is in each person's own interest to make the colleague or other function succeed as well.

Then for example the bonus plan is tied to the business unit results, and less strongly to the results of the function and an individual.

Management team member

In aligning the reward system, the emphasis was paid increasingly to behavioral evaluations in addition to more traditional monetary evaluations. The incentives were increasingly tied to the individual's teamwork capabilities, willingness and ability to serve customers.

The data however revealed that friction still exists between customer interface employees and functions to some extent regardless of the orienting of the reward system. Along the change process, the sales and project execution functions were combined to form a unified function. Accordingly, *the sales and project execution got unified metrics*. The results were then measured with the same indicators, which has made the sales and project execution work together as a team. However, along the follow-up period, there have been no changes in the metrics to support the cooperation between the *new unified sales & project organization and the customer service* besides the reorientation of the rewards system and incentives. These business areas still have their differentiated measurement of results and bonus targets, which still noticeably cause some friction and competition between these functions. "The euro is the best consultant" and "People do things that are measured" were frequent comments by the informants. Meaning that no matter how fancy cross-functional processes are designed to serve the customers, if the measurement of results does not encourage inter-functional cooperation, the level of collaboration stays to a limited level.

...the old saying is still effective that euro is the best consultant. As long as the euros go to two wallets, there will be friction. No matter what else is done, the situation is not really changing.

Service manager

It was considered contradictory that the measurement of results does still encourage competition instead of cooperation to some part. It seems that a common opinion in the case organization is that the metrics can ultimately make the people work together as a process to satisfy individual customers.

Metrics is not an easily solved factor in the case organization, as was also emphasized frequently by the informants. It was recorded in several interviews that, for the sake of effectiveness, you need to measure the results of the functions separately, to some extent. It is important to know where the money is coming from. Along the change process, the case organization started to measure the performance of different functions in the case organization according to the steps of the life cycle, i.e. the project implementation, availability service and performance service. This way it was possible to know where the money in the customer lifecycle was coming from. Because of this, it was concretely noticed that the role of service is at least as important as the so-called capital sales in building up the case organization's results. In this way, it could be easily argued to people why the emphasis in the total offering was increasingly shifted towards the service.

Furthermore, along the change process, the case organization started to measure the profitability of individual customer relationships. These customer profitability measures then worked as a basis for customer specific plans as to how each individual customer relationship could be developed further.

The metrics related solutions to increased relational customer orientation done in the case organization are *summarized* as follows:

- Common understanding was that metrics and incentive plans should support the wanted goal and achievements of relational customer orientation.
- Along the change process, the reward systems and incentives were built to encourage inter-functional cooperation.
- Emphasis paid increasingly on behavioral evaluations in addition to more traditional monetary evaluations in incentives.
- The sales and project execution got unified metrics, which has made them work together as a team.
- Unified sales & project organization and the customer service still have their differentiated measurement of results and bonus targets, which still noticeably cause friction and competition.
- No matter how fancy cross-functional processes are designed to serve the customers, if the measurement of results does not encourage inter-functional cooperation, the level of collaboration stays to a limited level.
- Started to measure the performance according to the steps of the life cycle: possible to know where the money in the customer lifecycle was coming from.
- Started to measure the profitability of individual customer relationships. These customer profitability measures then worked as a basis for customer specific plans.

5.3.4 Further analysis on leadership style

To help to follow the analyzing process, the indicators leadership style related inhibitors and solutions are assembled in table 18. Leadership is an important issue in creating relational customer orientation, as the findings affirm that it is the leaders who can make the change happen in the organizational level (see also Day 1999b). The findings suggest that leadership commitment, empowerment and the metrics all are in a central role in the creation of relational customer orientation within a professional high-tech organization. It seems that if the leaders are not themselves truly committed to customer-centric and relational values, creating relational customer orientation is naturally inhibited on the organizational level. If leaders themselves on the contrary are committed to values supporting the technology, organization and transactional mindset and individualistic culture, the concentration in an organization is placed on intra-organizational issues instead of concentrating on customer activities. Moreover then, the leaders do not by their decisions and choices encourage inter-functional

collaboration, which has been noticed to have a central role in customer orientation.

Table 18. *Leadership style related inhibitors and solutions to relational customer orientation in the case organization*

Aspect	Inhibitors	Solutions
<i>Commitment</i>	<ul style="list-style-type: none"> - Organization, technology & transaction oriented mindset of managers → concentration in internal matters. - Managers not participating to the customer encounters. - Limited knowledge of individual customers and incompetence to behave in customer encounters. - Managers not able to see the value creation to the customer from a holistic orientation: - Cooperation between functions was not encouraged. - The official communication and actions were contradictory. 	<ul style="list-style-type: none"> - Strategy follows customer oriented, relational targets. - Encouraging emphasis on customers instead of intra-organizational issues. - Change in management's commitment and want to be part of building, deepening and maintaining customer relationships: - Leaders served as positive role models: - The participation of the leaders in the customer encounters. - Role models also in encouraging the inter-functional collaboration. - The importance of the leadership commitment to customer orientation throughout the organization was realized.
<i>Empowerment</i>	<ul style="list-style-type: none"> - <i>Centralization...</i> - a clear constraint for fast and flexible customer service. - Intra-organizational bureaucracy complicated serving customers: - motivation little by little decreasing. - seemed to passivate customer contact employees. - aggravated the information dissemination from customer interface to the management. - Customer contact employees were not participating to the strategy development. 	<ul style="list-style-type: none"> - People delegated with responsibility in strategy formation and implementation → motivating the change. - As employees understand the common goal and have a clear frame of values and norms build in their mind, the managers can empower them with decision-making authority in customer encounters. - People increasingly started to make decisions of customer related issues independently and still working together as a team. - Believed to have a positive effect on customer interface: - The customer contact people are motivated and operate effectively. - Responses to customers become quicker.
<i>Metrics</i>	<ul style="list-style-type: none"> - Results of the customer interface functions measured separately. - Each function has had their separate budgets and incentives done. - The functions and people concentrate on own matters with little interest to other functions. - Sales and project execution had their own metrics and targets set: - Friction between the sales and the customer service due to the fact that they both sell projects: competition on customers. - Separated budget targets do not leave room to think the common goal. - Roles of individuals and functions emphasized instead of teamwork. - Internal fragmentation negatively reflected on customer interface. 	<ul style="list-style-type: none"> - Metrics and incentive plans should support the wanted goal of relational customer orientation. - Emphasis increasingly to behavioral evaluations in addition to monetary evaluations in incentives. - The reward systems and incentives to encourage inter-functional cooperation. - Sales and project execution got unified metrics → work together as team. - Unified sales & project organization and the customer service still differentiated measurement of results and bonus targets → friction and competition. - Started to measure the performance according to the steps of the life cycle: possible to know where the money in the customer lifecycle was coming from. - Started to measure the profitability of individual customer relationships.

Findings indicate that leaders, who are not committed to customer oriented, relational values do not tend to participate actively in the customer encounters themselves. In fact, they have limited knowledge of customers and thus are easily incompetent in customer encounters. In an organization whose leaders are not truly committed to customer orientation, the official messages may well be customer oriented, but the activities of the leaders are not in line with official mandates. Moreover, it may well be that senior leaders are committed to customer orientation, but the leaders close to customer interface are not, i.e. there is a "broken circuit of commitment" among leaders. This hampers the development towards increased customer orientation on the organization level.

Moreover, the lack of leadership commitment on customer oriented, relational values can be reflected on customers as "loose" cooperation as the contacts between the supplier and customer organization has not been developed to cover the management level. As the findings indicate, this can mean that the level of the relationship between the organizations is not developing to the extent that would assure performance improvement for the customer. As it was pointed out by the informants that the more the organization wishes to be a part of improving customer's business performance, the higher to the organization the contacts should be built (table 19).

Table 19. *Inhibitors relating to the lack of leadership commitment; their indicators in an organization and reflection on customers*

Aspect type Aspect characteristics that work as inhibitors	Symptom/ indicator within an organization	Symptom/ potential reflection on customers
Commitment No commitment on customer oriented, relational values. rather... Technology, organization, transactional orientation	<ul style="list-style-type: none"> - Concentration on intra-organizational issues. - Inter-functional cooperation not encouraged. - No active participation to customer encounters. - Limited knowledge on customers → incompetence in encounters. - Official messages not reaching activities. - "Broken circuit of leadership commitment". <p style="text-align: center;">↓</p> Hampers development of customer orientation on organizational level.	Due to lack of inter-functional collaboration fragmented activities. Contacts between the organizations not developed on management level. ↓ The level of relationship not developing to extend that would mean performance improvement for the customer's business.

It became clear in the analysis that the leaders' role as a whole, i.e. not only the senior leader's role, is important in creating a customer-oriented organization from a relational perspective. The commitment by all leaders on customer oriented, relational values is needed. Findings suggest that committed leaders encourage emphasis on customers and on inter-functional collaboration in

serving the customers instead of concentrating on intra-organizational issues. Committed leaders themselves "walk the talk" of relational customer orientation by being centrally part of building, maintaining and developing customer relationships. By "walking the talk", the leaders work as role models to employees as what the relational customer orientation means in practice. Leaders can be role models not only on customer encounters but also on how to collaborate with leaders representing other expertise area or function.

The findings emphasize that the role of leadership and leadership commitment is important throughout the organization. For employees to internalize the relational customer orientation, they need to experience an unbroken circuit of leadership from the top level to local managers. Any break in the connectivity can negate the senior leaders' positive influence, especially if the break occurs in close proximity to the customer contact workers. An unbroken circuit of leadership commitment is an important part of encouraging the development of relational customer orientation on an organizational level. Leadership commitment on a relational customer orientation can be indirectly reflected on customers as united activities and better customer service as the organization as a whole is increasingly committed to satisfying individual customer's needs. The inter-organizational relationship then gets to develop "tighter" as the connections are developed on a management level as well. Accordingly, the customer may trust the production process performance improvement increasingly as the responsibility of the supplier organization. Then the customer organization can concentrate on its core competencies while value is cocreated with the supplier (Table 20).

Table 20. *Leadership commitment related solutions; their indicators in an organization and reflection on customers*

Aspect type	Aspect characteristics that work as solution	Symptom/ indicator within an organization	Symptom/ potential reflection on customers
Commitment	Commitment by all leaders on customer oriented, relational values	<ul style="list-style-type: none"> - Strategy built to support customer oriented, relational targets. - Encouraging emphasis on customers and inter-functional collaboration. - Management participates in building, maintaining and developing customer relationships. - <i>Leaders as role models:</i> - in customer encounters - in inter-functional cooperation <p>"Unbroken circuit of leadership commitment" to relational customer orientation.</p> <p>↓</p> <p>Customer orientation develops on organizational level.</p>	<p>United activities</p> <p>"Tight" relationship: Contacts developed to cover management</p> <p>Responsibility on production process performance can increasingly be trusted on the supplier.</p> <p style="text-align: center;">↓</p> <p>Customers can concentrate on core competencies while value is cocreated with the supplier.</p>

The findings further affirm that the centralization of the decision-making especially on customer specific issues is believed to inhibit relational customer orientation. In a centralized organization, a lot of time is invested in intra-organizational decision-making and bureaucratic procedures. This means that decision making on customer cases can take a long time. The case study showed that this can have a negative effect on the motivation and thus can make passive the customer contact employees. This can be reflected on customers as slow and inflexible customer service and inadequate reaction to the needs of the customers. In addition, centralization that usually means the domination of top-down communication within an organization aggravates the information dissemination from the customer interface to the management. This can lead to a situation where the strategy build by the management does not meet the requirements of the customers (table 21).

Table 21. *Inhibitors relating to the centralization of decision making; their indicators in an organization and reflection on customers*

Aspect type Aspect characteristics that work as inhibitors	Symptom/ indicator within an organization	Symptom/ potential reflection on customers
Centralization of decision making to the management	<ul style="list-style-type: none"> - A lot of time invested on intra-organizational decision making: - Decision making on customer cases takes a long time in organization. ↓ Negative effect on motivation: passivate customer contact employees. - Aggravates info dissemination from customer interface to management. ↓ Strategies do not meet customer requirements. 	<ul style="list-style-type: none"> Customer service slow and inflexible. Reaction to customer needs slow and inadequate. Organizational activities & offering do not necessarily meet the customer requirements.

Findings affirm that empowerment of the decision-making authority to the customer contact employees in customer interaction is one solution for the creation of relational customer orientation. Empowerment seems to have a two-fold role in the creation process, as it is central in the change implementation as well as in serving the customers. The case study indicates that delegating responsibility in strategy formation and implementation to employees motivates the change to a chosen course. The commitment and understanding of relational customer orientation naturally increases if an individual feels that he/she has been part of making the decision of the chosen course. In addition, as the people working in the customer interface take part in strategy formation and decision-

making, it is more likely that the organization can reach the kind of service and offering that meets the needs of the customers. Empowering the decision-making authority to customer contact employees in serving the customer motivates the customer contact employees to strive for better service. Then response to the customer needs becomes quicker (table 22).

Table 22. *Empowerment related solutions; their indicators in an organization and reflection on customers*

Aspect type Aspect characteristics that work as solution	Symptom/ indicator within an organization	Symptom/ potential reflection on customers
Empowerment of decision making authority to customer contact employees	Empowering... 1) delegated responsibility of strategy formation and implementation ↓ Motivation to change improved 2) decision making authority in customer encounters ↓ Motivation to serve customers improved	Better quality service & offering Response to customer needs become quicker.

The findings clearly accent the metrics as being central to encouraging the collaboration between customer interface units and functions to serve the customer together as a process. The metrics includes the aspects of a reward system and incentives and especially the measurement of results. The findings suggest that the metrics that encourage individualism and internal fragmentation can inhibit relational customer orientation. If the functions have their differentiated budget targets and metrics that do not encourage cooperation between functions, the functions and people in them tend to concentrate on their own matters with little interest on other functions. Moreover, the separated metrics causes friction and encourages competition between the functions. Then the roles of individuals and functions are emphasized instead of the teamwork. These are reflected on customers as fragmented activities, and can negatively affect the quality of the customer service and the offering (table 23).

Table 23. *Inhibitors relating to the metrics; their indicators in an organization and reflection on customers*

Aspect type Aspect characteristics that work as inhibitors	Symptom/ indicator within an organization	Symptom/ potential reflection on customers
Metrics supporting individualism and internal fragmentation.	-Results of customer interface functions measured separately. - Reward systems, incentives & measurement of results support individualism & collegial sub-groups. - Separated budget target leaves no room for common goal. ↓ Friction & competition between functions.	Fragmented activities Negative effect on quality of customer service & offering.

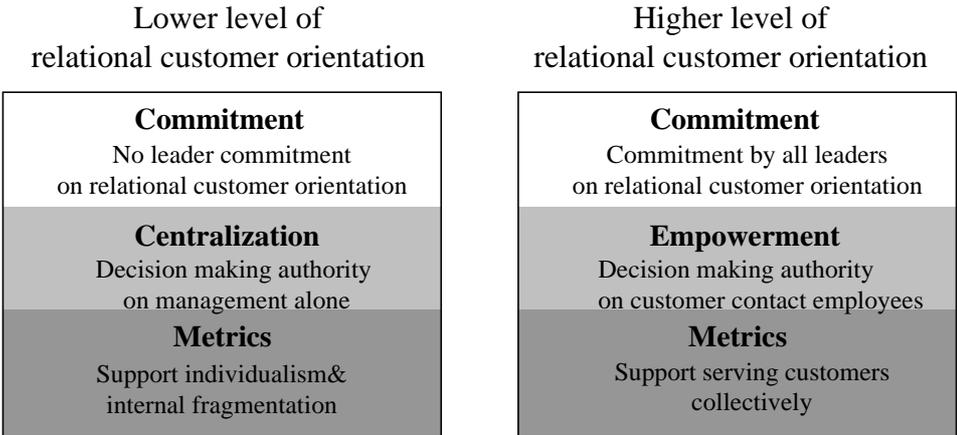
It seems that if the measurement of results i.e. metrics does not support the customer oriented relational values of working together as a process to satisfy individual customers on a long-term basis, it is impossible to reach the wanted level of relational customer orientation in an organization. Thus, the metrics should be redeveloped to support the values of customer orientation including the inter-functional cooperation. The reward systems and incentives should increasingly include behavioral evaluations in addition to the traditional monetary evaluations. The behavioral evaluations could encourage customer service and inter-functional cooperation. Even more importantly, an organization should measure the results of the functions in a way that supports cooperation. One possible means could be the customer relationship specific measurement or simply unifying the measurement of results as was done in the case organization between the sales and project execution functions. The importance of a common denominator is obvious in the encouragement for inter-functional collaboration. Functions cooperating for the customer are believed to positively affect the quality of the customer service and the total offering (table 24).

Table 24. *Metrics related solutions; their indicators in an organization and reflection on customers*

Aspect type Aspect characteristics that work as solution	Symptom/ indicator within an organization	Symptom/ potential reflection on customers
Metrics supporting values of relational customer orientation including inter-functional cooperation.	In reward systems and incentives emphasis on behavioral evaluations. ↓ to encourage customer service & inter-functional collaboration. Measurement of results to encourage teamwork: common goal/ denominator	Unified activities Positive effect on quality of customer service & total offering.

As a *summary* (figure 30) of analyzing the 'leadership style' characteristics, the important role of the leadership style and leadership characteristics was affirmed. Only leaders can make the change happen on an organizational level. Based on the findings, I propose that if an organization wishes to create relational customer orientation, it needs to experience a leadership commitment throughout the organization on relational customer orientation and on what it stands for in practice. For employees to internalize the relational customer orientation, they need to experience an unbroken circuit of leadership from the top level to local managers. Committed leaders themselves "walk the talk" of relational customer orientation by being a central part of building, maintaining and developing customer relationships and by collaborating with the members of other expertise areas and functions.

Centralization of decision making on the management can negatively affect the motivation of customer contact employees that can be reflected on customers. On the basis of the case study I further propose that empowerment of decision making authority to customer contact employees facilitates the creation of relational customer orientation by two means. Firstly, empowering and committing employees to the strategy formation and implementation seems to motivate change. Secondly, empowering the customer contact employees with the decision-making authority in the customer encounters increase service



motivation and can mean a better and quicker response to customer needs.

Figure 30. Leadership style characteristics in creating relational customer orientation

Findings strongly indicate that metrics and especially the measurement of results play an important role in the creation of relational customer orientation, as it is a central issue in the encouragement of the inter-functional collaboration, which is necessary in cocreating superior value. I propose that if the measurement of results support individualism and internal fragmentation instead of supporting serving customers together, collectively, it is impossible to reach the wanted level of relational customer orientation. Thus, I further propose that the metrics should be redeveloped to support the values of customer orientation including the inter-functional cooperation. The reward systems and incentives should

increasingly include behavioral evaluations of the level of customer service and inter-functional cooperation in addition to the traditional monetary evaluations. Even more importantly, an organization should measure the results of the functions in a way that supports cooperation.

5.4 Total relationship offering

Total offering was a central discussion theme in all interviews. In fact, it was a subject most frequently presented by the informants in accordance with pondering about the changes in the organization during the follow-up period. One reason is no doubt the strong history of being a high-technology company, where the offering tends to be a central concern in the organization (see. e.g. Mohrman & Von Glinow 1990). Overall, this discussion theme proved to be essential in exploring the creation of relational customer orientation in a professional high-tech organization such as the case organization.

As a result of case analysis, it proved out to be necessary to form a new conceptual category of total relationship offering in describing and analyzing the creation process. Total offering and how it is perceived in the organization can be an inhibitor for relational customer orientation. However, at the same time choices and changes made in what the total offering essentially is considered to be, seems to be a central theme in creating relational customer orientation.

5.4.1 Total offering related inhibitors

The case organization has a strong history of being a high-technology organization; the main concern therefore has been to develop superb technological products and solutions. The organization's identity seems to be strongly built upon the goal of being a high-technology leader. High technology has been a dominant theme in the organization for years and thus there have been a high percentage of research and development expenditures, for example. In the interviews it was frequently pointed out that the case organization has had the practice of concentrating on developing an automation system, and only after the new system and its attributes have been developed has the product been brought to the market. It has not necessarily been the customer need that has been driving that development. A high-technology product being a dominant focus in an organization is a typical feature of the traditional high-tech organization (e.g. Mohrman & Von Glinow 1990) and then it is only natural to concentrate much of the effort on product development (see e.g. Mohrman & Von Glinow 1990; Chorew & Anderson 2006). Because of a clear technology focus of traditional high-tech companies, they tend to have product rather than customer orientation prevailing (Chorew & Anderson 2006).

It seems that *technology orientation* describes the nature of dominant practices in the case organization before the change towards increased relational

customer orientation was initiated. This concentration on high-technology products has had several outcomes that have clearly reflected on its customer interface and thus has affected how customers have been served. It was customary that the research and development department was developing new high-technology products and solutions apart from other functions that were operating in a customer interface. This ultimately means that products were often developed apart from customers. It was pointed out in several interviews that those new solutions did not always answer the needs of the customers.

This technology orientation has also resulted in considering the *offering as a combination of separate technological products and applications*. In the past, when asking about the total offering of the case organization, it was customary to list all the products from the organization point of view. The total offering was not seen as an entity from the customer point of view. The case organization also marketed its high-tech products from the case organization point of view. This means that when presenting the products to customers, the product managers and customer contact employees have concentrated much on listing out in detail all the technical attributes that the particular high-tech product has, instead of emphasizing what the customer would get out of those attributes. Accordingly one product manager pointed out in the interview, that in the customer presentations, the case organization's product managers tended to concentrate on irrelevant issues to customers because they have been in a high-technology mode and have been looking at the product from the organization's point of view. It has been difficult to express what the customers really get from those technical solutions. Instead, the product managers as well as customer contact employees have based their arguments on "high-technology language". This has reflected on customers: Often, the *customer really has not been completely aware of what he is buying*, as was pointed out by a project manager.

...we have been pondering on how to change the sales encounters so that we would talk about the right things, not to list all the concrete products. One customer gave feedback about this two or three years ago. He said that only after reading our offer after the project delivery, did he understand that from those features it all came out. He said that if he had read the ten last pages out of our offer right in the beginning he would have understood what he's really buying. Instead he had to read high-tech language not familiar to him.

Project manager

As the case organization had been concentrating on developing high-technology products and applications – *service development had not kept the pace*. This means that the total offering was not following the changing customer demand. A sales manager pointed out that power industry customers especially have been extremely conservative particularly in the past. They have emphasized that they have the necessary know-how and capabilities to improve process performance themselves. Now, as the new generation has been taking control in the power generation industry, the fresh ideas of delegating responsibility to automation suppliers have taken root little by little. Following this, the customers want

service from their suppliers. Service is the one that really can create added value for the customers. This means that in order to be customer oriented, the case organization needs to develop its service offering towards more consultative types of service that help to improve the customer's production process performance, for example.

For a long time services had been seen from the product perspective. Services meant selling hardware and spare parts as well as services that were directly related to hardware. To my understanding, this implies that the role of services was more correcting the appeared damage instead of serving the customers in order to help them create value. This implies transaction instead of relational perspective to customers.

The customer service has been in the similar mode as the project organization, so that we have delivered the hardware and services that are very closely connected to that hardware.

Management team member

One indicator for the lack of service development was no appointed employees who would be responsible for developing new services. On the other hand, tens of experts had the main responsibility to develop high-technology products and applications.

To my understanding, because of the prevailing high-technology orientation in the past, the role of service was clearly undervalued in the organization because the volume received from services was considered as minor compared to automation project execution. Services were considered more as expenses to an organization. The new leader of the case organization pointed out in the interview that when the total offering is seen from the customer point of view instead of the organization point of view, the services are not seen as expenses, but as a means of keeping individual customers satisfied. He emphasized that focusing more on service is ultimately a mindset change.

The organization structure was a theme that frequently came out in association with discussing the total offering. It was considered as an inhibiting factor to customer orientation that product development was organized to form a separate function apart from units that were operating in the customer interface. In this way, communicating the customer needs to product development was hindered. Also relating to the service, functionally organized maintenance service was often mentioned as an example from the past that would inhibit serving customers properly. There was a time when all the maintenance services relating to the process automation were organized functionally to one service organization. This service function then was serving all customer industries i.e. both the paper & pulp industry customers as well as power & process industry customers. This led to situations where the first customer's contact in the case organization often was a person who had no prior experience of that particular customer's industry and thus was benighted of that customer's business. This naturally did not make an impression on the customers.

Because of the emphasis on high-technology products in the case organization, the role of automation project execution i.e. the so-called capital projects, were highly emphasized in the past. Therefore, the case organization has systematically pursued single transactions with the customers. What happens to the customer after the automation system and process start-up has not been such a big concern for the organization. This was not in line with what the customers need. Customers are more interested in what happens after the automation system and production process start-up as a service manager pointed out:

...project delivery has been too dominating in depicting our total offering, how our offering is shown to the customers. It is the customers who have been the driving force for this change. Today when you listen to your customers, it is the life after the start-up what is the number one thing. It is not anymore necessarily the automation project investment alone, but the entire lifecycle; lifecycle costs, lifecycle benefits that they are after.

Service manager

Technology orientation has led to situations where the case organization has not always been flexible for customers' needs. The case organization has sold "we don't have", as a project manager expressed, even though the case organization would have managed to customize a solution or widened its services offering to meet the customer need. The value of taking care of a customer relationship on a long-term basis has not been an automaton in the past.

Furthermore, the case organization had a wide scope of offering and products already in the past, but it was not made clear which type of customer would need which type of solutions. There was no customer profiling done.

The total offering related inhibitors can be *summarized* as follows:

Indicators in a case organization that suggest *product or high- technology orientation* as an inhibitor for customer orientation:

- Products often developed apart from customers.
- Accordingly, product and solutions developed did not necessarily answer the needs of customers.
- Total offering seen from organization's point of view as combination of separate products and applications instead of seeing total offering as an entity from customer's point of view.
- Offering marketed from organization's point of view as listing out in detail technical attributes in "high-technology language", instead of communicating what kind of functionalities would the customer get out of those products.
- The lack of speaking the customer's language has meant on some occasions, that the customer has not been completely aware of what he is buying.

Indicators in the case organization that imply that the fact that *service development had not kept the pace* could inhibit relational customer orientation:

- Total offering was not following the changing customer demand of wanting more service from their suppliers.
- Services were seen from the product perspective as selling hardware and spare parts as well as services that directly relate to hardware.
- Services seen as traditional maintenance services of correcting damages instead of seeing services as means for helping the customers to create value for them.
- Role of service was undervalued in the organization compared to automation project execution – services were seen as expenses.
- No appointed employees responsible for developing new services.
- Functionally organized maintenance service in the past led to situations where the first customer's contact in the organization was often a person who was not familiar with customer's industry and business.

Indicators in the case organization that suggest *transactional instead of relational perspective to total offering*, which can inhibit relational customer orientation:

- Role of automation project execution has been dominating and emphasized in the case organization, which imply that the mindset in the organization has been more as to gain single transactions instead of concentrating on customer relationships on a long-term basis.
- Lack of flexibility to individual customer's needs. The case organization has often sold "we don't have" to its customers in the past.
- Case organization had no customer profiling done. Impossible to know well enough what kind of solutions out of the total offering would an individual customer need in particular point of time.

5.4.2 Total offering related solutions

Along the change process, what the total offering is considered to be has seen a complete change in the case organization. The changes in the total offering seem to be considered as among the most fundamental changes during the change process in the organization. In fact, the total offering was a discussion theme that was most often brought up by the informants in the interviews when discussing the changes in the case organization, regardless of which expertise group the interviewee represented. The total offering was thus thoroughly discussed with management, sales, project execution, service, product development, and product management representatives. All the groups were agreeing on the fact that the perspective to total offering has gone through a transformation from looking at it from the organization's perspective to presenting and redeveloping the offering from the customer's point of view. As the business unit leader expressed this has been a mindset change in the organization. The customer is interested in the

entire lifecycle of not only the automation system but also and above all on the lifecycle of his production process. The lifecycle has become the business that the organization is in, and selling an automation project, which has previously been considered as the main offering, has become the starting point in that lifecycle.

We directed our total offering to the customers. We changed our mindset so that our business is the lifecycle and the automation project is a tool to get started. Not in a way that we concentrate on selling the project and sell spare parts only as the customer asks for them. We have started to think another way around. The way that the customer sees things has been the critical thing in all this. The lifecycle is important to them. This is a perspective change.

Leader

Seeing the total offering from the customer's point of view is a fundamental change to a high-technology organization. To my understanding, the changes in the total offering have transformed the case organization towards being more of a professional high-tech organization with emphasis on different kinds of professional services, rather than representing a traditional high-tech organization where the product orientation is customary.

We have started to think the customer process lifecycle as a whole right from the start. We have pondered on how we could serve our customers throughout the entire lifecycle. Serving the customers throughout the lifecycle has probably been the biggest change in the basic idea of the strategy.

Management team member

It clearly came out from the data, that what the lifecycle offering is aiming at is customer orientation in the offering level. Furthermore, total offering plays an important role in the customer relationships on a long-term basis, i.e. it helps to keep the customer relationship active. Thus, total offering seems to be a fundamental part of the relationship management.

Total offering as a means to serve customers throughout the customer's production process lifecycle

Following the new relational strategy, the case organization has depicted its total offering from the customer perspective compared to the prior organization's point of view. The business unit now calls its total offering a *lifecycle offering* wishing to emphasize that the business unit can support its customer's production process throughout the entire life cycle. The total offering is thus described as following the customer needs at a particular point of time during the customer's process lifecycle. Accordingly, Metso Automation offers its power & process industry customers a total offering that includes solutions and services that cover

the entire lifecycle of the customer's production process. Figure 31 describes the steps in the lifecycle offering. This total offering extends from professional automation project implementation and management as well as reliable automation system start-up (step 1). After the automation system start-up the variety of services ensures the availability of the customer's production process (step 2). Then a variety of performance services aims to improve the performance of the customer's production process. These performance services are more consultative types of professional services to customers (step 3).

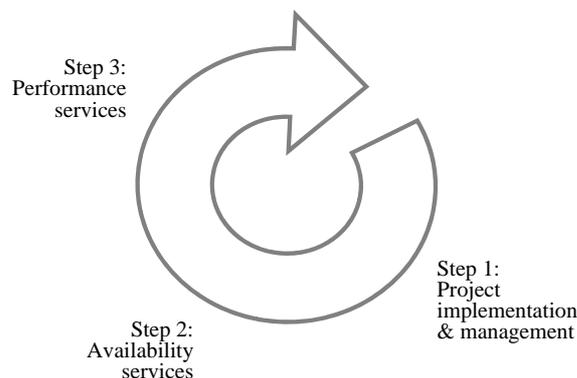


Figure 31. *The case organization's lifecycle total offering: Offering follows steps in customer's process lifecycle.*

Accordingly, the case organization has become a professional high-tech organization with a total offering that comprises high-technology solutions (step 1 in figure 31), more concrete expert services (step 2), and more consultative types of knowledge services (step 3) (see also Lehtimäki 1996, 26).

The lifecycle offering is an answer to customer's wishes on bigger entities than their automation suppliers. The informants often mentioned that according to customers the technology is still an important factor in Metso Automation's offering but the role of that technology has decreased. The customer's are above all, interested in what happens after the automation system and process start-up. Moreover, as customers are increasingly outsourcing their resources, they are willing to delegate more responsibility to their suppliers in assuring their process availability and endeavors improve their process performance. Accordingly, the case organization has started to emphasize the life after the automation system and process start-up in its offering.

As a results of the strategy change, the offering to the customers is communicated exactly as is should be. So it is the lifecycle, including different phases in it. In my opinion this has been great. Previously we have not emphasized this long-term commitment; the project delivery has been too dominating.

Service manager

Moreover, the data unambiguously pointed out that customers respect larger entities from a single automation supplier, because they wish to decrease the number of different interfaces with which they are doing business. The case organization's widened total offering is also an answer to this need. Along the change process, the case organization can support its customer's with services that were previously unavailable from the automation suppliers.

...especially during recent years we have noticed that the customers want to buy bigger entities, they want one interface, one supplier who takes responsibility of it all whenever possible.

Project manager

Furthermore, it was pointed out in the conversations that the customers increasingly wish to commit to a single automation supplier on a long-term basis. As a service manager expressed the customers buy partnership. They expect and wish that the automation supplier took more responsibility for their process performance and expect that the provided service helps concretely to improve the customers' production process performance.

Many customers buy long-term partnership, so that if they buy something they will have support during the entire lifecycle. And the support is available close to the customer, and that the services can offer solutions that supports their business. It has gone more and more to offering value. The customers increasingly expect us to give them ideas on how to improve their process performance.

Service manager

Long-term relationships and ultimately partnership with selected key customers is a focal goal of the case organizations relational strategy. Thus along the new strategy implementation the case organization has systematically started to develop opportunities to expand their scope of delivery to the existing customer base. This is achieved through the expanded lifecycle total offering. The key premise of the life cycle total offering in the case organization is therefore to *keep the customer relationship concretely active*. What customers are really interested in is the entire lifecycle of their production process, and the value that is created during that process lifecycle. The case organization's offering that includes solutions and services for customer needs in particular points of time in customer's process lifecycle thus aims at maintaining and developing long-term relationships with the customers.

It was emphasized especially by the customer contact employees that the customer does not only buy because of a good personal relationship with the representative of the company. The total offering has to really and concretely support the customer's process at a particular point of time in the customer's process life cycle. The customer contact employees emphasized that relationship management is more than just taking the customers to dinner.

The case organization emphasizes that the life cycle offering ultimately aims at cocreating value with the customers. For the customer, the value can concretely mean e.g. savings, better return on their investments, less needed resources, less pollution, improved process quality, and improved production. In addition to these economic values, the case organization's goal is that the customer's would feel that it is easy and fun to do business with the case organization:

...through those services the customer should get help and value adding to their own business matters: get savings and pay back to their investments with less fuel. Then naturally we wish that the customer would feel that it is fun and easy to do business with us.

Management team member

As figure 32 depicts, the case organization aspires to be a performance and value-providing partner for its key customers. At the same time, the total offering allows detailed customization to meet individual customer's needs.

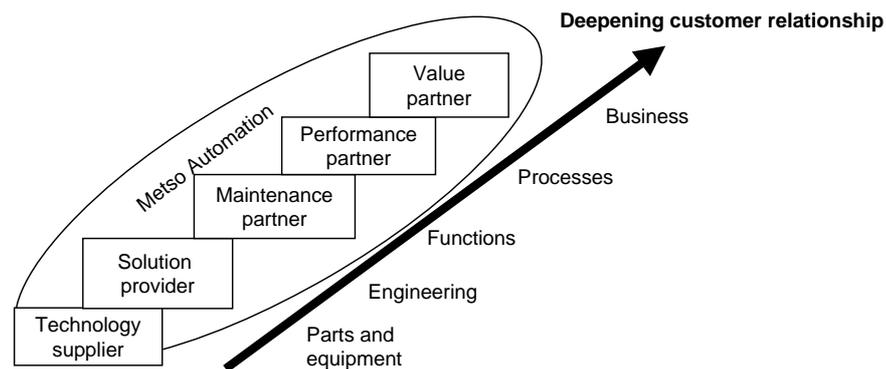


Figure 32. *Metso Automation's roles according to individual customer's needs. Aim is towards being a value partner (Metso Automation's strategy presentation 2004).*

Along the change process, customers have been profiled, which has helped to customize the offering to answer the individual customer's needs. This means that if a certain customer needs only automation technology, then the case organization will offer that to this particular customer. On the other hand, if another customer already has a decent automation solution, but wishes to improve their process performance, then the case organization can provide that customer with its consultative types of availability and performance services. According to individual customer's needs, Metso Automation can take a role as technology supplier, solution provider, maintenance partner, and performance partner or value partner. Along the continuum, Metso's involvement to customer's business increases little by little, from being involved with customer's

parts and equipment to ultimately being involved in customer's business processes.

The case organization's aim at cocreating value with the customer means that the case organization needs to be aware of not only the basic laws of its customer's business, but also the organization needs to understand the customer's customers' business. Only then can the organization really understand how value is cocreated with the customers – and can ultimately help customers to improve their performance. This was frequently pointed out in the interviews and was a central theme in e.g. management presentations. Figure 33, which is modified from Kaario's et al. (2003, 85) explains well the message that was given by the informants. When an organization concentrates on selling products, the organization is often concentrated on its own processes. When the organization offers solutions to its customers, then the organization needs to understand its customer's business. However, if the organization wishes to sell value, it needs to understand also the customer's customer's business. Only then can the organization truly understand how it can cocreate value with its own customers. Thus, widening of the total offering has meant that *needed capabilities and know-how have been developed* in the case organization. Capabilities relating to the project execution and availability services are more deeply connected to the automation system, whereas the capabilities needed for performance services are related to understanding the customer's process and the nature of the customer's and customer's customer's business.

Previously our capabilities were more tightly connected to our product and technology. Along the years, we have developed this sort of wider know-how and outlook of our customers' processes and business.

Information management

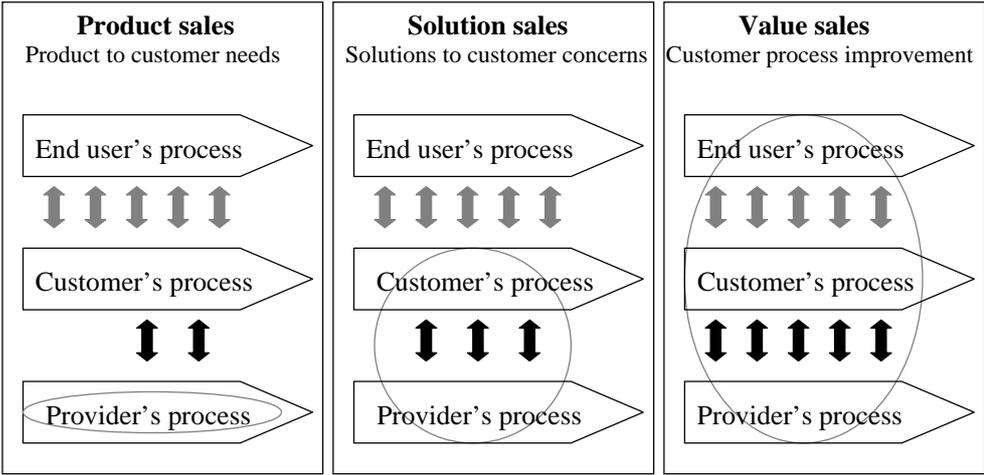


Figure 33. Value sales focuses on analyzing the customer's process with its customers in order to identify ways to improve customer's business processes (modified from Kaario et al. 2003, 85).

The lifecycle offering *matches with the customer's organization* as well. In different stages of the lifecycle, also in customer organization, the responsibilities are delegated to different groups of people and different types of expertise. This is hoped to facilitate the customer encounters.

The redevelopment of offering from the customer perspective has also had an effect on how the total offering is argued and marketed to the customers. As was pointed out in the previous section, the case organization has prior to the new relational strategy marketed its offering to customers from the organization perspective listing out the technical details, what the solution is composed of. Along the change process, the case organization has systematically started to practice to *speak the same language with the customers in marketing its total offering*. This has been difficult for an organization that has a strong high-technology history. It was frequently pointed out in the interviews that it has been very difficult to change the way to express the offering keeping the customers' business processes in mind. The high-technology perspective has been so deeply rooted especially in the expressions of what the case organization has to offer for its customers. Little by little, the marketing material and sales argumentation has started to emphasize the functionality that the customer gets out of the case organization's offering.

We have started more and more to emphasize the functionalities the customer is after with the product or service. I think that it is a good premise to start from the solution; what the customer gets out of that particular product or service.

Project manager

In the case organization it has been realized that the customer does not buy the technical attributes – what the customer really buys is his process availability and reliability as well as improves process performance, for example. The customer wants to be carefree of his process.

To a customer the product is the entire project, not any particular particle in that project. The same goes when I go and buy a car. I want to buy that car assembled. I do not buy tires, and engine and so on.

Management team member

The customer buys availability and reliability. He knows that this is how much he'll produce electricity or diesel or what ever, and he doesn't have to bother about the system. That's what it's all about.

Product management

The case organization's endeavor to cocreate value with the customers has meant that the proportion of service has been increased. The case organization has expressed that it wishes to be considered more as a service organization.

From offering products to offering service

For many years, the case organization has emphasized automation projects as its dominant area of business. It was emphasized that this is still an extremely important part in its total offering, however it is not until the new relational strategy that the case organization has started to emphasize service as its total offering. The focus has shifted from technology to service and know-how:

The emphasis on technology decreases and the focus is more on service and capabilities. In everything that we have developed, we have tried to get more to service offering.

Service manager

The key idea has been to realize that every business is a service business. Following this, *the business the case organization is in has been redefined as a service business* and it has been realized that the key competitive element is service competition. The idea is to really compete with the total service offering instead of just the high-tech product.

Accordingly, the business unit has concretely widened the scope of services out of the total offering, as it sees itself more of a professional service company than just an automation supplier. Following this, the business unit expresses also its core product – the automation solution – from the service point of view, wanting to point out what the customer really gets out of that core product. Previously the core product was no doubt an automation system, now it is emphasized to be a reliable project execution and management as a sales manager expressed:

Our main product is the automation and the project delivery. So, our customer buys a service that he will be supplied a functioning and riskfree power plant.

Sales manager

A sales manager pointed out that the basic need of the customers – i.e. the reliable and well functioning production process – has been the same for years for the customers. It is only now, that the case organization has started to emphasize that in marketing their offering. Previously the technology was emphasized.

As a management team member put it, it has been a strategic choice to grow in the service side. As the total service offering has been extended concretely during the change process, new availability and performance services have actively been developed and brought to the market. The expansion of services has meant that needed capabilities have been added to the organization. Along the change process, the business unit has appointed several new product managers who are responsible for developing and marketing new, specific services, such as performance services, environmental services and security services. These product managers have been encouraged to work in close

cooperation with customer contact employees right from the start. This way they work in the customer interface themselves. Accordingly, the new services have been developed in close cooperation with the customers to make sure that the service development has the right direction and meets the needs of customers. The new services have been developed through piloting, which means that they are developed and tested with an innovative customer who wishes to be a part of the development process.

Following the customer demand, the availability services are now aiming more at predictive and preventive maintenance instead of correcting damages that have already happened. Moreover, different kinds of professional services out of the total offering have been increased. In lifecycle offering, these performance services aim at management and improvement of a customer's process performance. It was emphasized that this is the part in the total offering where the real value with the customer is truly cocreated.

The process management is the area where the real value is created for the customer.

Leader

Performance services are often customized to the individual customers:

...one of our strengths is that we aim to figure out what the customer process really needs. We have a group of experts and a very wide palette of applications. We can figure out exactly the right solution for a particular customer regardless of not having done that previously. If the customer wishes, we can customize a solution just for him.

Performance service manager

The case organization's service often ultimately aims at taking a wider responsibility of the customer's production process. In that case, the customer can be carefree and trust that Metso follows his process, often remotely. Along widening the service offering, the case organization has naturally started to develop new marketing material for services. A new service concept profiles the service offering according to customer type and arguments using the customer's language, highlighting the functionalities that the customer gets.

The total offering related solutions can be summarized as follows:

Indicators in the case organization that suggest that *considering the offering from customer perspective* acts as a solution for customer orientation:

- Total offering is depicted from customer perspective: Follows customer's production process life cycle.
- Offering allows customization to meet individual customer's needs. For the basis of this, the customer's have been profiled.
- Needed capabilities and know-how have been developed: getting familiar with the customers' business and the customer's customer's business.

- Marketing material and sales argumentation have started to emphasize what the customer gets out of the offering instead of listing out technical details.
- New service developed in close cooperation with customers.

Indicators in the case organization that imply that *service development* can act as a solution towards increased relational customer orientation:

- Emphasize service in its total offering.
- Business has been redefined as service business.
- Concretely widened the scope of service out of the total offering.
- Core product expressed also from service perspective as reliable automation project execution and management.
- New availability and performance services developed and brought to the market to help customer's value creation.
- Performance services truly aim at cocreating value with the customer.
- Needed service capabilities add to the organization – appointed product managers responsible for developing new services.

Indicators in the case organization that suggest that *relational perspective to total offering* can act as a solution to relational customer orientation:

- Emphasizes long-term support to customers with its offering – has solutions for each point of time in customer's production process life cycle.
- Answers a customers' wish to get larger entities from a single supplier and delegate responsibility.
- Expanded the scope of delivery to existing customer base and especially its key customers in order to maintain and develop customer relationships.
- With its offering aims to cocreate value with customers: getting closer to customers.
- Total offering matches with customer's organization, which can facilitate the customer encounters.

5.4.3 Further analysis on total relationship offering

To follow the further analysis, total offering related inhibitors and solutions and their indicators in the case organization are assembled in table 25.

Table 25. *Total offering related inhibitors and solutions to relational customer orientation in the case organization.*

Inhibitors	Solutions
<p><i>High-technology orientation:</i></p> <ul style="list-style-type: none"> - Product developed apart from customers. - Product did not necessarily meet the customer need. - Total offering seen from organization's perspective as combination of products and applications. - Offering marketed in high-tech language. - Lack of speaking the customer's language has sometimes meant that customer has not been completely aware of what he's buying. 	<p><i>Customer perspective on total offering:</i></p> <ul style="list-style-type: none"> - Total offering depicted from customer perspective: Follows customer's production process life cycle. - New service developed in close cooperation with customers. - Offering allows customization to meet individual customer's needs. - Customer's have been profiled. - Capabilities and know-how developed: getting familiar with customers' business and customer's customer's business. - Marketing material and sales argumentation has emphasize what the customer gets out the offering.
<p><i>Lack of service development:</i></p> <ul style="list-style-type: none"> - Is not following the changing customer demand on wanting service. - Services seen product orientedly as selling hardware and spare-parts. - Services correcting damages. - Role of service undervalued in the organization: customer service seen as expenses. - No appointed employees responsible for developing services. - Functionally organized service can lead to situation where the first customer contact might not be familiar with customer's industry area. 	<p><i>Service development:</i></p> <ul style="list-style-type: none"> - Emphasize service in total offering. - Business redefined as service business. - Concretely widened the scope of service out of the total offering. -Core product expressed also from service perspective as reliable automation project execution and management. - New availability and performance services developed and brought to the market to help customer's value creation. - Performance services truly aim at cocreating value with the customer. - Needed service capabilities added to the organization – appointed product managers responsible for developing new services.
<p><i>Transactional perspective to total offering:</i></p> <ul style="list-style-type: none"> - Role of automation project execution dominating implies that mindset set to gain single transactions instead of developing long-term customer relationships. - Lack of flexibility to individual customer's needs: has sold "we don't have". - No customer profiling done. Difficult to know individual customer's solutions needed at a particular point in time. 	<p><i>Relational perspective to total offering:</i></p> <ul style="list-style-type: none"> - Emphasize long-term support to customers with its offering – has solutions for each point of time in customer's production process life cycle. - Answers customers' wish to get larger entities from a single supplier and delegate responsibility. - Expanded the scope of delivery to existing customer base and especially its key customers in order to maintain and develop customer relationships. - With offering aims to cocreate value with customers: getting closer to customers. - Total offering matches with customer's organization, which can facilitate the customer encounters.

The findings indicate that perceiving the total offering from purely high technology i.e. product perspective, can certainly be an inhibitor for relational customer orientation. In that case, the products are easily developed apart from customers and accordingly they do not necessarily answer the needs of the customers. In addition, if the total offering is seen purely from the organization's point of view, the marketing of those products is aggravated: communicating in

high-tech terms can lead to situations where the customer is not automatically aware of what he is supposed to buy.

The case study showed that customers wish to delegate more responsibility of their production process performance to suppliers. Not seeing the offering from the customer perspective might lead to a situation where the total offering is not developed in the right direction. Delegating responsibility to suppliers means demand for service, and especially service that concretely creates value for the customers. Thus if service is seen only as selling spare parts and correcting damages, the customer need is unfulfilled. Moreover, transactional perspective to total offering can inhibit relational customer orientation. Then the focus is on getting single transactions instead of concentrating on a customer relationship on a long-term basis. Accordingly the customer does not get long-term support from its supplier and the horizon of relationship remains short as the cooperation is characterized as being "one project at a time" type (table 26).

Table 26. *Total offering related inhibitors; their indicators in an organization and reflection on customers*

Aspect type	Aspect characteristics that work as inhibitors	Symptom/ indicator within an organization	Symptom/ potential reflection on customers
Total offering - High-technology perspective - Lack of service development - Transactional perspective to total offering	<ul style="list-style-type: none"> - Products developed apart from customers. - Offering seen from organization's perspective: marketed in high-tech language. - Service seen product orientedly as selling hardware & spare-parts. - No activities to develop new services. - Focus on getting single transactions: selling automation projects. 	<ul style="list-style-type: none"> - Products do not necessarily meet the needs of customers. - Do not understand the language used – inadequate knowledge on offering. - Service needed not available. - No long-term support - Horizon of relationship with the supplier remains short. "one project at a time" type of cooperation. 	

Relational customer orientation calls for depicting the total offering from the customer perspective as following the customer's production process lifecycle. The findings indicate that this calls for the development of capabilities and getting familiar with the customer's business and the customer's customer's business.

The case study suggests that the total offering should be concretely developed towards an emphasis on service, and especially on more consultative type of service that aim to improve the customer's performance and thus to cocreate value with the customer, if an organization wishes to embrace relational customer orientation. Therefore, the offering should be developed in close cooperation with customers. This implies that the total offering needs to be redeveloped to meet the customers' needs and in a way that enables

customization. Then the customer can get a "matching" solution for its needs. As the total offering has solutions for each point of time in the customer's process life cycle, it emphasizes long-term support to customers. It also implies that the case organization is willing to take more responsibility for the customer's process performance. The customers can then concentrate on their core competencies, as extensive service is available from a single supplier. Accordingly, the total offering can work as a concrete means of keeping the customer relationship active (table 27).

Table 27. *Total offering related solutions; their indicators in an organization and reflection on customers*

Aspect type Aspect characteristics that work as solution	Symptom/ indicator within an organization	Symptom/ potential reflection on customers
Total offering - Customer perspective on total offering - Service development - Relational perspective to total offering.	- Total offering follows customer's production process lifecycle. - Service developed in cooperation with customers. - Focus on service. - Capabilities & know-how development. - Speaking the customer's language	- Long-term support available: solutions available for each step of the production process lifecycle. - Can delegate responsibility and concentrate on core capabilities. - Larger entities available from single suppliers: easy to do business with. - "Match" with the needs; customized solutions. - Offering is understandable.

As the total offering has proved out to be an essential dimension in creating customer orientation particularly from relational perspective, I decided to introduce a new conceptual category i.e. a new dimension 'total relationship offering' to the model of creating relational customer orientation (figure 34). The *total relationship offering dimension includes two activity concepts: the 'relationship activation' and the 'customized offer redevelopment'*.

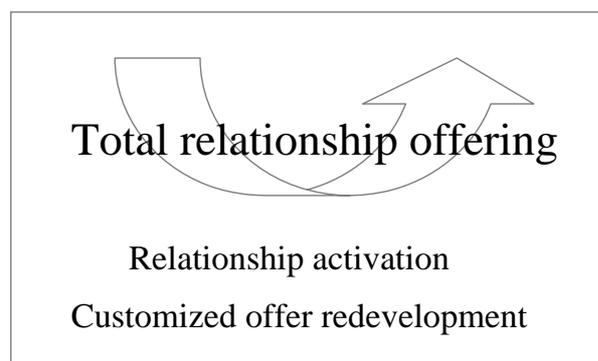


Figure 34. *Total relationship offering: Dimension in creating relational customer orientation.*

It was possible to derive a number of indicators from the data that are indicating that *total relationship offering can act as relationship activator* (table 28). In the informant's comments it came out clearly that the total offering is built to support the customers during the entire lifecycle of the customer's production process life cycle. This implies long-term commitment on customers. Accordingly, the case organization has expanded the scope of offering to its existing customers. The offering has been developed towards cocreating value with those customers, which means getting to closer cooperation with the customers. The offering also allows customization to meet the individual customer's needs at a particular point of time in the life cycle. Accordingly, the case organization has become more deeply familiar with the customers' business and the customers' customer's business. The total relationship offering also facilitates customer encounters, as it matches with the customer's organization.

Table 28. *Indicators of 'relationship activation' activity concept*

<u>Indicators:</u>	<u>Activity concept:</u>
<ul style="list-style-type: none"> • Total offering is depicted from customer perspective: Follows customer's production process life cycle. • Emphasizes long-term support to customers with its offering – has solutions for each point of time in customer's production process life cycle. • Answers customers' wish to get larger entities from a single supplier and delegate responsibility. • Expanded the scope of delivery to existing customer base and especially its key customers in order to maintain and develop customer relationships. • With its offering aims to cocreate value with customers: getting closer to customers. • Offering allows customization to meet individual customer's needs. For the basis of this, the customer's have been profiled. • Needed capabilities and know-how have been developed: getting familiar with customers' business and customer's customer's business. • Total life cycle offering matches with customer's organization, which can facilitate the customer encounters. 	<p>Relationship activation</p>

It was also possible to derive a number of indicators from the data that are indicating that *total relationship offering need to be redeveloped from customer perspective* if an organization wished to create relational customer orientation (table 29). The offering needs to be concretely developed to meet the requirements of customers. Cocreating value with the customer asks for more consultative types of service that aim to improve concretely the customer's business processes. The total offering needs to be developed in close cooperation with the customers. The customized offer redevelopment also calls for developing capabilities and know-how.

Table 29. *Indicators of 'customized offer redevelopment' activity concept.*

<u>Indicators:</u>	<u>Activity concept:</u>
<ul style="list-style-type: none"> • Emphasize services in its total offering. • Business has been redefined as services business. • Concretely widened the scope of services out of the total offering. • Core product expressed also from services perspective as reliable automation project execution and management. • New availability and performance services developed and brought to the market to help customer's value creation. • Performance services truly aim at cocreating value with the customer. • Needed service capabilities add to the organization – appointed product managers responsible for developing new services. • New products and services developed in close cooperation with customers. 	 <p>Customized offer redevelopment</p>

As a summary, the findings indicate that perceiving the total offering from purely high-technology i.e. product perspective can certainly be an inhibitor for relational customer orientation. Then the total offering does not necessarily answer the needs of the customers. Accordingly, the customer does not get long-term support from its supplier and the horizon of relationship remains short as the cooperation is characterized as being "one project at a time" type. Based on the findings, I propose that the creation of relational customer orientation calls for depicting the total offering from customer perspective as following the customer's production process lifecycle. The findings indicate that this calls for the development of capabilities and to become familiar with the customer's business and the customer's customer's business. The total offering needs to be redeveloped to meet the customer's needs and in a way that enables customization. Then the customer can get a "matching" solution for its needs. As the total offering has solutions for each point of time in the customer's process lifecycle, it emphasizes long-term support to customers. This is why I call this new conceptual category i.e. the dimension in the creation of relational customer orientation, a total *relationship* offering. It was interesting to realize that indeed the total relationship offering can be a means to keep the customer relationship concretely active and the choices made in the offering can be important particles in the cocreation of value to the customer.

Thus, the total relationship offering can be an important means to keep the customer relationship active when built in a way that supports the customer's business processes. The creation of relational customer orientation thus calls for redeveloping the total offering from a customer perspective.

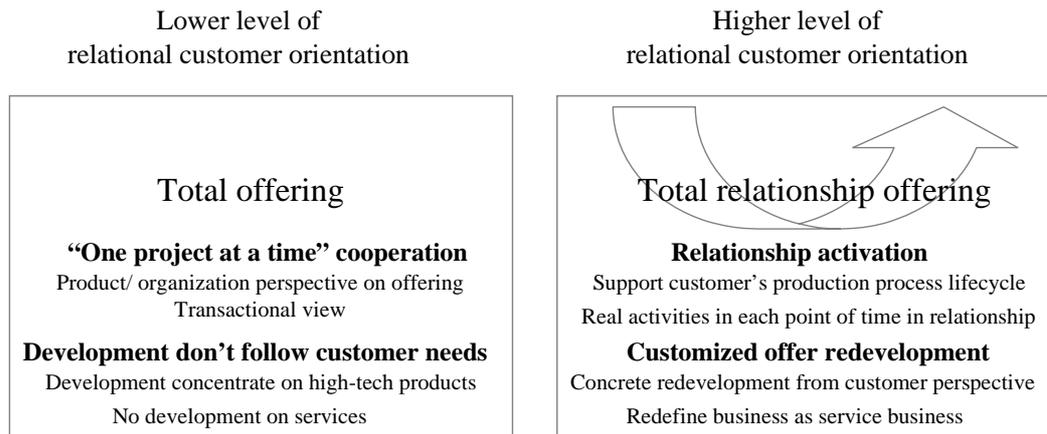


Figure 35. *Total relationship offering in creating relational customer orientation.*

5.5 Construction of the modified model for creation of relational customer orientation in a professional high-tech organization

As a summary of the main results of this research, I have constructed a modified model for the creation of relational customer orientation in a professional high-tech organization. The preliminary model had been constructed as an interplay of analyzing the first set of data and a literature review on previous related research done. Therefore, the preliminary model was already partly constructed as the results of the analysis. The modified model is made by analyzing all the data available with the assistance of the preliminary model. Compared to the preliminary model, there are some additions and several insights more detailed in the modified model. The most important addition to the preliminary model is the new conceptual category of the 'total relationship offering' and accordingly the new activity concepts of 'relationship activation' and 'customized offer redevelopment'.

The model (figure 36) includes four dimensions that are important in the creation of relational customer orientation. These dimensions are 'organizational characteristics', 'actor processes relating the customer interactions', 'leadership style' and the 'total relationship offering'. Each dimension includes aspects that are at the core of focus in an organization that wishes to create relational customer orientation.

Organizational characteristics dimension includes aspects of 'mindset' including the 'culture', 'structure' and 'operational practices' that are all important aspects in creating relational customer orientation. Since the value for the customer is created in interactions between people i.e. from the supplier and

customer organizations, the mindset and under it the culture are ultimately the things that need to be changed in an organization if an organization wished to embrace the relational customer orientation. In order to create relational customer orientation in a professional high-tech organization, the *mindset* of an organization needs to be reoriented. This will support customer oriented and relational values of having the customer at the center of thinking and that satisfying and creating value for the individual customer together as a process is the focal role of each member in the organization. An organization whose mindset is customer oriented and relational focus on customers and customer relationships, as opposed to the organization whose mindset would be technology and organization oriented and transactional.

On an individual level, the customer contact employees can be customer oriented and act in a relational form even though the organization as a whole would not be customer oriented. In order for an organization to be customer oriented from a relational perspective, it needs to be that in a collective manner, as superior customer value can be cocreated only in cooperation. Thus, the *culture* should encourage collectivity in serving the customers together instead of encouraging collegial sub-groups and individualism.

Changes in the mindset and the culture of an organization can only be done indirectly. The reason for this is that the positive experiences that affirm that the new frame of thinking is the right one, are the ones that little by little can make the changes happen at the cultural level of the organization and ultimately on the mindset of people in the organization. Thus in order to make the change happen in the mindset and culture level in creating relational customer orientation, the organization needs to concentrate on making changes on concrete aspects. Building values and especially norms that support relational customer orientation are important change targets, in addition to changes in e.g. structure, and operational practices as well as other aspects that are covered in the dimension.

In creating relational customer orientation, the *structure* of an organization should be reorganized processually. The processual organization structure is one concrete solution in creating relational customer orientation in a professional high-tech organization as it can facilitate the process of creating value for the customer on a long-term basis. It clarifies roles of individuals and functions in the value creation process along the customer's process lifecycle and encourages inter-functional collaboration instead of competition. Thus relational customer orientation calls for the processual organization structure as opposed to the silo structure.

To create relational customer orientation, the *operational practices* that are central to the relationship management should be developed, as they are the practices that are at the core of serving an individual customer and building, maintaining and developing customer relationships. Relational customer orientation calls for operational practices that are relational, customer-centered and collective as opposed to transactional, internally bound and non-cooperative practices. Findings show that managing customer relationships collectively calls for cross-functional customer specific teams.

Actor processes relating to the customer interactions dimension includes aspects of 'inter-functional coordination of customer interactions' and 'generation and dissemination of customer specific information'. Both dimensions are central development areas in an organization that wishes to become customer oriented from a relational perspective. If an organization wishes to create relational customer orientation it needs to ensure the proper *inter-functional coordination* aiming at collective and coordinated customer interactions and the management of customer relationships. Only then can all the members of the organization together continuously create value for the customers. The findings indicate that in an organization that represents a lower level of relational customer orientation, there are no coordinated efforts to approach the customers. Rather interactions are autonomous which can reflect on customers as fragmented activities. An organization can improve its inter-functional coordination via formal rules and norms of procedure, through structure, metrics and operational practices that encourage inter-functional collaboration and most importantly via cross-functional customer specific teams. Cross-functional teams manage the chain of creating value for the customer. It is a means to utilize all the capabilities needed to create value for the customer on a long-term basis. Each team should have a nominated relationship coordinator, who is ultimately responsible for the customer relationship in question. The relationship coordinator has the best personal relationship with the members of the customer organization.

To meet the requirements of the specific customer relationship, it is important to have accurate customer specific information throughout the organization. In an organization such as the professional high-tech organization, where most employees work in the customer interface, the generation of customer specific information is not a problem. On the contrary, there seems to be plenty of customer specific information available in this type of an organization that is mostly generated in daily interactions with the customer. This knowledge, that is often tacit, easily stays on an individual level and in some cases function specific. Customer specific information is not shared among individuals and functions on an organization that is technology oriented and embraces an individualistic culture. In creating relational customer orientation, attention needs to be paid not only to the *generation of customer specific information* but also and foremost to the *dissemination of this intelligence*. Only when the customer specific information is disseminated widely and become shared organization wide platform from which customer specific decisions and plans are made, relational customer orientation prospers. The means for generation and dissemination of customer specific information include a common system (i.e. customer relationship management database), presentations, cross-functional workshops and meetings. Dissemination of information can be encouraged also by organizational structure, metrics and cooperative operational practices, and foremost via cross-functional customer specific teams. The findings emphasize the role of cross-functional teams in dissemination of customer specific information. This information is many times in its tacit form, and can then be best disseminated through close collaboration.

Leadership is important in a change process, as only the leaders can make the change happen on an organizational level. The findings support the idea that managers need to be characterized as being transformational in order to influence positive customer orientation. Transformational leaders adopt a long-term perspective, in addition to being aware of the current situation they also focus on the future, and they see the intra and extra organization issues from a holistic orientation rather than as discrete factors. In the model, a leadership style dimension includes aspects of 'commitment', 'empowerment' and 'metrics' that are the leadership style characteristics and means of leadership that have emphasized importance in the creation of relational customer orientation. If an organization wishes to create relational customer orientation, it needs to experience a leadership *commitment* throughout the organization on relational customer orientation and on what it stands for in practice. For employees to internalize the relational customer orientation, they need to experience an unbroken circuit of leadership from the top level to local managers. Any break in the connectivity can negate the senior leaders' positive influence, especially if the break occurs in close proximity to the customer contact workers. If leaders are not themselves truly committed to customer-centric and relational values, creating relational customer orientation on an organizational level is naturally inhibited. Committed leaders themselves "walk the talk" of relational customer orientation by being centrally part of building, maintaining and developing customer relationships and by collaborating with the members of other expertise areas and functions.

Centralization of decision making on the management can negatively affect the motivation of customer contact employees that can be reflected on customers. The *empowerment* of decision-making authority to customer contact employees facilitates the creation of relational customer orientation by two means. Firstly, empowering and committing employees to the strategy formation and implementation seems to motivate change. Secondly, empowering the customer contact employees with the decision-making authority in the customer encounters increase service motivation and can mean a better and quicker response to customer needs.

Metrics and especially the measurement of results play an important role in the creation of relational customer orientation. It is a central issue in the encouragement for the inter-functional collaboration that is necessary in cocreating superior value for the customer. If the measurement of results support individualism and internal fragmentation instead of supporting serving customers together, collectively, it is impossible to reach the wanted level of relational customer orientation. The metrics should be redeveloped to support the values of customer orientation including the inter-functional cooperation. The reward systems and incentives should increasingly include behavioral evaluations of the level of customer service and inter-functional cooperation in addition to the traditional monetary evaluations. Even more importantly, an organization should measure the results of the functions in a way that supports cooperation.

The new dimension of the total relationship offering includes aspects or more specifically activity concepts of 'relationship activation' and 'customized offer

redevelopment' that depict the role of total relationship offering in the creation of relational customer orientation. The total offering certainly plays an important role in the endeavor to increased *relational* customer orientation. Perceiving the total offering from purely high technology i.e. a product perspective, can certainly be an inhibitor for relational customer orientation. Then the total offering does not necessarily answer the needs of the customers. Accordingly, the customer does not get long-term support from its supplier and the horizon of relationship remains short as the cooperation is characterized as being a "one project at a time" type.

The creation of relational customer orientation calls for depicting the total offering from a customer perspective as following the customer's production process lifecycle. This calls for the development of capabilities and getting familiar with the customer's business and the customer's customer's business. The total offering needs to be redeveloped to meet the customers' needs and in a way that enables customization. Then the customer can get a "matching" solution for its needs. As the total offering has solutions for each point of time in the customer's process lifecycle, it emphasizes long-term support for customers. This is why this new conceptual category i.e. the dimension in the creation of relational customer orientation is called a total relationship offering.

The total relationship offering can be a means for *keeping the customer relationship concretely active* and the choices made in the offering can be important particles in the cocreation of value to the customer. In creating relational customer orientation, total relationship offering is a focal dimension. The total relationship offering can be an important means to keep the customer relationship active when built in a way that supports the customer's business processes. Creation of relational customer orientation thus calls for *redeveloping the total offering from a customer perspective*. The total offering is a meaningful and at the same time a challenging "instrument" to implement a change towards increased relational customer orientation in a professional high-technology organization, where the dominant focus in the organization previously has been in the products developed. By understanding the change done in the offering as considering it from the customer point of view, even the most "high-technology" oriented person in the organization can get into understanding what customer orientation means in practice.

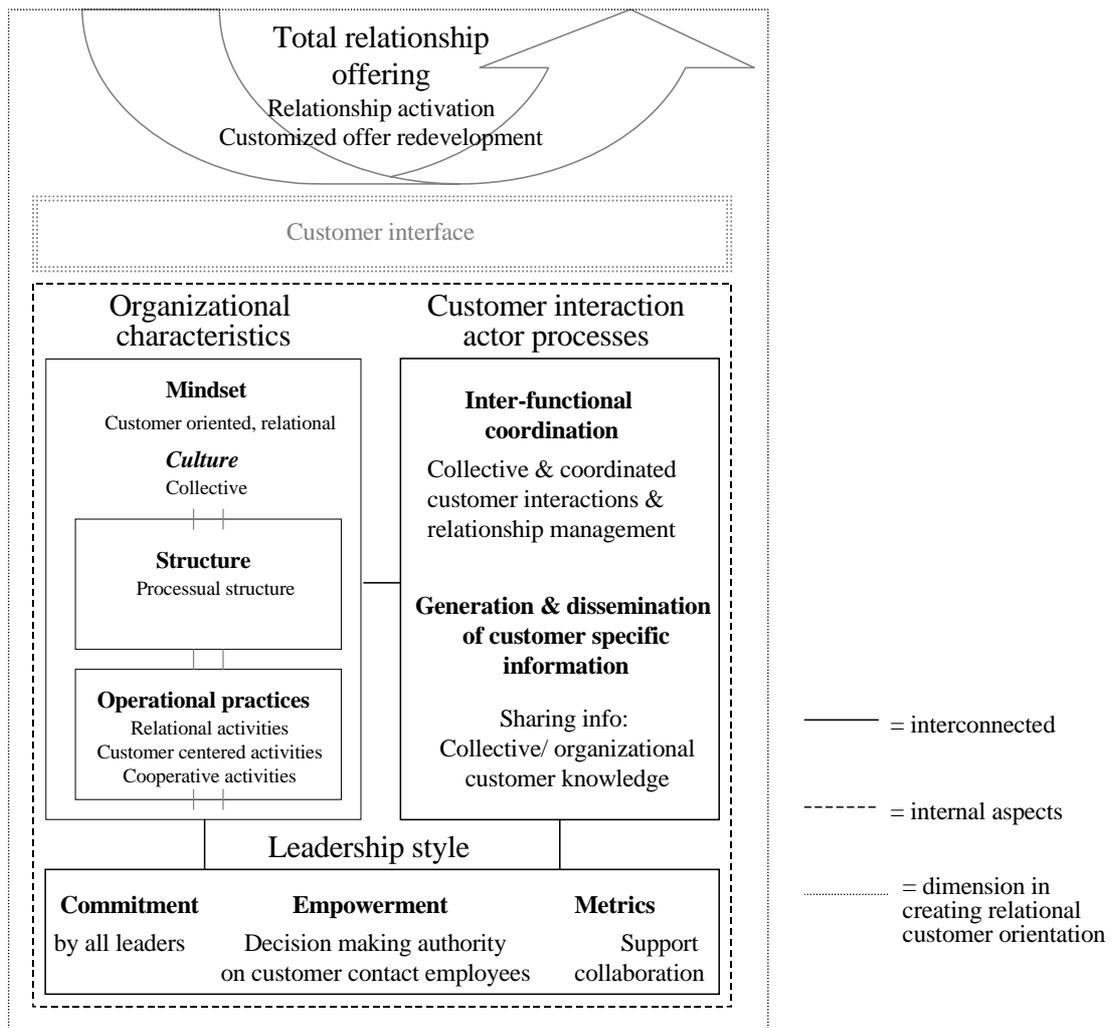


Figure 36. *Modified model of creating relational customer orientation in a professional high-tech organization.*

In a modified model, there is logic behind locating the dimensions compared to each other. I located the 'total relationship offering' in the customer interface as for a large part the total offering is delivered and to some extent also developed in close cooperation and together with the customer. It includes focal activities between the organizations along the long-term inter-organizational relationship. 'Organizational characteristics' and the 'actor processes relating to the customer interactions' are the dimensions that are modified and developed within an organization but have more direct consequences and emphasis on customer interface and on how the operations are reflected on customers as opposed to the leadership style dimension. In my opinion, 'leadership style' dimension aspects are more purely developed within an organization and thus have more indirect consequences on customer interface, although being focally important in making the change happen towards relational customer orientation.

6 DISCUSSION

6.1 Conclusion on the findings

This research has given answer to the question "How can a professional high-tech organization create relational customer orientation?". In the case study, there were three sub-questions that were answered in order to be able to answer the main research question. These sub-questions are:

- What kind of stages can be identified in the implementation process of creating relational customer orientation? (This question was answered in chapter 4)
- What kind of inhibitors are there for relational customer orientation in a professional high-tech organization?
- What kind of solutions can advance relational customer orientation in a professional high-tech organization? (These two questions were used to construct a modified model of the creation of relational customer orientation).

In this section, I will conclude the findings by discussing them in relation to previous related studies on customer orientation and especially in relation to studies (Narver et al. 1998; Day 1999a; Kennedy et al. 2003; Foley & Fahy 2004; Gounaris et al. 2004; Strong & Harris 2004; Kirca et al. 2005; Gebhardt et al. 2006) that in my opinion are most closely related to the phenomenon in focus of creating relational customer orientation. Then at the end of this section I will conclude the findings with a proposition of characteristics that form a continuum of the level of relational customer orientation in an organization, and accordingly suggest a graph to spot that level.

Phased change process

In answering the first sub-question that aims at the depiction of the phased change process, I reflected the change process in the case organization to change models introduced by Day (1999a) and Gebhardt et al. (2006). As these models, that describe and explore the phased change process to a greater market orientation, were used as tools for analysis, I decided to discuss the change process in the case organization in relation to these two models already in the chapter 4. Thus, at this point I will only scantily discuss this part of the study.

I found out that roughly speaking the change process towards increased relational customer orientation have four interdependent stages that have multiple overlapping activities in them. These stages are the initiation of change, building commitment, building understanding through institutionalization and maintenance. All four stages are interdependent and include several activities that are not necessarily sequential. Instead, many activities initiated early in the change process occur simultaneously. This form seems to be in line with what Day (1999a) discovered. Gebhardt et al. (2006) on the other hand found that the steps and activities in their change model are path-dependent.

As what comes to the stages of change and the activities in them, there seems to be plenty of similarities to the compared models. In fact, the model of this research seems to largely affirm many of the findings of both Day's (1999a) and Gebhardt's et al.(2006) model. A central addition in the model of this research and thus a contribution to the knowledge compared to the two other models is the *development of total offering as being a focal part in institutionalizing the change*. Total offering related activities were not brought up in Gebhardt's et al (2006) and Day's (1999a) change models. In the case organization the development of the total offering was clearly an activity that aimed at concrete maintenance and development of long-term customer relationships. Thus, it turned out to be an important development area in pursuit towards increased relational customer orientation, as was affirmed also by further analysis. Furthermore, *communication* was an activity that came out strongly as a key activity during the whole change process in the case organization. In the case organization, the idea of open and active communication was to make sure that the whole organization is all the time aware of what has been accomplished, and what is to be done next. In this way the understanding and commitment was built-up. The entire organization was engaged in the communication. The communication was not only one-way communication but also interactive. The interactive communication worked at the same time as the training forum for the personnel. Communication was an activity that was not to my surprise mentioned in the compared change models. However, training is an activity mentioned in Gebhardt's et al. (2006) model. In the case organization, training is considered a central part of interactive communication.

The change process has been investigated during approximately 3.5 years. When considering the role of time in this research, I see it having two roles. Firstly, to capture the phased change process of a case organization, and secondly to track both the inhibitors for the relational customer orientation that the case organization has had in the change process, and the solutions for increased relational customer orientation that has been made.

Dimensions and aspects that are central in creating relational customer orientation

The main focus of this research has not been in describing the phased change process, but to get to know what kind of inhibitors and solutions there are for relational customer orientation. By answering these questions, I have aimed to

get a deeper understanding of the dimensions in an organization that are at the core of creating relational customer orientation. Identifying the dimensions and assembling them together to form a conceptual framework i.e. the model of creating relational customer orientation has been the main target of this research and thus is the most important contribution as well.

In the model, I identified four dimensions that are important in the creation of relational customer orientation. These dimensions are 'organizational characteristics', 'actor processes relating the customer interactions', 'leadership style' and the 'total relationship offering'. Each dimension includes aspects that are the core focus in an organization that wishes to create relational customer orientation. When comparing the dimensions that came out to be essential to understanding the phenomenon to the previous relating research on creation of relational customer orientation, there seems to be several aspects that came out in this research as new focal denominators for the creation of relational customer orientation. In addition, this research gave a more detailed insight into some aspects.

Organizational characteristics

One central finding in this research is that since the value for the customer is created in interactions between people (from the supplier and customer organizations), the mindset and under it the culture are ultimately the things that need to be changed in an organization if an organization wished to embrace the relational customer orientation. To my understanding, also the studies that I identified as relating to the creation of customer orientation (Narver et al. 1998; Day 1999a; Kennedy et al. 2003; Foley & Fahy 2004; Gounaris et al. 2004; Strong & Harris 2004; Kirca et al. 2005; Gebhardt et al. 2006) all are in favour of at least the aim for cultural change, although mindset and culture were not highly emphasized in most of the studies in the main results. Narver et al. (1998), Kennedy et al. (2003) and Gebhardt et al. (2006) all seem to have a cultural perspective on market orientation, whereas to my understanding, Day (1999a), Strong & Harris (2004), Foley & Fahy (2004) and Kirca et al. (2005) all are in favour of seeing market or customer orientation as a synthesis of cultural and behavioural perspectives, behavioral perspective emphasising the activity or organization's behaviour point of view. This is also the view of customer orientation in this study.

It was an interesting finding for me that on an individual level the customer contact employees can be customer oriented and act in a relational form even though the organization as a whole would not be customer oriented. In order for an organization to be customer oriented from a relational perspective, it needs to be that in a collective manner, as superior customer value can be cocreated only in cooperation. Thus, the *culture* should encourage collectivity in serving the customers together instead of encouraging collegial sub-groups and individualism. As such, the previous customer orientation literature emphasizes that customer orientation has one overriding value: the commitment by all members of the organization to create superior value for the customer

continuously (e.g. Narver et al. 1998; Kennedy 2003). This implies to me also collectivity, although indirectly. Thus, the aim for collectivity as such was not a surprising finding to me. However, what is new and thus was especially interesting to notice is that on an individual level customer orientation may be prevailing although the organization as such would not be customer oriented. This finding can be to some extent context specific, as professional organizations are often characterized as emphasizing individualism and strong collegial sub-groups (e.g. Bollinger & Smith 2001, 14; Thomas-Hunt et al. 2003). Thus, it may be that individualism as such might not be such a big challenge for the creation customer orientation in organizations where there are not such a large proportion of employees working in the customer interface.

As the findings indicated, changes in the mindset and the culture of an organization can only be done indirectly. The reason for this is that the positive experiences that affirm that the new frame of thinking is the right one are the ones that little by little can make the changes happen at the cultural level and ultimately on the mindset of people in the organizational. Also Narver et al. (1998) suggested that because a culture is a pattern of assumptions based on experience, a new culture is accepted only if it is congruent with the experience of the members of the group.

The findings suggested that in creating relational customer orientation the *structure* of an organization should be reorganized processually. A processual organization structure is one concrete solution in creating relational customer orientation in a professional high-tech organization as it can facilitate the process of creating value for the customer on a long-term basis. Structural changes have not been suggested in the previously related research of the creation of customer orientation (i.e. Narver et al. 1998; Day 1999a; Kennedy et al. 2003; Foley & Fahy 2004; Gounaris et al. 2004; Strong & Harris 2004; Kirca et al. 2005; Gebhardt et al. 2006). However, structure has been quite a frequently discussed aspect in customer orientation discourse overall and in the context of professional organizations. Day (2000) points out that building customer orientation might mean renewed organizational structures. In addition, Slater & Narver (1995) propose that by creating suitable design, organizations can provide forums for e.g. knowledge sharing. The processual structure has been suggested also by other researchers as means for better integration between different functions and actors (Grant 1996, 384), and thus as a means to improve lateral communication processes (Burns & Stalker 1961), for example.

To create relational customer orientation, the *operational practices* that are central to the relationship management should be developed, as they are the practices that are at the core of serving an individual customer and building, maintaining and developing customer relationships. Relational customer orientation calls for operational practices that are relational, customer-centered and collective as opposed to transactional, internally bound and non-cooperative practices. Findings show that managing customer relationships collectively call for cross-functional customer specific teams. Also Kirca et al. (2005) proposed that internal processes, such as the activities in customer specific teams, have a great influence in implementing customer orientation. Also, Day (1999a) found

out that many firms have adopted teams focused on managing distinct customers for achieving closer alignment within an organization.

To my understanding, the 'operational practices' aspect in the model is closely related to the fact that the perspective to customer orientation is relational, and on the other hand to the context of a professional high-tech organization. In the studies on professional organizations, project teams have been suggested as a means for coordination between functions and experts (e.g. Kolehmainen 2004, 91). In addition, teams have been suggested as a means for managing long-term customer relationships in an organization such as professional organizations, where several different expertise are represented in the customer interface (Möller & Rajala 1999). Of the previous related studies on the creation of customer orientation, Strong & Harris (2004) strongly emphasized operational practices as a way to generate strong customer orientation. They had a relational view to the phenomenon. In fact, they revealed strong evidence of significant associations between relational tactics and the extent of customer-oriented organization.

Actor processes relating the customer interactions

This research affirmed that both the 'inter-functional coordination of customer interactions' and the 'generation and dissemination of customer specific information' are central development areas in an organization who wishes to become customer oriented from a relational perspective. If an organization wishes to create relational customer orientation it needs to ensure the proper *inter-functional coordination* aiming at collective and coordinated customer interactions and the management of customer relationships. Only then can all the members of the organization together continuously create value for the customers.

Inter-functional coordination is a theme that is frequently discussed in the customer and market orientation discourse in general (e.g. Kohli & Jaworski 1990; Narver & Slater 1990; Jaworski & Kohli 1993; Day 1994;) and in studies relating to the creation of this orientation (e.g. Narver et al 1998; Kennedy et al. 2003; Strong & Harris 2004; Kirca 2005). The findings of this research indicate that in an organization that represents a lower level of relational customer orientation, there are no coordinated efforts to approach the customers. Rather interactions are autonomous which can be seen by customers as fragmented activities. To my view, this finding is closely related to the relational perspective of this research. In transactional exchanges, different functional groups can work functional goals, while relational exchanges require more flexibility and commitment in accessing a wider variety of internal resources to benefit the customer. Thus, inter-functional coordination is important in relational exchanges (e.g. Narus & Anderson 1995; Möller & Rajala 1999; Kotharaman & Wilson 2000; Jones 2003; Brady 2004).

According to the findings, an organization can improve its inter-functional coordination via formal rules and norms of procedure, through structure, metrics and operational practices that encourage inter-functional collaboration and most

importantly via cross-functional customer specific teams. Metrics is a means for inter-functional coordination that was emphasized in the data. This area has not been previously suggested in customer orientation discourse as a means for inter-functional coordination. According to the findings, cross-functional teams manage the chain of creating value for the customer. It is a means to utilize all the capabilities needed to create value for the customer on a long-term basis. Each team should have a nominated relationship coordinator, who is ultimately responsible for the customer relationship in question. The relationship coordinator has the best personal relationship with the members of the customer organization. Cross-functional teams have been suggested as an important means to manage long-term customer relationships in business-to-business organizations (e.g. Narus & Anderson 1995; Möller & Rajala 1999).

To meet the requirements of the specific customer relationship, it is important to have accurate customer specific information throughout the organization. This is a finding that has been emphasized in customer and market orientation discourse (e.g. Kohli & Jaworski 1990; Maltz & Kohli 1996; Kennedy 2003). In former studies relating to the creation of customer orientation, market information was emphasized by Foley & Fahy (2004) and Kennedy (2003). It was an interesting finding to me that in an organization such as the professional high-tech organization, where most employees work in the customer interface, the generation of customer specific information is not a problem. On the contrary, there seems to be plenty of customer specific information available in this type of an organization that is mostly generated in daily interactions with the customer. This knowledge, that is often tacit, easily stays on an individual level and in some cases function specific. Customer specific information is not shared among individuals and functions on an organization that is technology oriented and embraces an individualistic culture. The findings of this research emphasize that in creating relational customer orientation, attention needs to be paid not only to the generation of customer specific information but also and foremost to the dissemination of this intelligence. Only when the customer specific information is disseminated (i.e. shared) widely and becomes collective organization wide platform from which customer specific decisions and plans are made, relational customer orientation prospers (in line with what Kennedy et al. 2003 discovered). This was found to be challenging because this customer specific information tends to largely in its tacit form.

As the perspective of this research is relational, the customer specific information was discovered to be important also for the relationship management purposes. It is important to have accurate information about customer interactions and have a history of a particular customer relationship available to all in the organization (see also Jayachandran et al. 2005). In addition, the specific context of a professional high-tech organization seems to challenge the dissemination of knowledge because of the tendency of internal fragmentation (see also Starbuck 1992; Nätti 2005).

As an addition to previous research on the creation of customer orientation, the findings of this research also suggest solutions for information generation and dissemination. Means for generation and dissemination of customer specific

information are a common system (i.e. customer relationship management database), presentations, cross-functional workshops and meetings. Dissemination of information can be encouraged also by organizational structure, metrics and cooperative operational practices, and via cross-functional customer specific teams. The findings emphasize the role of cross-functional teams in dissemination of customer specific information. This information is many times in its tacit form, and can then be best disseminated through close collaboration. Also e.g., Nätti (2005) proposed relationship coordination systems (as the customer specific teams can be) as a means for sharing the customer specific information in an organization.

Leadership style

The findings showed that leadership is important in the change process, as only the leaders can make the change happen on an organizational level. The findings support the idea that managers need to be characterized as being transformational in order to influence positive customer orientation. This has been suggested also by Slater & Narver (1995) and Martin & Bush (2003). Transformational leaders adopt a long-term perspective, in addition to being aware of the current situation they also focus on the future, and they see the intra and extra organization issues from a holistic orientation rather than as discrete factors (also Kotter 1990).

Generally, customer and market orientation discourse has emphasized the importance of *senior* leaders in developing the orientation in an organization (e.g. Kohli & Jaworski 1990; Narver et al. 1998; Day 1999a, Stock & Hoyer 2002; Kirca et al. 2005). Diverging from most of the research, this research indicated that if an organization wished to create a relational customer orientation, it needed to experience a leadership commitment *throughout the organization* on relational customer orientation, and on what it stands for in practice. For employees to internalize the relational customer orientation, they need to experience an unbroken circuit of leadership from the top level to local managers. Any break in the connectivity can negate the senior leaders' positive influence, especially if the break occurs in close proximity to the customer contact workers. This is in line with what Kennedy et al. (2003) also suggested.

This research suggests that centralization of decision making on the management can negatively affect the motivation of customer contact employees that can be reflected on customers. The *empowerment* of the decision-making authority to customer contact employees facilitates the creation of relational customer orientation by two means. Firstly, empowering and committing employees to the strategy formation and implementation seems to motivate change. Collaborative strategy development was also suggested by Day (1999a) to increase motivation for change. Secondly, empowering the customer contact employees with the decision-making authority in the customer encounters increase service motivation and can mean a better and quicker response to customer needs. In addition, Strong & Harris (2004) proposed that employees working in the customer interface have a better ability to make decisions based

on what is suitable for the customer. In my opinion empowerment is again an aspect that is especially important in the relational perspective to customer orientation. Each encounter with a customer can have an affect on the development of long-term relationships. Empowerment is a theme that has been discussed in relationship and services marketing discourse (e.g. Grönroos 1990, 9).

The case study of this research highly emphasized the role of *metrics* and especially the measurement of results as having an important role in the creation of relational customer orientation. It is a central issue in the encouragement for the inter-functional collaboration and is necessary in cocreating superior value for the customer. This is a new finding compared to previous research relating to the creation of customer orientation. A reward system has been brought up as being a central area in developing customer or market orientation on individual level (e.g. Glassman & McAfee 1992; Ruekert 1992; Day 1999a; Kirca et al. 2005). The findings of this research suggest that a reward system and incentives alone turned out to be a limited view on metrics as a means of developing customer orientation. The measurement of results in an organization seems to affect the creation of relational customer orientation. If the measurement of results supports individualism and internal fragmentation instead of supporting serving customers together, collectively, it is impossible to reach the wanted level of relational customer orientation. The metrics should be redeveloped to support the values of customer orientation including the inter-functional cooperation. The reward systems and incentives should increasingly include behavioral evaluations of the level of customer service and inter-functional cooperation in addition to the traditional monetary evaluations. This is in line with what e.g. Ruekert (1992) and Kirca et al. (2005) have suggested. Even more importantly, an organization should measure the results of the functions in a way that supports cooperation.

Total relationship offering

The total offering came out to be essentially the central dimension in the creation of relational customer orientation. It is concluded that the total offering is an important means to keep the customer relationship active. The creation of relational customer orientation thus calls for redeveloping the total offering from a customer perspective in a way that would support each phase in the customer's production process lifecycle. In this way, the total offering is a match to the customer's needs on a long-term basis supporting the development of inter-organizational relationship.

The importance of total offering related decisions and actions in creating customer orientation from a relation perspective is a new finding relating the creation customer orientation. It is a dimension that has not been raised and discussed in the previous related studies (Narver et al. 1998; Day 1999a; Kennedy et al. 2003; Foley & Fahy 2004; Gounaris et al. 2004; Strong & Harris 2004; Kirca et al. 2005; Gebhardt et al. 2006). I would consider the exception being the study by Gounaris et al. (2004), who pointed out that a market-oriented

organization has as part of its marketing strategies, decisions on new products that would fit market conditions. Although in the studies relating to the creation of customer orientation total offering has not been pointed out, total offering is not however a totally new subject in the theoretical discussion around the concept of customer or market orientation. In characterizing an organization embracing customer or market orientation, Noble et al. (2002) suggests that such companies concentrate on providing service that meet customer needs. Schneider & Bowen (1993) have suggested that the customer-supplied information in an organization should be used to design and deliver a total offering. Moreover, Dwyer & Tanner (2002, 1988) suggest that a market oriented organization offers a total offering that better matches customer preferences.

A total relationship offering dimension is an important addition to the understanding of the phenomenon of creating customer orientation. In my opinion, the basic essence of the total relationship offering dimension differs from the other three dimensions of creating customer orientation because it is a dimension with the most direct consequence and reflection on the customers. The other three dimensions concentrate more on intra organizational aspects that are relevant in creating relational customer orientation. I feel that the total relationship offering and its related development activities in an organization are most closely tied into the fact that the organization aims at relational customer orientation, as it can be a key to cocreate value with the customer on a long-term basis. To my understanding, by far the previous relating studies (Narver et al. 1998; Day 1999a; Kennedy et al. 2003; Foley & Fahy 2004; Gounaris et al. 2004; Kirca et al. 2005; Gebhardt et al. 2006) have more clearly concentrated on the purely intra-organizational aspects that need to be developed in creating customer orientation. Strong & Harris's (2004) study is an exception in a sense that they found out that one of three organizational approaches to facilitate customer orientation is a procedural approach that include tactics of customer focus systems, customer care procedures and customer visit procedures. These procedural tactics are related to the customer interaction. Their conclusion of the findings are in line with this research's conclusion that a balanced approach to the change towards increased customer orientation calls for considering both the intra- and extra-organizational oriented dimensions. Strong & Harris (2004) also suggest that it would be important to consider relational factors in both the design and delivery of customer oriented change. In my opinion, the relational view inevitably shifts the focus also on development activities that are at the core of building, maintaining and developing customer relationships i.e. into the customer interaction.

The total offering was no doubt the most actively discussed theme in the interviews. It was a central part of most of the internal management presentations during the years I followed the change process. One reason for this is no doubt the strong high-technology history of the case organization. In a sense, this history of being strongly technology oriented has made it impossible not to notice the fundamental changes that are done in the total offering in implementing the new relational strategy. In fact, it was intriguing to observe a clear change in how the total offering was considered in the organization during

the years. In the beginning, there was a clear focus on the automation system and other technical products and applications and the language spoken was a high-technology one. During the years, the offering was seen totally from the know-how and service point of view, which is a perspective that answers the customer demand. Moreover, the lifecycle offering was emphasized as a focal part of maintaining and developing long-term customer relationships. To my understanding, this is an area where the true mindset change has clearly occurred.

It seems to me that in fact the total offering is a meaningful and at the same time a challenging "instrument" to implement a change towards increased customer orientation in a high-technology organization, where the dominant focus in the organization has been on the products developed. By understanding the change done in the offering and considering it from the customer point of view, even the most "high-technology oriented person" in the organization could understand what customer orientation means. It was interesting to realize that indeed the total offering can be a means of keeping the customer relationship concretely active and the choices done in the offering are important actors in the cocreation of value to the customer. Cocreating value with customers means that the organization should be able to offer service that aim to improve the customer's performance. Therefore, the offering needs to be concretely redeveloped from the customer perspective. These are the reasons why I call this new conceptual category i.e. the dimension in the creation of relational customer orientation, a total *relationship* offering.

Continuum of the level of relational customer orientation

Because of the analysis and the construction of a modified model of the creation of relational customer orientation, I could not help spotting similarities and common denominators as well as characteristics in the dimensions and aspects that are raised to be central to the phenomenon. Certain themes kept on repeating themselves from dimension to dimension and from aspect to aspect. As a conclusion of the results, it was thus tempting to make a *proposition* of characteristics that could form a continuum of the level of relational customer orientation in an organization (figure 37). I wish to emphasize that this is only a proposition – interpreting the results a step further. By no means has this part reached its saturation point during this study.

In the continuum, on one extreme an organization can be said to present a lower level of relational customer orientation. In such an organization customer interactions and relationship management, if there is any, is done in an individualistic manner and autonomously e.g., this theme was brought up in all four dimensions. Also, the structure and in more general terms the operations of this kind of organization are characterized as being "silo", with high walls built between different expertise areas. The total offering and thus operations of an organization relating to it are characterized as being transactional. What ultimately depicts the orientation of an organization is the mindset. This kind of an organization can be characterized, in its extreme, as being product oriented.

On another extreme, there is an organization that can be said to represent a higher level of relational customer orientation. In it, customer interactions and managing customer relationships are done collectively and in a coordinated manner. Structure and operations of such an organization can be depicted as processual. The total offering and relating operations are relational, and thus the mindset is customer oriented.

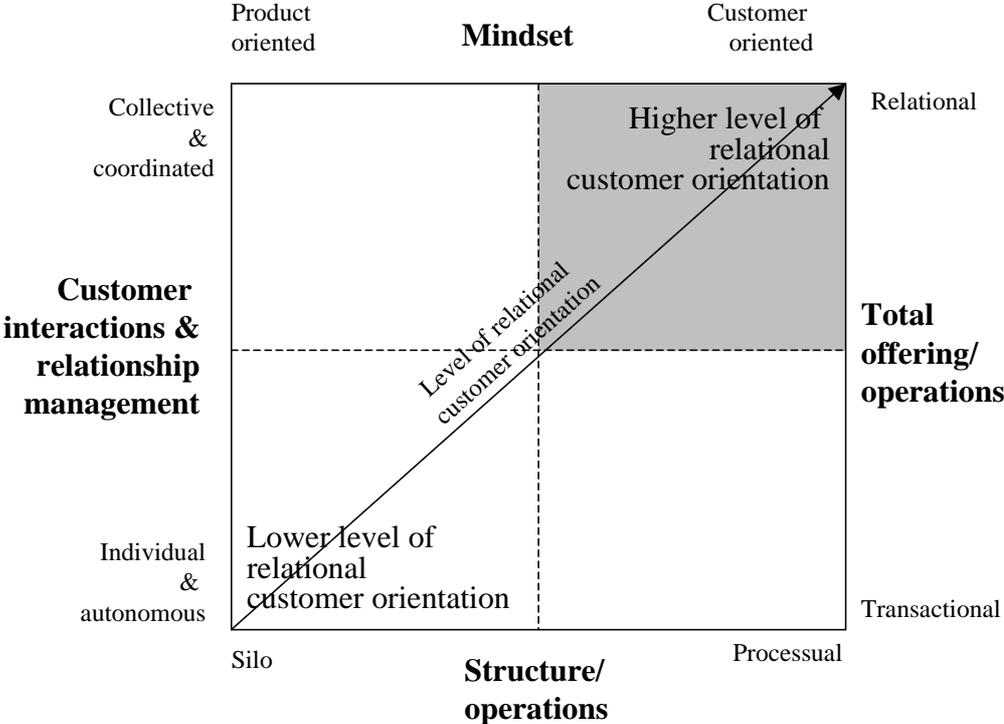


Figure 37. Continuum of the level of relational customer orientation in an organization.

As an example of how the continuum graph could be utilized in practice to figure out the level of orientation in an organization for the basis of decision making and action plans at the beginning of the change process, I spotted the *allusive* level of the orientation in the case organization. The allusive level of orientation is spotted at the beginning of the change process and at the end of the follow-up period (figure 38). The levels spotted are based on my impression of the prevailing characteristics in the case organization during both times – they are thus not measured with any systematics.

At the beginning of the follow-up period, the case organization's customer interactions and relationship management were for a large part handled individualistically. The structure and operations were quite functional and the total offering could be characterized as being clearly more transactional than relational. The services then were more maintenance types of services. Also the mindset of the people was quite product oriented as is typical of high-tech organizations.

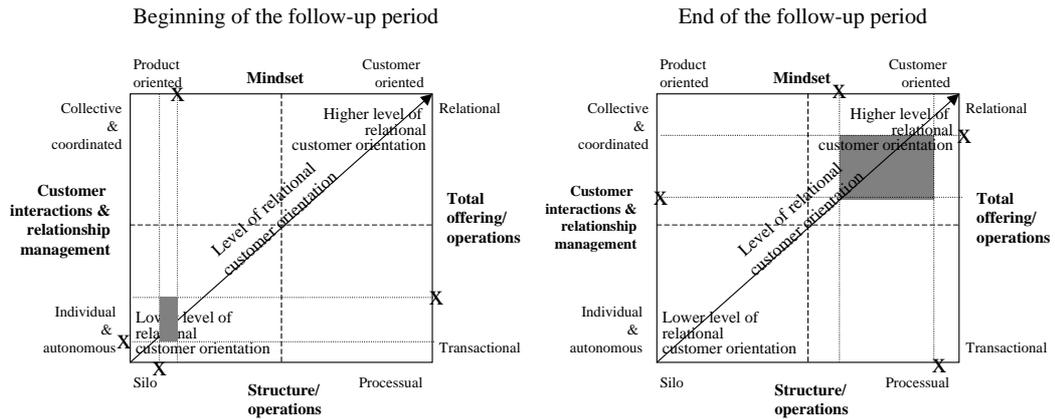


Figure 38. Allusive levels of relational customer orientation in the case organization.

In my opinion, the case organization's customer interactions and relationship management is to an ever-increasing extent carried out collectively and in a coordinated effort. Improvements are still required in this aspect, as for example the metrics still did not fully support the inter-functional collaboration and not all the key customers had been assigned to a cross-functional team with a nominated relationship coordinator. The structure of the case organization was at the end of the follow-up period processual, but there still are improvement possibilities as what comes to the overall operations. Some deeply rooted operational practices hinder the level of operating processually, for example. The total offering in the case organization had been started to evolve towards a direction that would create value for the customer on a long-term basis. Nevertheless, I still would not say that the work is done in this aspect either. There could be several other opportunities to improve a customer's business performance through service, which probably was not understood yet because of the limited resources. My understanding and opinion is that the mindset is by no means yet transformed to represent relational customer orientation in the case organization, but the direction and development is certainly right.

6.2 Theoretical contributions

Customer and market orientation have been an important and quite frequent research area in marketing discourse for some time. This research produced important new knowledge about the phenomenon of customer orientation. It contains several contributions. The marketing literature affirms the value of customer orientation to organizational performance (e.g. Déshpande et al. 1993; Han et al. 1998; Narver & Slater 1990; Slater & Narver 2000) but is relatively silent on the implementation or creation of this orientation. *The contribution of*

this research is the increase of theoretical understanding on the creation of customer orientation in an organization.

This research increases understanding on how a professional high-tech organization can create relational customer orientation with the main focus being on the inhibitors an organization can have to the relational customer orientation and on solutions that can be made to increase relational customer orientation. Thus, the main focus in this research has been in spotting the actual, quite concrete development areas i.e. the dimensions and aspects in them, that are at the core of creating the chosen orientation. This is particularly an area where limited prior research has been done. I would consider one contribution being *the noticeable increase in the understanding of the creation of customer orientation looking at the research problem especially from the point of view of inhibitors and solutions for customer orientation*. In addition, pointing out the inhibitors for relational customer orientation can work as an important starting point for getting into the fundamental reasons why so many organizations are not adopting customer orientation (see also Gounaris et al. 2004), even though research has widely affirmed customer orientation's positive effect on business performance (e.g. Hooley et. al.1990; Kohli & Jaworski 1990; Narver & Slater 1990; Déshpande et al. 1993; Berry 1997; Han et al. 1998; Day 1999b; Slater & Narver 2000).

The most important contribution of this research is the construction of a conceptual framework, a model of creating relational customer. An abductively built model gathers four central dimensions and aspects in an organization that are at the core of creating relational customer orientation. The model gives a comprehensive and data driven depiction and operationalization of an abstract phenomenon under study. It affirms several themes from the customer orientation discourse to be essential also in creating orientations within an organization, and more importantly gives additions and more detailed insights into the phenomenon. These additions were discussed in detail in the conclusion chapter 6.1. Thus, I will point out here only a couple of important additions. It was an interesting finding that at an individual level the customer contact employees can be customer oriented and act in a relational form even though the organization as a whole would not be customer oriented. In order for an organization to be customer oriented from a relational perspective, it needs to be, collectively, because superior customer value can only be cocreated in cooperation. The case study highly emphasized the role of metrics and especially the measurement of results as having an important role in the creation of relational customer orientation. It is a central issue in the encouragement for the inter-functional collaboration that is necessary in cocreating superior value for the customer.

This research introduces a new term 'relational customer orientation', to emphasize the topical relational aspects to customer orientation also on a definition level. Furthermore, this research is bringing into light a new dimension of 'total relationship offering' that turned out to have an important role in the creation of relational customer orientation. It is concluded that the total offering is an important means to keep the customer relationship active. The

creation of relational customer orientation thus calls for redeveloping the total offering from a customer perspective in a way that would support each phase in the customer's production process lifecycle. In this way, the total offering matches the customer's needs on a long-term basis and supporting the development of inter-organizational relationship. The study also brought into the fore two relating aspects or activity concepts of 'relationship activation' and 'customized offer redevelopment'.

In its case description, this study also depicted the staged implementation or change process of the case organization. This research also *contributed new activities that should be taken into consideration in the actual implementation process*. The total offering turned out to be an essential part of institutionalizing change. In addition, communication seems to be an important activity during the change process in an organization to build understanding and commitment to change.

One contribution of this research is the proposition of the continuum of the level of relational customer orientation, and accordingly the suggestion of the fundamental characteristics of an organization that is customer oriented from relational perspective. This study suggested that in an organization that can be said to represent higher level of relational customer orientation, customer interactions and managing customer relationships are made collectively and in a coordinated manner. The structure and operations of such an organization can be depicted as being processual. The total offering and related operations are relational, and thus the mindset is customer oriented.

I would consider the *detailed real-life description of the change process and the dimensions and aspects that have been under a fundamental change during the follow-up period* a contribution. These kinds of 'insider' descriptions are rare in customer orientation discourse in general, and in studies relating to the creation of this orientation in particular. By detailed description, the research contributes by pointing out managerial implications via example.

The chosen relational perspective to studying the creation of customer orientation has also introduced contributions. Customer orientation in general has limited research on the relational perspective. Foremost, the relational perspective gives a new viewpoint in studying the creation of this orientation. The relational perspective was a conscious choice on my part. In the case organization, the relational perspective was highly emphasized during the follow-up period. I could not simply overlook that, as the relational view has inevitably been intertwined with the entire change process. Moreover, the aim of many industrial companies nowadays is to be both customer oriented and relational. A relational perspective has also been increasingly emphasized in customer orientation discourse. One could argue that isn't customer orientation already relational. My opinion is that it is not necessarily so. A relational perspective shifts the focus towards selected long-term customer relationships.

All the results of this research are intertwined with the relational perspective as this particular point of view was crafted into the entire research process. However, I will point out here some of those findings that in my opinion especially relate to the fact of the perspective being relational. The 'Operational

practices' aspect in the model is closely related to the fact that the perspective to customer orientation is relational. To create relational customer orientation, the operational practices that are central to the relationship management should be developed, as they are the practices that are at the core of serving an individual customer and building, maintaining and developing customer relationships. Relational customer orientation calls for operational practices that are relational, customer-centered and collective.

Inter-functional coordination is also an important aspect and relates closely to the perspective of this research. In transactional exchanges, different functional groups can work towards functional goals, while relational exchanges require more flexibility and commitment in accessing a wider variety of internal resources to benefit the customer. Thus, inter-functional coordination is important in relational exchanges. Cross-functional teams are an important means to manage the chain of creating value for the customer. It is a means to utilize all the capabilities needed to create value for the customer on a long-term basis. Cross-functional teams have been suggested as an important means to manage long-term customer relationships in business-to-business organizations. As the perspective of this research is relational, the customer specific information was discovered to be important also for the relationship management purposes. It is important to have accurate information about customer interactions and have a history of a particular customer relationship available to all in the organization.

I feel that total relationship offering and its related development activities in an organization are most closely tied into the fact that the organization aims at relational customer orientation, as it can be a key to cocreate value with the customer on a long-term basis. All in all, a relational view inevitably shifts the focus also onto development activities that are at the core of building, maintaining and developing customer relationships i.e. into the customer interactions. Thus a balanced approach to the change towards increased customer orientation calls for considering both the intra- and extra-organizational oriented dimensions.

By having a relational perspective on the phenomenon, I would also argue that *this research indirectly also contributes to the theoretical understanding on interorganizational relationship marketing by zooming into the intra-organizational solutions on relational customer orientation*. This area of research has been studied quite scantily in the interorganizational relationship marketing discourse.

The chosen context also contributes to the theoretical discourse in the area studied. Marketing studies in the context of professional organizations have far concentrated on the services sector. There have been fewer studies in the context of industrial professional organizations, where the solutions offered to customers compose of both the technological products and services. Within these kinds of companies, there seems to be a tendency from technology and product orientation towards professional service culture and customer orientation with a focus on long-term business relationships.

6.3 Managerial implications

A number of managerial implications can be drawn directly from the case description, the main results and conclusions of this study. Only a selection of significant implications for the creation of customer orientation from the relational perspective will be presented here. Managerial implications are derived mainly by describing the implementation process towards increased relational customer orientation, and secondly by pointing out inhibiting attributes to customer orientation and suggesting solutions for increased relational customer orientation in an organization – the case description showing one example of solutions and implementation.

Managers can have *practical suggestions for the implementation of a change process within an organization by following the example of the case organization*, presented in the case description chapter 4. The phased change model clearly points out central activities in managing a change process.

As a managerial implication, I propose that *the continuum of the level of customer orientation could be used as a means for spotting the level and type of orientation in an organization*. After an organization is familiar with the orientation and the level of the characteristics that depicts that orientation, it would be possible to make a detailed plan for change. In planning the change process, *the management could analyze by dimension to dimension and by aspect to aspect (identified in the model of creating relational customer orientation) the inhibitors for relational customer orientation in an organization, and accordingly make a detailed action plan for change including the dimension specific solutions*.

In planning strategies, and in picturing long-term visions for an organization, it is worth noting that in order to create relational customer orientation in an organization, the mindset of an organization needs to be reoriented to support customer oriented and relational values of having the customer at the center of thinking and that satisfying and creating value for the individual customer together as a process is the focal role of each member in the organization. In addition, in order for an organization to be customer oriented from a relational perspective, it needs to be that in a collective manner, as superior customer value can be cocreated only in cooperation. Thus, the culture should encourage collectivity in serving the customers together instead of encouraging collegial sub-groups and individualism. It is worth remembering that changes in the mindset and the culture of an organization can only be done indirectly. Thus in order to make the change happen in the mindset and culture, the management should concentrate on making changes on concrete aspects. Building values and especially norms that support relational customer orientation are important change targets, in addition to changes in e.g. structure, and operational practices.

Processual organization structure is one concrete solution in creating relational customer orientation. It is an aspect that the management can have the concrete control over, as opposed to e.g. the mindset of people. Processual organization structure clarifies roles of individuals and functions in the value

creation process along the customer's process lifecycle and encourages inter-functional collaboration instead of competition.

Operational practices that are central to the relationship management should be developed, as they are the practices that are at the core of serving an individual customer. These relationship management practices should encourage collectivity in serving customers. Thus, *customer specific, cross-functional teams* are suggested as means for relationship management and the inter-functional coordination of customer interactions. Selected key customers should be assigned a team containing a complete set of actors needed for creating value for the customer. These teams should have a nominated relationship coordinator who is in "charge" of the teams and that particular customer relationship. This relationship coordinator should be a person who has the best personal relationship with the key actors in the customer organization.

In addition, in making decisions, the management should pay attention to not only the generation of customer specific and other market information, but more importantly on the dissemination of this intelligence in an organization. *Dissemination of information can be encouraged e.g. by organizational structure, metrics and cooperative operational practices, and via cross-functional customer specific teams.*

In assigning responsibility in an organization, it is worth remembering that empowering the customer contact employees with the decision-making authority in the customer encounters increase service motivation and can mean better and quicker response to customer needs. In the endeavor to the increased customer orientation, the management should realize the importance of metrics. *The metrics should be redeveloped to support the values of customer orientation including the inter-functional cooperation.* The reward systems and incentives should increasingly include behavioral evaluations of the level of customer service and inter-functional cooperation in addition to the traditional monetary evaluations. Even more importantly, an organization should measure the results of the functions in a way that supports cooperation.

Important activities in the creation of relational customer orientation come from the decisions relating to the total offering. It is suggested that the total offering should be depicted from the customer perspective as following the customer's production process lifecycle. This calls for the development of capabilities and getting familiar with the customer's business and the customer's customer's business. *The total offering needs to be redeveloped to meet the customer's needs and in a way that enables customization.* Then the customer can get a "matching" solution for its needs. This means concretely developing the offering, and often together with the customer.

6.4 Evaluation

In the following the research design and research process are evaluated. It is important to consider which criteria are suitable for evaluating the study based

on interpretive paradigm. In addition to discussing the quality of this research, I evaluate and discuss the two-fold role of me being at the same time a researcher and an employee in the case organization.

6.4.1 Assessing the quality of the research

Often one sees that qualitative studies are assessed using the criteria of validity and reliability. As I see it, they meet the needs of a study based on a positivistic world view (e.g. Lincoln & Guba 1985). However, when a study contains no measures, and cannot be duplicated as such, one should use other criteria to determine the quality of the research conducted. Thus rather than using reliability and validity constructs, I evaluate the research using other criteria that are reflecting my values as a researcher and perspectives and approached procedures of this study. I use the following five criteria to assess this study: researcher, credibility, confirmability, transferability, and dependability.

Researcher

The evaluation of this research is naturally connected to the researcher, on how the researcher perceives the reality, for example. Gummesson (2000, 186) stressed presentation of the researcher's paradigm, the rules that govern his or her thinking and action, as one important quality criterion in case-study research. I have very carefully and honestly presented the underlying paradigm, which is a philosophy through which I see reality being socially experienced on both the organizational and individual level. I have tried to show that the choices made during the research process are grounded in this paradigm.

Also the preunderstanding on the phenomenon of the researcher should be openly portrayed in a research report (Gummesson 2000, 186). I have explained my history and the accumulated knowledge from both theoretical and empirical points of view.

Gummesson (2000, 187) also suggests that adequate access to the phenomenon by the researcher is an important quality criteria. This is closely connected to my two-fold role, which has given me excellent access to study closely the change process of the case organization.

Credibility

Credibility is an assessment criterion that aims to give an answer to a reader's question: why should I trust this study and its results. A credible research is characterized e.g. by careful design of the focus of the research, choosing suitable concepts for the analysis, correct data, a reasonable amount of data processing and analysis, and interpretation supported by data, (Gummesson 2000, 172-188; Sayre 2001, 45-47). Also the actors of the case should be able to recognize what is presented in the report (Gummesson 2000).

This research has been carefully designed and the concepts used for the analysis have been chosen by the interplay of data collection and literature review. According to my view, I formed a functioning theoretical framework of a phenomenon that has limited prior research done by the interplay of analyzing the first set of data and a thorough literature review. A preliminary model of the phenomenon was constructed to assist in the analysis of the entire data. The chosen case organization turned out to be a rich source of data. It was possible to follow closely the change process towards increased relational customer orientation for a needed period.

As the main source of data there were in-depth theme interviews conducted with key informants in the case organization. In the case study, the informants were chosen in order to obtain a view of the phenomenon studied that was as rich and multifaceted as possible. This group included people from different positions: managers, sales people, project execution experts, service people, product managers, product development people and performance service experts. These people all work with the customers and have somewhat differentiating views of the phenomenon. Interviewing only managers, for example, would have given a narrower view than I actually got. In addition to the interview data, there was also observational data and case organization's documents used to back up and clarify the analysing process. This data was contrasted with the interview data in the analysis. Thus, data triangulation was used as a tactic to increase the credibility of the research (Denzin 1984) by ensuring the correctness of the data. Also, in this research there has been a reasonable amount of data processing and analysis that has been explained in the methodology chapter. In addition, the interpretations are supported by the data, which is demonstrated to the reader by in-detail case description.

The credibility of this research has been increased also through having the key informants review the study report. Several informants have reviewed and commented on the written case report. These discussions have been beneficial for me and have given me a feeling of security in relation to my data, analysis and findings. Discussions with the personnel confirmed my interpretations of the tendencies and changes in the case organization to be correct.

Confirmability

Confirmability of a research assesses to what extent the readers can follow the research process and make their own conclusions (Gummesson 2000, 172-188; Sayre 2001, 45-47). In analyzing the empirical evidence, it is important to maintain the chain of evidence, so that the reader can understand how the results have been achieved. I have tried to describe in detail the research purpose, the research process, the methodological choices, and the analysis and interpretation in order to assess the research as easy as possible to the reader. In reporting this study, I have tried to keep the theoretical framework, the case description, and the case analysis and conclusions separate to the extent this was possible given the abductive logic of this research.

In addition, in reporting the main results, I in purpose and in detail first described the dimension and aspect as it appeared in the case organization from inhibitors and solutions point of view, and only then reported the actual analysis and conclusions. By this tactic, I tried to provide as clear as possible view of the analysis, and of the interconnections between the descriptions and conclusions drawn. I hope that the arguments for the choices made in relation to the theoretical and empirical aspects also have reached the reader. Several citings from interviews were used in order to support the case description and the analysis presented. Using these procedures, I have wanted to make it possible for the readers to make their own interpretations and conclusions based on the descriptions provided.

Transferability

Transferability or generality, as Gummesson (2000, 172-188) calls this quality criterion, assesses to what areas the results of the study apply (Sayre 2001, 45-47).

When assessing the transferability of the results of a qualitative study, one could investigate how well a particular set of results can be transferred to some broader theory, not to a large population (see Yin 2003, 37). In other words, it can be understood in terms of how successful a study is in producing new insights into the phenomenon studied (Tsoukas 1989). This research has provided several contributions.

Considering the purpose of this research, the aim has been to study how a professional high-tech organization can create relational customer orientation. Thus, the results can be considered to be context-bound, applicable above all to the type of organization in a similar kind of situation. However, I feel that there is no reason why transferability of these results to other contexts should not be discussed at this point without making any strict claims. Lincoln & Guba (1985, 124, 316) argue that transferability of research results is grounded in the case description. In this study, a detailed case reporting in both chapters 4 and 5 gives a reader an opportunity to consider the transferability to different contexts. In my opinion, the results of this research could be transferred to organizations where the core of the operations is in customer interaction. Thus, I feel that the main results are to an extent general that it would be possible to draw similar conclusions in other, more traditional types (i.e. manufacturing types) of industrial organizations. Moreover, a professional service organization is a context where these same results probably can easily be transferred. Moreover, I feel that also other types of organizations who are struggling to become more customer oriented from relational perspective could reflect the case organization's inhibitors and thus could apply solutions for customer orientation that were done in the case organization.

Dependability

Dependability evaluates the level of neutrality of the research and thus assesses to what extent the study could be replicated and the similar results obtained (Sayre 2001, 45-47). I have aimed to increase the dependability of the research by presenting quite detailed descriptive parts of the data collection and results. By being as transparent as possible, I have wanted to make the research as accessible as possible to the reader. In order to support transparency the case analysis was divided into a case description phase and analysis phase. The case descriptions provided the reader with a base to help to follow and examine the interpretations I have made in the analysis. In addition, I often used direct citations and described the process from data to findings and conclusions.

In addition, an effort has been made to describe the sources of evidence in as much detail as possible. The procedures of this research are documented, interviews transcribed and research material archived. Although the interviews were carried out in a free manner to give the interviewees an opportunity to express their thoughts freely and in that way to give rich insights, a list of critical issues, which had to be covered, was used during the discussions. In my opinion, more structured interviews might have narrowed the views presented, and some themes might have been overlooked.

As a researcher, I represent the subjectivist view to the reality representing the interpretive research paradigm. It means that this type of qualitative research includes a great deal of interpretation on the part of the researcher. Therefore, it would be daring to say that this research could be repeated with exactly the same results. Thus, I have chosen to use the dependability criteria in a sense that with the help of the in detail descriptions the readers would have a possibility to follow the way the study was conducted and evaluate how trustworthy it has been from their point of view.

6.4.2 Two-fold role of the researcher

There are three possible ways to gain access to the companies when doing research: via the researcher role, the consultant role, or the role of employee (Gummesson 2000, 33). Research can occur in all three roles (see also Adler & Adler 1994 on research roles). In conducting this research, I have had two roles. On one hand I have had a role of a researcher and on the other hand a role of an employee in the case organization. The fact that I have been working in a case organization has posed challenges as well as opportunities for this research.

Looking at the setting critically, it can be suggested that both the closeness to the research context and the intensiveness of the research process can bring along the problem of being an "insider", where the researcher identifies herself with the persons interviewed, and personal experiences are thus not easily separable from the research. During the research process I have tried to tackle this challenge by being constantly conscious of it and trying to distance myself from the empirical material every now and then, and in general being reflective

towards both my research process and interactions within an organization (Gummesson 1988, 143-144).

During the period from September 2002 to December 2005, the participation to the empirical setting was particularly intensive as I worked in the case organization in various marketing positions. Thus I cannot escape the fact that being an actor in the case organization during the change process has inevitably led to situations where in fact I have been also one actor in making the change happen to the chosen direction. I, as a marketer in an organization where by far most people have an engineering background have inevitably given insight on the importance of building, maintaining and developing long-term customer relationships and serving the customer together as a process, to give an example. Thus it is only natural to admit that the research process has been to some extent intertwined with me working in the organization as one change agent. On the other hand, the focus of the research has been all the time in close proximity to the customer interface. I do not consider my role in the case organization as being at the core of where the customer value is cocreated i.e. I do not directly work in the customer interface on a daily basis. This is one reason I have felt that it has been quite easy (in these circumstances) to distance myself from the empirical material, as I have clearly felt that I have been learning things from the organization that have not been to this extent familiar to me previously. During the most intensive times of the research, I kept a research journal to become aware of the choices and decisions made (see also Coughlan & Coughlan 2002).

Also, life itself gave me an opportunity to distance myself from the empirical setting, by having a maternity leave starting December 2005 to December 2006. By approaching the empirical data again during that time and during the intensive study leave from January 2007 to July 2007, it was to my experience possible to gain also a more objective view to the empirical material. Moreover, being distant to the case organization the given time period, gave me an opportunity to better concentrate on the followed time period. Working in the case organization after the decided end point of the follow-up period might have disrupted the intensive analysis, as the professional high-tech organization such as the case represented, tends to be dynamic, with constantly presenting new viewpoints.

Gummesson (2000, 45) suggests that the most common problem of combining the roles of academic researcher and company employee are the insufficient time for scientific research and the development of rather short-sighted perspective as a result of becoming too much part of the system. In my case, the case organization was generous enough to accept me into a program that encourages the combination of scientific research and other work in the organization. By being part of this program I had an opportunity to reserve time for my post-graduate studies and do the research alongside the work. So I had authorisation to take that time for the research. Thus time turned out to be not such a big problem to me. I have tried to eliminate the short-sighted perspective of the phenomenon by distancing myself from the empirical setting. Also the risk of giving a biased version of the reality (see e.g. Coughlan & Coughlan 2002;

Coghlan & Brannick 2004), has been tackled by descriptions and transparency of making conclusions, and again by taking distance.

Looking at the challenges from another angle, I also accept that observation is inevitably to some extent theory-laden, as the researcher always brings along his/her "frames of meaning" to a social situation (Sayer 1992, 83). Also there are ethical considerations to the two-fold role, as it may be argued that the informants might have given me in-depth information considering me representing the role of employee instead of researcher. During the follow-up period, I have been constantly open about my being at the same time a researcher and observing the setting. It was to my understanding common knowledge in the case organization that I am in fact doing research in the context of the case organization.

Given the challenges of being an insider, however, I see this by far as an opportunity to observe very closely what is happening in an organization as what comes to the research phenomenon. The closeness gave me access to information I would not have had in a previously unknown organization. Atkinson et al. (2003) point out that if we wish to understand the forms of life and the types of social action in a given social setting, then we surely cannot escape the kind of engagement that is implied by participation. Also Lincoln & Guba (1985) suggest that one way to increase the credibility of data used is to get familiar with the empirical context studied, and stay there long enough in order to be able to build a trusting relationship with the informants, and also to be able to test the potential misinformation gained. Thus, because I had extensive preunderstanding of this empirical context, I think that it has also positively influenced the quality of the data and analysis. By knowing the interviewees, I feel that as the subjects discussed in the interviews were to an extent quite sensitive, I could get honest opinions and viewpoints to the phenomenon. I have a feeling that by being an "outsider" might have given a more "official" and superficial image of the phenomenon studied. Also Gummesson (2000, 45) points out that the combined role of researcher and employee has certain advantages. These can be access to information, participation within the system, and opportunity for close contact with individual employees. These advantages were all noticeable during the research process at hand.

6.5 Future research

This research reflects my values as a researcher. They follow closely the general characteristics of interpretive paradigm. I see that studying a phenomenon that has been researched in a limited way calls for involvement on the part of the researcher and in-depth comprehension of the real-life case in order to be able to develop further a theory basis that is in line with the reality. By conducting single case studies, we are able to learn about the phenomenon in a wider sense, meaning analytical generalization. This is one focal reason I chose a single case study as my research strategy. The main outcome of this single case study – i.e.

the conceptual framework or model of creating relational customer orientation – offers a platform for future research.

To be able to construct a more general model, further case study research is suggested. In future research, a multiple case study design including more professional high-tech organizations would be one way to develop further the model constructed.

The results of this study are intertwined with the nature of the organization being characterized as a professional high-tech organization. In the future, it would be interesting to find out what kind of possible additional inhibitors and solutions there could be in companies representing other industries. Thus, it would be important to validate and augment the constructed framework in other types of organizations.

It has been a conscious decision to concentrate within an organization in this study. The customer viewpoint was therefore approached only indirectly. This decision was necessary to be able to concentrate on the chosen research questions at hand. In the future, it would be important to bring in the other party of the relationship – the customer – to the research in order to study a phenomenon more deeply. This could increase our understanding especially in dimensions that are at the core of serving the customers.

The research revealed several dimensions and aspects that relate to the creation of relational customer orientation. Each dimension would pose interesting new research subjects. Here are to my view the most interesting ones. The leadership commitment's role in creating customer orientation not only covering the top management level but the entire organization should be studied more extensively, as it is the fact that leaders ultimately make the change happen in an organization. Moreover, metrics was discovered to be an important denominator in creating relational customer orientation in a wider sense than just considering the reward systems and incentives. The role of metrics and especially the measurement of results in creating relational customer orientation and in encouraging inter-functional collaborations is an interesting area for future research. An especially intriguing new research area in customer orientation in general and in creating relational customer orientation is relating to the discovered new conceptual category of the total relationship offering. This area ought to be studied in more detail in the future. In addition, the continuum of the level of relational customer orientation and its relating characteristics pose an area of research that would be interesting to investigate in detail.

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APPENDICES

Appendix A. Codes

Informant codes:

Informant	Code	Time
Former President	r1i1-M	5.1.2005
President	r1i2-MSaPe	12.1.2005
Director, Services	r1i3-MSe	12.1.2005
Director, Services & Product management	r1i4-MSePm	17.1.2005
Director, Sales & Project execution	r1i5-MSaPe	20.1.2005
Director, Business Control	r1i6-M	27.1.2005
Executive Assistant	r1i7-M	28.1.2005

Informant		Time
Director, Service	r2i1-Se	30.9.2005
Customer Service rep.	r2i2-Se	3.10.2005
Customer Service rep.	r2i3-Se	10.10.2005
Director, Sales	r2i4-Sa	13.10.2005
Sales rep.	r2i5-Sa	14.10.2005
Project team leader	r2i6-Pe	17.10.2005
Project team leader	r2i7-Pe	18.10.2005
Director, Sales	r2i8-Sa	19.10.2005
Product team leader	r2i9-PmRTD	21.10.2005
Product manager	r2i10-PmRTD	24.10.2005
Project team leader	r2i11-Pe	25.10.2005
Customer service rep.	r2i12-Se	27.10.2005
Product dev. rep.	r2i13-RTD	28.10.2005
Product team leader	r2i14-Pm	1.11.2005
Product manager/ Sales support	r2i15-PmSa	2.11.2005

Interviewing

Round 1 = r1

Round 2 = r2

Interviewee = iX

Management = M
Sales = Sa
Service = Se
Project Execution = Pe
Product Management = Pm
Product Research and Development = RTD

Data codes

Stages of a change process

- Initiation
- Implementation
- Maintenance

Competitors

Customer perception

Differentiation

Drivers to change

Idea of the strategy

Power industry

Process industry

Actor processes relating the customer interaction:

Getting closer to customers

Inter-functional competition

Inter-functional cooperation

Inter-functional coordination of customer interactions

- Teams
- Roles
 - Expert
 - product manager
- Barriers
- Solutions
- Prejudice against other function
- Individualism
- Collectivity

Dissemination of customer specific information

- Barriers
- Solutions
- Holding info
- System

Organizational characteristics:

Mindset

Structure

Operational practices

- Customer contact practises
- Relationship management

Leadership style:

Leader commitment

Empowerment

Reward System

Measurement of results

Motivating

Criticism

Total offering:

Customization

Sales process

Project execution

Availability services

Performance services

Information management

Pattern codes:

Relationship between concepts or phenomena

Transition point to next stage in development

Appendix B. List of interview themes and examples of interview questions

1 The informants personal background

Work experience, profession

Tell me about your job here? How long have you worked for the company?
What kind of tasks have you had along your career? What is your education?

2 Function or profession in question

How would you describe the role of service/sales/project execution (depending on the interviewee the question was posed of the informant's own function)?
Describe what does your function do?

-Actors represented

How big a role does the customer interaction have for this expertise area?

How does the customer take part to the service/sales/project delivery?

How would you describe your organizations offering to the customer?
-any changes done?/ why?

What is your perception on what does the customer get out of your organization's offering?

3 Strategy change

(posed mainly to management team members)

- How would you describe what has happened during the past 3 years with the strategy?

- How has the way to do business changed during this process?

- How was it done previously?

- How would you describe the main goal or idea of this new strategy?

- What is the strategy aiming for?

- How would you describe the milestones of this change process?

- How has the implementation roughly speaking happened?

4 Customer interaction

- How would you describe the typical characteristics of a delivery process of your offering?

- initiation, different development phases, duration etc.

- actors and expertise involved in different phases.
- role of customer interaction.
- What is the role of different persons/ functions in the delivery process of this offer
 - Sales phase?
 - Project execution?
 - Service offering?
 - Product management?
- Who are the counterparts from the customer's organization?
- How is the customer interface organized in your business unit?
- How would you describe the role of customer relationships for you/ for your organization?

5 Inter-functional dealings

-How would you describe the possible dealings with other functions in an organization?

Possible following questions:

- How are customer interactions coordinated between different functions?
- How does the interaction between different 'customer interface' functions work?
 - sales - projects
 - projects – service
 - sales - service
- Is the culture of a) whole company b) your business unit supporting inter-functional cooperation?
- Is the cooperation between functions encouraged by the management?
- What kind of inhibitors could you identify for inter-functional cooperation?
- Do you have cooperating working methods in use? If yes, what are they like?
- Use of customer specific cross-functional teams/ projects etc.?
 - How does the cross-functional customer specific team work?
 - What is the main purpose of this kind of teams?
 - Who are the members of the team?
 - How are the teams formed?
- Is the customer specific information shared between the functions? If yes, how?
- How does the interaction work between 'customer interface' functions and the RTD and Product units?

Appendix C. Simplified list of sources for secondary data (internal documents of the case organization)

Annual reviews of Metso Corporation (years 2000-2005).

Case organization's management team meeting memos; arranged once a month (years 2002-2005)

Case organization's strategy documents (years 2000-2005).

Customer presentations in Sales meetings and Product sales trainings (Years 2004-2005)

Informative meeting presentation material (years 2002-2005).

Lifecycle marketing strategy document (2004).

Lifecycle workshop material, including memos and presentations (3.-4.6.2003).

Mercuri customer satisfactions study (14.9.2005)

Metso Automation's customer magazine 'Automation'; published 3 times a year (2001-2005).

Metso Automations internet pages, www.metsoautomation.com.

Metso Automation intranet, <http://intra.metsoautomation.net> (years 2002-2005).

Metso's personnel magazine Intermetso; published 4 times a year (years 2001-2005).

Metso Automation strategy presentations/ documents (years 2000-2005).

Organization database (years 2002-2005).

PAS growth meeting presentations and documents (September 2005).

PS1000 workshop (inter-functional strategy workshop) (15.16.1.2003).

Sales meeting presentations; arranged once a year (years 2001-2005).

Appendix D. Data based themes & categories from the 1st round of interviews – empirical premise for the preliminary model.

Table 1. Possible inhibitors for relational customer orientation.

<p>Structure</p> <ul style="list-style-type: none"> - Functional organizational structure <ul style="list-style-type: none"> Barriers Competition - Hidden power structures
<p>Mindset</p> <ul style="list-style-type: none"> - Product/technology oriented strategy/mindset <ul style="list-style-type: none"> Catching customers as opposed to maintaining long-term customer relationships Working habits deeply rooted - Total offer <ul style="list-style-type: none"> Selling technological attributes Service seen separately - Fragmented organizational culture <ul style="list-style-type: none"> Incoherence among views prevailing
<p>Operational practices</p> <ul style="list-style-type: none"> - Emergence of individualism and strong collegial subgroups
<p>Customer interaction coordination</p> <ul style="list-style-type: none"> - Fragmented internal reality to customers <ul style="list-style-type: none"> Multiple selling efforts simultaneously by experts of the same organization Customer might be the only one with a complete picture of relationship and customer needs
<p>Customer specific information dissemination</p> <ul style="list-style-type: none"> - Lack of communication between functions <ul style="list-style-type: none"> Customer specific individual knowledge as opposed to customer specific organizational knowledge
<p>Leadership</p> <ul style="list-style-type: none"> - Incoherent control and power - Technology focus - Low on customer contacts

Table 2. Possible solutions to advance relational customer orientation.

<p>Structure</p> <ul style="list-style-type: none"> - Customer oriented organizational structure <li style="padding-left: 20px;">Boundaries between experts, unit and functions lowered by official org. structures <li style="padding-left: 20px;">"Unofficial" organizational arrangements (cross-functional teams) <li style="padding-left: 20px;">Structure supporting the total offering
<p>Mindset</p> <ul style="list-style-type: none"> - Customer oriented strategy – long-term customer relationships focal - Total offering stemming from customer needs <li style="padding-left: 20px;">Selling value <li style="padding-left: 20px;">Service as essential part of total offering - Building customer oriented culture
<p>Operational practices</p> <ul style="list-style-type: none"> - Cooperative working practices – teams
<p>Customer interaction coordination</p> <ul style="list-style-type: none"> - Cross-functional customer specific teams - Team leader selected based n closest relationship
<p>Customer specific information dissemination</p> <ul style="list-style-type: none"> - Customer specific information transfer – organizational knowledge stock
<p>Leadership</p> <ul style="list-style-type: none"> - Similarized measurement of results (sales/ project execution) - engagement of personnel to strategy formulation and implementation - Support cooperation among experts