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**Relationship Marketing: Investigating the processes of creating and
evaluating value**

By

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2007

**A dissertation presented in part consideration for the Degree of Master of
Business Administration**

Nottingham University Business School



Abstract

The development and management of long term successful relationships, in a business to business context, is widely accepted within the relationship marketing literature to add value (Baxter and Matear, 2004). This dissertation examines relationship marketing in a relatively unexplored context, and explores value creation through the development, management and importantly evaluation of relationships within an education setting.

Using a case study organisation as the basis of the research, an in-depth investigation of a range of stakeholder perceptions, within a Higher Education context, was undertaken. Depth interviews explored relationship marketing practice, as a means to establish the relevance and application of the literature to this sector, and the processes of value creation within the case study organisation's network. Accepting that relationship marketing implementation was shown to be embryonic in the case study organisation, and in fact in all stakeholder organisations too, this study revealed some important nuances in the underlying relationship characteristics and in the values underpinning practice. These included the importance of shared values, public accountability and transparency in this context.

The study confirmed the importance examining the creation of value within a network (including customers, employees, and other stakeholders). Additionally it confirmed that the complex nature of the relationships contained within this network involving multiple and sometimes conflicting roles, arguably specific to this sector, might have implications both for managers within the sector and for researchers in this field. Context and environment were therefore found to be important factors in understanding relationship marketing strategy and value creation in this sector.

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I would like to dedicate this dissertation to the memory of my best friend Fran Martin Evans who died unexpectedly only three weeks after I began this MBA in 2003.

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1.0 Introduction

This dissertation will be presented as follows:

- Chapter 1:** provides an introduction to why this research is important, and introduces the concept of value creation in a relationship marketing context and presents the data assumptions and research question underpinning this dissertation
- Chapter 2:** reviews the current literature on relationship marketing including the evolutionary processes of relationship development and value creation. The issues concerned with evaluating relationships, as part of an organisation's intangible assets, are also explored in this chapter and are followed by an overview of the apparent gaps within the literature
- Chapter 3:** describes the case study organisation, and considers its strategy in the context of external market factors
- Chapter 4:** describes and justifies the chosen research method and design and identifies some limitations
- Chapter 5:** presents the results and discusses these in relation to the literature identifying parallel and diverging practice between a business to business and public sector context
- Chapter 6:** revisits the data assumptions, summarises the research and presents future implications for managers and researchers

1.1 Research overview

“All relationships are valuable... but some are more valuable than others” (Ford and McDowell, 1999 p. 430)

Relationships with external partners are extremely important to the twenty first century firm (Ross and Robertson, 2007). Increasingly firms are operating in a highly competitive and rapidly changing environment and within dynamic networks of relationships that include suppliers, customers, other stakeholders and shareholders. These relationships, which are increasingly characterised by a complexity that include multiple roles for each player (Kanter 1994), present very real managerial and evaluation challenges. Therefore, strategies to effectively develop, manage and evaluate these complex relationships, as a strategic asset to create value for the

organisation and its stakeholders (Vargo and Lusch, 2004), are of crucial importance for today's firms, as Anderson (1995) argues:

“Value creation and value sharing can be regarded as the raison d'être of collaborative customer –supplier relationships” (p.349).

To measure the value created in activities as suggested by Porter (1998), or through products alone, is not enough, the creation of value must, it is argued, be assessed through the value of the business relationship. This dissertation, like work of Payne and Holt (2001), makes an argument for investigating the creation of value in the context of relationship marketing. Value creation is now a central purpose of marketing (Jantrania and Wilson, 1999) and provides an understanding of business relationships, in that delivering superior value to stakeholders enhances their satisfaction, their competitive position and builds their likelihood for sustaining long term business relationships (Mandjak and Durrieu, 2007).

Importantly, much of the literature on relationship marketing has thus far concentrated on relationships that are primarily economic in nature, involving business to business (B2B) marketing and for profit firms (Arnett, German and Hunt, 2003). This dissertation therefore aims, in part, to address these gaps, by investigating the appropriateness and application of relationship marketing theory, concepts and practice to a public sector environment.

An education setting has been chosen as the focus for this research study and is justified by the fact that recent financial imperatives have led to Higher Education (HE) to engage extensively with external business and a wider range of stakeholders/customers more so than ever before:

“The demands upon higher education are becoming so diverse that it is time to acknowledge the reality... there is a compelling case for a new generation of universities, focussed on and expert in business – business facing universities engaging and collaborating with business, the professions and the public sector. Of course all universities do this – just as all universities are research active – but this type of university has explicit business engagement at the core of its mission and purpose.” (Corbin, The THES, 12th Oct 2007).

This fact highlights the importance of considering a HE institution’s strategy to effectively manage its relationships, as a strategic asset, much like the private sector, and justifies the importance of this study.

1.2 Research question

This dissertation aims to investigate how public sector organisations develop and manage relationships to co-create value for customers, partners and other stakeholders and for themselves and how organisations can evaluate their relationships and the value created. This area of research is important because of current and increasing pressures upon public sector organisations to engage with a wider range of stakeholders (see Lambert, 2003), and to engage in the debate around value (Berg, 2001). These pressures have implications for value creation and evaluation within this environment. This research provides an opportunity to explore the application of the relationship marketing and value literature, and consider its relevance, in a new context.

Specifically, this study seeks to examine the processes of building, maintaining and managing effective, interactive relationships with customers and other stakeholders within an HE setting.

This study will explore the importance of a range of relationship variables, drawn from the literature, including: satisfaction; trust; and commitment, which are commonly used in the literature to conceptualise relationship quality (Ulaga and Eggert, 2006) and therefore it will be argued underpin the value creation process; and examine the nature of attraction; social bonds and shared values; mutual goals; investments and adaptations; structural bonds; cooperation; and reputation. These relationship characteristics, it is argued, provide the structure through which value can flow (Baxter and Matear, 2004).

In particular, this dissertation will investigate the value (co) creation, management and the relationship evaluation processes contained within an HE context.

1.3 Assumptions

The study is underpinned by the following assumptions:

- Relationships within a public sector context parallel those within a business context across the creation, maintenance and management dimensions of B2B relationships. However, some of the relationship values and bonds that tie the parties together (summarised in Turnbull *et al.*, 1996), those that are underpinned by social goals and rewards, outside of a profit motive, can affect the way these relationships are evaluated.
- Context and environment are important facets of a relationship marketing strategy (Wilson, 1995), in engaging all stakeholders within a network context,

and have implications for the subsequent value creation process and evaluation mechanisms.

This research approach, encompassing all parties in their network context, appears to be rare within relationship marketing literature according to Payne, Holt and Frow (2001) and Gummesson (2004). This research attempts to examine some of the complexities of relationships and value creation in an HE context and explore its relevance to RM in a business context.

2.0 Literature review

The purpose of this chapter is to review the literature on relationship marketing (RM), relationship value, and the value creation process. This chapter will provide the reader with background to this research study, identify a range of gaps in the literature, and will also offer further suggestions for future research in this area.

The chapter begins with a brief background to the development of RM thought and an overview of the relevant relationship marketing literature. This discussion will include: the problem of multiple definitions of RM within the literature, emanating from the various researcher perspectives and contexts of study (Harker, 1999 and O'Malley and Tynan, 2003); a brief précis of Social Exchange Theory and its importance is included, followed by the perspective of the International Marketing and Purchasing Group's (IMP) contribution. The discussion will then move on to highlight those authors who have advanced the debate for services marketing. This section will conclude with a consideration of the common themes and constructs that do exist within the literature relevant to this study.

These various contributions will be referenced further in the next sections and will include a discussion of the evolutionary processes of relationship development, on the definitions of value and the literature particularly concerned with relationship value and value creation processes and then moves on to discuss the literature on governing and managing relationships, and the challenges of evaluating RM activities.

Finally, the chapter will end with a brief précis of identified gaps within the literature.

This chapter will not specifically include a discussion of the body of literature concerned with Customer Relationship Management (CRM) where the focus of the work is on the technological /database aspects of managing relationships with customers (O'Malley and Tynan, 2003). However, because CRM does aims to facilitate communication and market segmentation to retain customers and increase profitability and where the literature has provided insights into relationship development, management and evaluation, outside of its technological focus, these will be included in the discussion. Like Gummesson (2004), the approach taken within this study is to view relationship marketing as the overriding concept for this new kind of marketing and CRM as a set of techniques for handling customer relationships in practice, which commonly is underpinned by technological solutions.

2.1 Background to relationship marketing

Harris and O'Malley (2003) argue that relationships, networks and interactions are fundamental to business success. They argue, along with Gronroos (1997), that the mix management paradigm (the four P's of marketing – product, price, place and promotion) that has dominated marketing literature and thought for over 40 years as the “holy quadruple of marketing faith..written in tablets of stone” (Kent, 1986, pp 146) has totally downplayed or ignored the importance of relational aspects of the exchange, stressing the impersonal almost neutral exchange between buyers and sellers, where no relationship exists or is likely to exist.

In the last three decades, it is argued that marketing thought has undergone a renaissance (Bonnemaizon, Cova and Louyot, 2007). Customers and organisations have now become more sophisticated and operate in complex networks, with multiple relationships (Gummesson, 1987) and sources of information, affecting their business behaviours. This rapidly changing market place made traditional marketing methods ineffective (Parvatiyar and Sheth, 2000). A resulting shift has occurred from the traditional goods dominant view of marketing, where tangible outputs were exchanged in one off economic transactions with a passive customer and where the marketing mix model was the predominant model (Pels, 1999), to a service dominant view, where the exchange process is underpinned by intangibility and where relationships are central (Vargo and Lusch, 2004).

This paradigm shift in marketing, so described by Gronroos (1997) because it represented such a massive challenge to the four P's, is based upon the creation and maintenance of relationships, and is known as relationship marketing (RM).

One of the interesting things about the growth of RM knowledge is that it emanates from disparate schools of thought (O'Malley and Tynan, 2003) and as a result definitions of what RM actually is have varied enormously, both according to the authors research perspective and the context of the study undertaken (Harker, 1999). In the next sections RM will be defined for the purposes of this study and then discussed with reference to the main contributions from the IMP and Services Marketing groups. Common themes will be identified and highlighted and the implications for those implementing a RM strategy to (co) create value for customers, partners and other stakeholders in an HE context.

2.2 Defining relationship marketing

For the purposes of this study RM will be taken to be a comprehensive strategy and process of acquiring, retaining and partnering with targeted customers, partners and other stakeholders to create superior value for all those involved (Parvitiyar and Sheth, 2000 and Gronroos, 1994). It is concerned with the development and maintenance of long term mutually beneficial relationships designated as strategically significant (Buttle, 2001) and retaining those profitable 'customers' by managing relationships with them (Hobby, 1999). It is a move away from a focus on exchange and transaction orientated goals and a move towards building value laden relationships and marketing networks (Kotler, 1991 and Gummesson, 1987 and 2004).

Relationships are typically characterised by: commitment; trust; and shared goals (Morgan and Hunt, 1994); social and structural bonds (Harris and O'Malley, 2003) and cooperation (Wilson, 1995); and adaptation (Ford, 1980) leading to mutual satisfaction and benefits.

It is argued that relationships are so important that they can constitute firms (intangible) resources that can lead to competitive advantage (Morgan and Hunt, 1994, and Arnett, German and Hunt, 2003). Given this perspective this study adopts a resource based view (RBV) approach. The RBV states that a firms resources drive value creation and therefore competitive advantage, and that possessing rare or valuable resources provides the basis for value creation (Sirmon, Hitt and Ireland, 2007).

For the purposes of this study, RM is not about the following strategies which have been cited in the literature under the guise of relationship marketing (Rowe and Barnes, 1998):

- Locking customers in, and keeping other competitors out of the marketplace. Nor is it about creating structural bonds which make it difficult for an organisation to switch suppliers, as barriers to exit are raised, and switching costs high;
- Customer retention irrespective of the value that customer represents for the organisation;
- Or simply database marketing, which is uses technology to track customers and their behaviours, and where mention of relationships rarely comes into play.

These strategies outlined in some RM literature, Rowe and Barnes (1998) argue, offer some temporary competitive advantage. However this advantage, can be easily imitated away in terms of the technologies, and fails to really create value for either party and is wasteful of resources. Rowe and Barnes (1998) argue that true competitive advantage is more likely to be achieved through building strong, close and complex personal relationships which are much more difficult to imitate away. This process is by no means straightforward and requires a number of conditions to be satisfied, as discussed further in sections 2.4 and 2.6 below.

The next section explores the background and key concepts in RM before examining the processes of relationship formation, value creation and relationship management and evaluation.

2.3 Relationship marketing perspectives

This section provides an overview of the key RM themes and contributions relating to the research study and drawing upon social exchange theory and the key inputs and influences from the IMP group and service marketing perspectives. These latter contributions are of particular significance in understanding the development of relationship marketing (Vieria and Ennew, 2004). The discussion moves, in sections 2.4, to analyse the literature in general relating to the evolutionary process of relationships, and in section 2.5 and 2.6 and 2.7 to examine the theory relating to value and value creation, and relationship management and evaluation respectively.

2.3.1 Social exchange theory

In order to introduce RM perspectives in more detail it is important to understand what it meant by exchange within a relationship context, the nature of the interaction, and motivations underpinning this exchange. A short précis of underpinning theory follows in the section below.

Social exchange theory posits that all human relationships are formed by the use of a subjective cost-benefit analysis and a comparison of alternatives. The cornerstone of this theory is that each of the actors involved in the transaction, has something of value to the other, and they have to decide whether to exchange and in what quantities. This theory assumes that self interested actors transact with one another to achieve

goals that they cannot achieve alone. Therefore self interest and interdependence, according to Lawler and Thye (1999), are the central tenets of social exchange.

Kotler (1972) regarded the process of exchange as an vital part of marketing activity, which has the transaction at its core. The transaction, according to Kotler (1972), is the exchange of values between two parties, where the values are not limited to goods or services or money. Importantly he argues the values can be other resources such as time, energies and feelings.

This body of work has had important implications for RM and this study on a number of levels.

Firstly, a transaction, if one accepts Kotler's (1972) definition, provides an opportunity for exchanges that are not primarily economic. This is important in two respects firstly, it introduces the concept of value(s) which will be explored in more depth in section 2.5 and secondly, it highlights that consumers can derive benefits from products and services that go beyond the basic economic ones (Arnett, German and Hunt, 2003). This has important ramifications in any cost/ benefit assessment in the formation, maintenance and termination stages of relationships, which is, under social exchange theory, essentially a subjective assessment.

Dwyer, Schurr and Oh, (1987) argue that those engaged in social/relational exchanges expect to derive a range of complex, personal and non-economic based benefits. Examples of benefits that might be accrued in an exchange in the not for profit or public sector include social rewards, such as emotional satisfaction, spiritual values

and humanitarian ideals and do not, and cannot, have a price attached (Blau, 1968). Many businesses have also realised that social rewards are often more highly valued than economic rewards and therefore focus on these in their marketing efforts (Arnett, *et al*, 2003) .

Secondly, social exchange theory has often been used as the theoretical underpinning of relationship marketing and the cornerstones of the theory surrounding commitment, and trust (Arnett, *et al*, 2003) and cooperation all of which are all key relationship variables.

And finally, social exchange theory underlies the assessment of alternatives and the related switching costs associated with some RM perspectives (see section 2.2 above on 'locking customers in').

Social exchange theory has however been criticised for focussing almost exclusively on personal and social exchanges and for failing to explain the professional and organisational elements of attraction and exchange in a business environment (Harris and O'Malley , 2003 and Pels, 1999).

2.3.2 The general contribution of the IMP group

As noted earlier, RM has been explored from a number of different researcher perspectives. The following six areas are identified as the key relevant contributions to RM thought, by the International Marketing and Purchasing (IMP) group, and will be explored further within this research study. The work of IMP group (including

most notably the works of Ford (1980), Wilson (1995), and Ford and Hakansson (2006), Turnbull *et al*, (1996)) has provided a wealth of understanding on the nature of relationships, the nature of the exchange and interaction within a modern business network and highlighted the importance of environmental context. These key contributions to the understanding of RM are explored in brief below.

Firstly, the IMP group provided a better understanding the nature of relational exchange between the buyer and the seller, where the customer has a role as a co-producer of value by helping to determine and develop and implement transactions (Ford and Hakansson, 2006) rather than as a passive recipient of goods;

Secondly, the IMP group highlighted that the relationship process is an evolutionary one (Ford, 1980). They were the first to recognise the fact that purchases, in the main, do not occur as individual events but through interaction, and that these transactions are simply episodes in a on-going relationship between customer and supplier (Ford and Hakansson, 2006). The IMP Interaction Approach takes the relationship as the unit of analysis rather than the individual transaction (Wilson, 1995) and focuses on the behaviours of both the buyer and the seller. This group also recognised the importance of individuals within organisations, and the way that individuals can affect the nature of the relationship and the extent to which the relationship is founded on trust or legal agreements. Individuals can, for example, engage in information exchange, where adaptations are agreed, negotiations performed and crises overcome and social bonds formed (Turnbull *et al*, 1996). The success of this interface between individuals can affect a company's competitiveness and is something that needs to be actively managed, according to Turnbull *et al* (1996). Relationships lead to strong and

continuing interdependence between companies, due to the adaptations that are made to suit the individual circumstances and because these relationships may exist over many years and many individuals are involved on both sides (Ford and Hakansson, 2006).

Thirdly, this group highlighted the importance of managing the relationship over the long term, given the recognition that relationships evolve over time and are characterised by increasing mutual adaptation, and commitment and the fulfilment of promises (Ford, 1980, Ford and Hakansson, 2006 and Morgan and Hunt, 1994). These adaptations activities along with the resource investments made, mentioned below, may create social and structural (economic) bonds, which in turn lead to mutual commitment and loyalty (Turnbull *et al*, 1996). Relationships characterised by these social and structural bonds are difficult to break

Fourthly, the importance of environment and context was recognised as an important influence on both buyer and seller behaviours (Wilson, 1995). Related to this is atmosphere which Wilson (1995) argues, is a multi dimensional construct involving power/dependence, cooperation, expectations and relationship closeness and increased commitment (Ford, 1980).

Fifthly, the importance of an organisation within a network, outside of the traditional dyad between company and customer, was another key step forward in the thinking on RM by the IMP group. Ford, McDowell and Tomkins (1996) link the importance of the company within its network of suppliers, customers and stakeholders and its ability to manage its relationships as a means of enhancing its competitive position.

Finally, the IMP group propounded that investment of resources by both parties, leads to increasing levels of mutual commitment. Turnbull *et al* (1996), argue these resource investments can take three forms: financial resources; the company's position in the network; and the skills/technologies that they possess. These technologies involve abilities to design and manufacture products and services and importantly an ability to analyse the requirements of others and deliver them to a recipient by mobilising and coordinating their own resources. Turnbull *et al* (1996) argue this ability includes a competence in managing the relationships themselves. Ford and Hakansson (2006) argue however that the investment in relationships is heavy and therefore companies are likely to have few significant relationships, given that the return on them is likely to take place sometime in the future.

Whilst these contributions are extremely valuable, IMP research has, it is argued, focussed solely on B2B marketing (Arnett, *et al*, 2003). This somewhat narrow focus has led to challenges from academics around the application of these ideas for business to consumer marketing and for the not for profit and public service sectors. Some of these challenges will be explored below with a review and analysis of the key contributions of the services marketing group.

2.3.3 The contribution of services marketing thought

It is argued that the service dominant view of marketing has advanced the debate on RM. This is because this approach is, according to Vargo and Lusch (2004), customer centric and market driven, and is underpinned by a focus on really understanding and learning from customers and adapting to their individual needs. This service

perspective shifts the emphasis from a producer and goods orientation to a customer perspective (Gummesson, 1995) where value is co-created with the customer. This co-creation approach complements the work of the IMP researchers and forms an important tenet of the research questions underpinning this study.

The service perspective also highlights the importance of 'intangibility' within services marketing. Shostack (1977) argues that traditional marketing failed to accommodate the intangibility of services within its conceptual framework. The fact that services cannot be touched, smelt or owned but rather experienced meant a new marketing approach which considered customers values and their 'realities' was required (Shostack , 1977) . In defining services Vargo and Lusch (2004) introduce the importance of resources to include both the traditional tangible materials that go into making a product, and the intangible resources that are human input, ingenuity and the organisations core competences, that is, its processes and bundles of skills and technologies' (Hamel and Prahalad, 1994). Constantin and Lusch (1994) distinguish the two as **operand** resources and **operant** resources. Operand resources are those resources upon which an act is performed to produce a product or effect, compared with operant resources which are utilised to act upon operand resources (Vargo and Lusch, 2004).

Therefore, part of the shift that has occurred in marketing thought has been a realisation that knowledge and skills, not tangible resources, were the most important resources a firm has in creating value and competitive advantage. As stated before a service dominant view of marketing is customer centric it therefore implies, Vargo and Lusch (2004, pp6) argue that:

“Value is defined by and co-created with the consumer rather than embedded in output.”

The creation and evaluation of value and the challenges this brings are further explored in sections 2.5 and 2.7 respectively.

Despite the different emphasis of the IMP and Services Marketing groups there are important common themes that have been identified within the literature and basic principles upon which both the IMP and services marketing groups are agreed. Firstly, RM refers to commercial relationships between economic partners, service providers and customers in the broader business environment; secondly, profit and competitive advantage remains an underlying principle of these relationships; thirdly, there is an acceptance of the evolutionary nature of relationships, based on increasing levels of commitment and trust achieved through adaptations, investments and the fulfilment of promises (O’Malley and Tynan, 2003). In addition, more recent convergence has occurred around the nature of exchange within relationships and the co-creation of value within relationships which goes beyond a simple dyad; the importance of environment and context in RM; and finally the nature of resources that are involved in the value creation process, founded on the knowledge and skills of the individuals based within those relationships.

The discussion of the literature thus far has provided a basis upon which to examine the processes of relationship development, value creation, and the identified management, governance and evaluation issues deemed important for those

undertaking a RM strategy successfully. These processes are now discussed in the sections below.

2.4 Relationship development processes

As previously stated, there is broad acceptance of the evolutionary nature of relationships. Levitt (1983) was the first to allude to the parallels between the development of business relationships and those of marriage and personal relationships. The marriage metaphor (involving courtship, marriage and the possibility of divorce!) has been used extensively in the RM literature (including Morgan and Hunt, 1994) and to powerful effect in highlighting the developmental aspects of the relationship (see also Dwyer *et al* 1987). Gummesson (2004) goes some way to explaining why this has been the case, he argues that we all instinctively understand what relationships are and the many types and phases involved. Relationships, Gummesson (2004) argues, are ubiquitous both in ones private and professional /commercial life. The marriage metaphor therefore can be seen help illustrate the processes of relationship development in a way that all can understand.

However, it should be noted that the marriage metaphor is also limited. For example, Levitt (1983) focussed on the management of the relationship solely from a sellers' perspective, ignoring the role of the customer in the process, it is for this reason more difficult to see, Tynan (1999) argues, its applicability in business to consumer markets. For a fuller critique of the marriage metaphor see Tynan (1999).

If it is agreed that establishing any relationship requires an initial process of *attraction* in a business and RM context it also requires *management* by all parties concerned.

The mechanics of implementing an RM strategy are complex and have proven difficult for companies to do successfully (Gummesson, 2004). Peppers, Rogers and Dorf (1999) highlight the difficulties and provide a salutary warning to managers:

“It is one thing to train staff to be warm and attentive; it is quite another to identify track, and interact with an individual customer and then reconfigure your product or service to meet that customer’s needs”. (Peppers, Rogers and Dorf, pp. 151)

So from an organisational perspective, decisions need to be taken on whether a favourable climate has been established to undertake the preferred strategic relationship marketing strategy. These decisions need to be taken prior to engaging in the relationship development phases outlined below (see also section 2.6 on management and governance). Managers need to make certain, according to Parvitiyar and Sheth (2000) and Payne and Frow (2005), that employees are properly motivated and trained to engage in the process of building strong and close relationships with customers dealing with them in a professional manner and they have the right resources to do the job. These employees need to be offered appropriate *incentives and rewards* for engaging in the process, as personal relationships inevitably have an impact on inter- institutional relationships, as described below by Harris and O’Malley (2003).

The people most involved in the interactions and the development of important relationships with customer/partners are however not necessarily marketing employees. Gummesson (1987, 1995) describes these people as the *part time marketers* of the organisation those, for example, engaged in research and development, design, customer training, invoicing and credit management. These employees far outnumber the marketing function and have, Gummesson (1987)

argues, a far greater impact upon the future purchasing decisions of a customer than the professional sales people and marketing campaigns. Gronroos (1997) highlights that for a RM strategy to work successfully all parts of the firm should be involved in taking care of customers/partners because:

“..the internal interface between marketing, operations, personnel and other functions is of strategic importance to success” (Gronroos, 1997, pp. 331)

Equally important, Gronroos (1997) argues, is the involvement and commitment of senior management in this process. Collaboration across the organisation will, it is argued, provide customers, partners and stakeholders with consistency of treatment and high levels of perceived quality and satisfaction.

The next section considers the literature concerned with phases of relationship evolution including: attraction; relationship development (which includes awareness, exploration, expansion, commitment and dissolution described by Dwyer *et al*, 1987).

2.4.1 Attraction

Assuming that managers are committed to and ready to implement a RM strategy, it is important to unpick what underpins the initial relationship development phase, that of attraction, Attraction it is argued is the linchpin in the development of strong and close business relationships. Harris and O'Malley (2003) argue that attraction is key to building understanding of the dynamic nature of marketing relationships not just social attractiveness, covered by social exchange theory, but also economic and resource attractiveness.

There are a number of conditions upon which attraction commonly depends, these include: *organisational reputation and familiarity* (Harris and O'Malley, 2003); *awareness, proximity and distance* (Dwyer, *et al*, 1987 and Ford, 1980); and *repeated exposure* through trialling and testing of products and services. These conditions can all lead to more positive assessments of one another and mutual attraction, not least because it costs less to interact with those organisations that are close by and that are known in terms of their ways of doing business, than to work with those with whom one knows little and are geographical further a field. Furthermore *complementary resources*, such as information, services, legitimacy and status (Dwyer *et al*, 1987) can be combined in a way by partners to create value for the other and act as an attractor to doing business. More individual, rather than organisational attractors, also described by Harris and O'Malley (2003), include: a process of *socialisation* in a professional sense, in which each learns what is and isn't acceptable; *similarity*, where there might be similarities in experiences, beliefs/values and ideologies, even personality (Dwyer *et al*, 1987); and *compatibility* - where psychological, social, moral or emotional closeness makes those doing business feel more at ease.

Dwyer *et al* (1987) contend that most of the interpersonal attraction literature has given principal attention to rewards. These rewards/benefits maybe rooted in similar beliefs, values or complementary resources, as mentioned above, but Dwyer *et al* (1987) argue that there are a number of types of rewards leading to attraction. These include: rewards or benefits directly provided by the other in terms of financial gain /payment from a customer, or from a customer perspective the functional benefits derived from the seller's product; equally, they could be benefits derived by

association with the other; or through a recognition of a similarity in attitude which reinforces existing behaviours and confirms competences.

Importantly, Harris and O'Malley (2003) posit that attraction is crucial in influencing how investments are made across the life of the relationship not only in initiating projects in the first instance but also as a cornerstone in influencing the level of those investments across its lifetime.

Attraction therefore is central to an understanding of the development of a value creating strategy.

2.4.2 Relationship formation and development

Attraction is only part of the picture in building a business relationship. Two bodies of work are used below to illustrate different facets of the development process that go beyond attraction. One focuses on the underpinning evolutionary relationship processes/phases (Dwyer *et al*, 1987) which are differently described by others within the RM literature (for example Wilson, 1995) but essentially follow the same path, and the other emphasises the management aspects of the process (Parvitiyar and Sheth, 2000) see section 2.6. Both the phases of relationship development (and the underpinning sub processes) and the management of these processes are important, it is argued, in the creation of value within relationships (see section 2.5 for a discussion of the concept of value).

For Dwyer *et al* (1987) the processes of relationship development include, in brief, five phases 1) awareness, 2) exploration, 3) expansion 4) commitment and 5) dissolution.

In the first phase interaction has not occurred between the two parties but *awareness* of the other party as a potential 'partner' is recognised. In this phase 'positioning' may occur to improve ones attractiveness to the other party. In phase two basic testing and *exploration* occurs as part of the formation process, as similarly described by Parvitiyar and Sheth (2000), and involves the decision to begin the process of engagement. The purpose of engagement is defined and customers or partners are selected (by defining and measuring their potential value) and then programmes/strategies for engagement are developed and the process of building strong, close and positive relationships begins. This phase may be long or short but is underpinned by the development of five sub-processes (attraction, as previously described, power, communication and bargaining, norm and expectation development) described by Dwyer *et al*, (1987). See also Appendix 1 for more detail of these phases and the underpinning characteristics. Each of these sub-processes it is argued can build deepening dependence leading into phase three - *expansion*. This third phase is characterised by increasing interdependence and risk taking as trust is built, satisfaction grows and value is created (Wilson, 1995). The penultimate final phase as described by Dwyer *et al* (1987) is *commitment* which is the most advanced stage of the relationship where 'alternative partners' are all but precluded from engaging, such are the levels of satisfaction with current performance. Importantly, this phase can involve the development of shared values and governance structures, structural bonds and further cooperation (Wilson, 1995) which support increasing investment,

commitment and trust. The final phase is *dissolution* or 'divorce', to use the marriage metaphor. When this does occur in a business context it can be as difficult to manage for those involved as when divorce happens in personal relationships. The processes of disengagement have not received the same level of attention within the literature as the other phases of relationship development with notable exceptions including Baxter (1979, 1983 and 1985). For brevity and because of the focus of this work is on value creation a discussion on this phase will not be covered here either.

The advantages of this model are that it can be applied to both inter-firm and consumer relationships and that it highlights a process of growing interdependency between parties and increasing possibilities for value creation. The disadvantages of this model are its focus on just the buyer and seller relationship, and that it does not recognise the complex 'network' of relationships that exist today.

In the section below the concept of value is defined. As the linchpin of this study it is important to understand what is meant by value, and how value is created as it is a crucial element of the assessment in the initial decision making/selection process at the start of the relationship and then is crucial in the assessment of decisions about the on-going relationship on whether to maintain or terminate the relationship. The section below goes on to consider how value is created within a RM context, which is important as it precedes the process of managing evaluating relationships and the discussion of the literature follows this order.

2.5 The importance of value and its definition

The concept of value has been receiving an increasing level of interest from both practitioners and academics yet there is still very little agreement in the literature on what constitutes either value (Payne and Holt, 2001) or value creation (Lepak, Smith and Taylor, 2007). Value is a very subjective term and it is ambiguous and has multiple meanings on several levels societal, organisational and individual (Berg, 2001).

However, the fact that business relationships provide value the business, the customer and others within the wider network of suppliers and stakeholders, Baxter and Matear (2004) argue, is not in doubt and is well supported in the RM literature. This is particularly demonstrated through the work of the IMP group (see section 2.3.2 above), through the transaction cost literature and its application to relationships (Wilson, 1995) and in the literature relating to Resource Based Theory as described in Morgan and Hunt (1994) and Hakansson and Snehota (2006).

The concept of value is therefore critical to this study, with general agreement in the literature that value is the fundamental basis of all marketing activity (Holbrook, 1994) and that:

“Value creation and value sharing can be regarded as the raison d’être of collaborative customer-supplier relationships” (Anderson, 1995 p. 349)

Despite the difficulties in defining value within the literature Ulaga and Eggert (2006) posit there are common characteristics that can be identified and these are:

1. Value is seen as a trade off between benefits and costs (Gronroos, 1997). The benefits can be for example social, economic (profitability), or even strategic. The costs are mostly described in monetary terms (around price willing to be paid), and relationship related costs. This trade off is underpinned by *exchange value*, mentioned in the literature and pioneered by Kotler (1972). Exchange value is defined as either:

“the monetary amount realized at a certain point in time, when the exchange of a new task, good or service, or product takes place, or the amount paid by the seller for the use value of the focal task, job, product or service” (Lepak, Smith and Taylor, 2007 p181-182).

There are two important economic conditions that need to be satisfied in this trade off. Firstly, that the monetary amount exchanged must exceed the producers’ costs in creating the value in the first place. And secondly, the amount the user will exchange is a function of the performance difference of the new value created and the nearest alternative in the marketplace (Lepak, *et al*, 2007).

2. Value is a subjective concept (Kortge and Okonkwo, 1993), for example customers perceive and value offerings differently (Levitt, 1969, Holbrook 1994 and, and Bowman and Ambrosini, 2000). This is referred to as *use value*, or *value in use* within the literature. Moreover, the subjectivity of the concept of value is highlighted further when in large organisations there maybe multiple touch points with the customer organisation and therefore there may be multiple perceptions of a supplier’s offering.

3. Value is always assessed in the context of the competitive market, competitor offerings /alternatives and the associated switching costs (see also section 2.3.1 on social exchange theory).

2.5.1 Value creation

Given the fact that value is subjective it can be foreseen that the value creation process is equally liable to be subjective. Lepak, *et al* (2007) argue that value creation is dependent upon the relative value that is subjectively perceived and realised by the user, whether that be at an individual, organisational or societal level.

Payne and Frow (2005) nonetheless highlight three key elements of the value creation process stressing the necessity to:

1. Determine what value the organisation can provide to the customer
2. Determine what value the organisation receives from its customers
3. Manage the value exchange process which they emphasise is a *co-creation process*, not a one-way process of organisation to customer (through products /services benefits accrued) or customer to organisation (through profits accrued). This co-creation process maximises the lifetime value of customers (involving co-creating and co-producing value)

What Payne and Frow (2005) highlight here is the importance of the potential, outside of the simple firm /customer dyad, for value creation. It appears much of the literature on value creation has focussed almost solely on the value creation for firms (Gronroos, 1997) and to a much lesser extent on the value to the customer. The literature has,

Payne and Holt (2001) argue, largely failed to a) take account of value creation and delivery through relationships b) to include a RM approach, incorporating multiple stakeholders. Notably exceptions include the work by Payne, Holt and Frow (2001), Hakansson and Snehota (2006), Baxter and Matear (2004) and Eng (2005).

Having examined the concept of value and value creation in general terms above, in the section below the concept of relationship value is considered and followed by an exploration of the processes of creating relationship value with multiple stakeholders.

2.5.2 Relationship value

Not unlike the concept of value, relationship value offers academics and researchers challenges in its definition and measurement (Baxter and Matear, 2004). For the purposes of this study relationship value is seen a dynamic concept which, according to Payne and Holt (2001) changes over time. It is argued that as organisations learn from their interactions, and relationships develop and mature with customers and other stakeholders and different combinations of networked resources come together, so relationship value is created (Eng, 2005 and Wilson, 1995). The competitive advantage derived from the development of this complex web of resources and networks are, it is argued from a RBV perspective, extremely difficult to imitate away (Gulati, Nohria and Zaheer, 2000 and Rowe and Barnes, 1998).

The work of Baxter and Matear (2004), looked specifically at the measurement of intangible value in relationships from a B2B perspective, and provides an insightful contribution to the debate on the nature of relationship value. They argue that:

“The establishment of mutual goals, the input of non-retrievable investments and relationship specific adaptations to processes and products, together with the strengthening of structural bonds, cooperation, and commitment, provide a structure through which value can flow” (Baxter and Matear, 2004 p.492).

They go on to argue that the value to both parties is dependant upon the existence of the relationship. Relationship value therefore, for the purposes of this study, is tied to all of the relationship characteristics mentioned by Baxter and Matear (2004) and to satisfaction, commitment and trust as the key constituents of relationship quality (Ulaga and Eggert, 2006).

Having defined the concept of value and value creation and highlighted its centrality in RM activity, the process of managing and evaluating relationships is explored below.

2.6 Management and governance of relationships

Following the formation phase where individual customers are selected, attractiveness and value assessed and RM programmes implemented, and relationships built, the process of managing and governing the relationship begins. Importantly, as mentioned in sections 2.3.2 and 2.3.3, this should involve both the business and the customer to create true value for all parties.

Parvitiyar and Sheth (2000) argue good management and governance helps to facilitate effective relationship management activities and strategies and helps to strengthen relationships so that mutual benefits are achieved and both parties remain satisfied. Organisational learning plays an important role in this process; Sirmon *et al* (2007) argue that in dynamic environments organisational learning helps a firm to:

“*adapt and maintain an acceptable fit with its environment whilst seeking to satisfy its customers*” (pp.275). The process of managing (intangible) resources is a dynamic process that shifts with environmental changes and in anticipation of external opportunities, and in response to feedback from customers, other stakeholders and management. Management therefore have a key role to play in when and how to leverage the organisation’s capabilities and assets and therefore on the amount of value it is able to create for its customers and stakeholders (Sirmon *et al*, 2007).

Sirmon *et al*’s (2007) work attempts to explain how resources (including intangible resources) can be managed to create superior value for customers, the organisation and competitive advantage, and unlike other resource based theory it does so in the context of the external environment.

The management of significant relationships as one of a firm’s portfolio of resources has become the core focus for organisations in terms of value management and performance improvement (Payne, Holt and Frow, 2001) and is developed further in the discussion of the literature below.

Successful RM implementation it is argued depends upon a number of management decisions, which are described below. Decisions on *staffing*, who is to be involved in the process of managing the relationships, and what authority, resources (including technologically based resources) and rewards do they have at their disposal, are crucial. This is especially important given Gummesson’s (1987, 1995) assertions about the importance of part timer marketers within the RM process.

Establishing good *communication* channels, “the lifeblood of relationship marketing” (Parvitiyar and Sheth, 2000) is also crucial as it helps to enhance trust between parties. This facilitates sharing of information and knowledge, utilising technology to support the process where appropriate, to enable cooperative and collaborative activities to be undertaken and the co-creation of value.

Effort also needs to be employed into creating *common bonds* will, Parvitiyar and Sheth (2000) argue have a more sustaining impact on relationships, through symbolic relationships, endorsements, affinity groups, membership benefits and the establishment of on-line communities. Having shared values (Morgan and Hunt, 1994), reputation bonds and structural bonds (Harris and O’Malley, 2003) and mutual goals (Wilson, 1995) are useful ways to institutionalize relationships, which may arguable bring benefits for both parties (see Ford, 1980).

Involving customers in the *planning process* is also an important part of the governance process to ensure goal achievement. The level and need for involvement depends on the size of the customer and the willingness to take part, clearly in mass markets involvement in the planning process is not practicable. As noted earlier, truly effective RM is likely to be with fewer significant ‘partners’, due to the required level of resource investments, and where there is greater potential for returns on both sides.

Robust *monitoring arrangements* also need to be in place to ensure that if problems arise and conflicts surface they are mechanisms for spotting this at an early stage and there is a system/forum for discussing problems and resolving difficulties. Linked to this is performance evaluation, without identifying the appropriate key performance

indicators on which to judge the success of relationship management efforts it would be difficult to judge whether the relationship was creating value and the desired return.

Both parties involved in the relationship therefore need to continually assess whether to continue, to modify/enhance or terminate the relationship. The next section discusses some of the general issues around evaluating RM efforts.

2.7 Monitoring and evaluation

Performance indicators are vital in deciding whether to continue, modify or terminate relationship marketing programmes and indeed the relationships themselves if they are failing to deliver value. Traditional marketing measures such as market share, total volume of sales, and customer profitability analysis consider the tangible aspects of relationships that can be measured. However, a different set of metrics have become necessary as the world of business changed from the exploitation of physical assets to exploitation and management of intangible ones such as knowledge and information. Techniques have been developed to measure intangible assets and include those based on financial techniques and discounted cash flow which does have an allowance for intangible value (see Brealey and Myers, 1988). But it is argued these measures are not specific to the measurement of relationship value, and still leave a gap to be filled by new research in this area (Baxter and Matear, 2004).

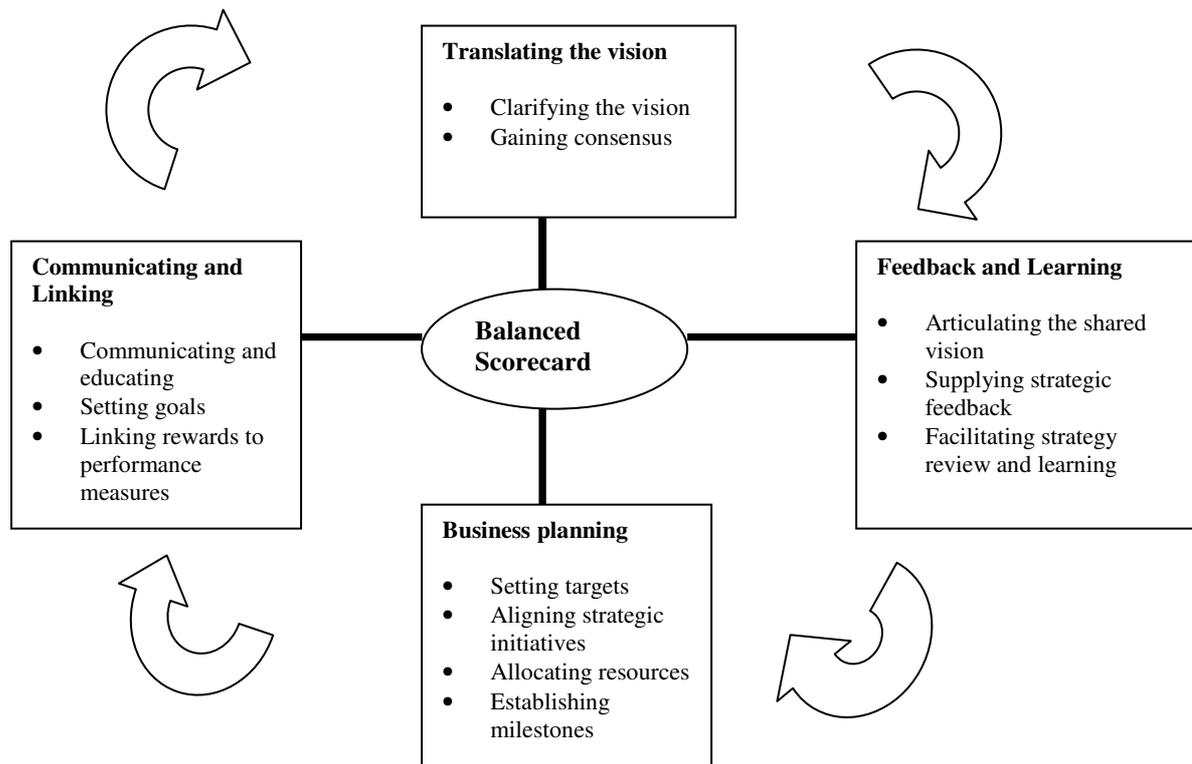
To go some way to address the lack of appropriate metrics Parvitiyar and Sheth (2000) and Gummesson (2004) recommend the use of Kaplan and Norton's (1992) balanced score card (BSC). The BSC, like intellectual capital valuations (Baxter and Matear, 2004), Gummesson (2004) argues, offers a framework for thinking beyond short term

financial considerations. It is posited by its creators that the BSC complements, not replaces, traditional financial measures (Kaplan and Norton, 2007). Importantly, it also incorporates additional measures, those involving the customer (satisfaction, retention and profitability), employees (satisfaction, retention and turnover), and the learning from innovations and business processes which can be added to the balance sheet as antecedents of future profit (Gummesson, 2004).

The process of measuring relationship satisfaction and the extent to which partners /parties are satisfied with the relationships is unlike traditional customer satisfaction surveys which investigate satisfaction in one direction (customers to company/organisation). Relationship satisfaction surveys can investigate the dyad in both directions and both parties satisfaction can be measured as well as their propensity to continue or terminate the relationship. (Partvitiyar and Sheth, 2000).

Because the two sets of metrics (financial and non-financial) work alongside one another it enables managers, Kaplan and Norton (2007) argue, to track financial progress as well as the progress on building capabilities and acquiring intangible assets. (See Figure 1 below for more detail on the processes involved).

Figure 1 Kaplan and Norton's BSC four processes



Source: Kaplan and Norton (2007) pp. 155.

The BSC's strength is its ability to provide a framework for implementing a RM strategy in response to changing customer, stakeholder and partner demands and other changes in the marketplace. For example, positive engagement and continued communication with customers and other stakeholders provides the necessary feedback to managers to tailor offerings. This is especially powerful when performance is linked to rewards across the organisation. Kaplan and Norton (2007) cite the example of an oil company who successfully implemented the BSC. The company split their incentive strategy for executives 60/40 between financial targets and indicators of customer and employee satisfaction and environmental responsibility. The company claimed that using the BSC helped align the company with its strategy.

Its one weakness, suggested by Payne *et al* (2001), is the BSC's failure to fully integrate the measures to show the relationships between the various groups. This means that a full picture of all the interactions and the potential for the creation of value is lost and with it the chance for improving the management of those links within the network.

Nevertheless it is argued that the BSC is one useful tool for marketers to help measure different elements within the organisation, including the key relationship characteristics outlined by Baxter and Matear (2004) in section 2.5.2 above, as part of the process of assessing the return on relationship marketing activities and relationship value.

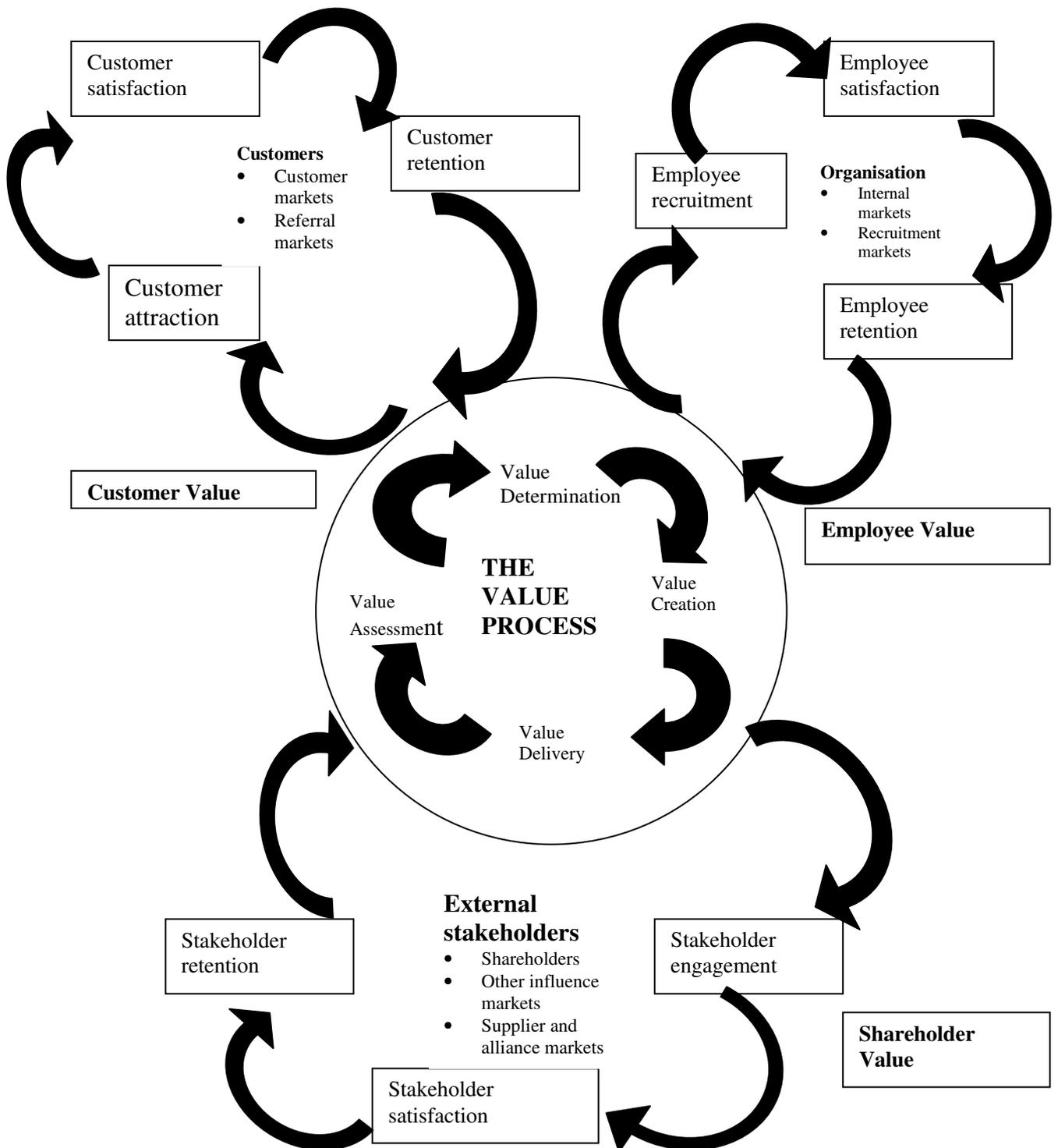
In the light of the weaknesses identified above with the BSC it would be important for any organisation to ensure that the management and evaluation elements of the RM strategy consider all stakeholders and their links within the network, as an important part of the potential value (co-) creation process. In the following section a brief consideration is given to the process of identifying stakeholders within the network

2.8 Identification of stakeholders

Payne, Holt and Frow (2001) highlight that the process of identifying the number of stakeholder relationships could range anything from six groups (Christopher *et al*, 1991) to as many as thirty (Gummesson, 1995). Payne *et al* (2001) however posit that the number of stakeholders can be reduced to a core of three: employees, customers and shareholders, which they argue represent the critical components of relationship

value management and each of the groups offers opportunities for value creation and delivery. The relationship value management framework (see Figure 2 below) developed by Payne *et al* (2001) shows the importance of not just managing the relationships as discussed above in 2.6 but also the linkages between the different groups as part of a value creating strategy. This is not as a linear process but a circular iterative process. This approach linking all three groups is it argued somewhat unique within the literature (Payne, *et al*, 2001), and being able to understand relationships from the perspectives of all parties is potentially of great value (Vieira and Ennew, 2004).

Figure 2: A Framework for Relationship Value Management



Source: Payne and Holt (1998)

Payne *et al* (2001) argue for the adoption, by companies, of linkage models such as the enterprise performance model or service profit chain (see Appendix 2) as a means

to enable value creation for all. Payne *et al* (2001) cite two case study examples (Sears Roebuck and Company and Nortel Networks) where demonstrable benefits have been achieved utilising linkage models, using an enhanced understanding of customer, employee and shareholder value to achieve this. Some of the benefits accrued for the companies included increased employee and customer satisfaction and enhanced share price. Measures therefore to explore satisfaction levels across the three stakeholder groups are important, as Ulaga and Eggert (2006) argue that satisfaction is widely accepted as a predictor of future purchasing behaviour.

To conclude, a review of the literature has provided the background on the key concepts in relationship marketing, the process of relationship development, management and evaluation, and the emerging debate on value creation within a relationship marketing context. The discussion on value highlighted the importance of co-creation through a network of long term relationships where understanding of each party and their needs is enhanced through continuous communication and positive engagement and commitment on both a strategic and operational level. The literature suggests that increasing investment and commitment from all parties' involved increases trust and satisfaction levels for all. Importantly these processes involve customers, employees and other stakeholders.

What has also been highlighted throughout this chapter are a number of gaps within the literature concerning how relationship value is created and the difficulties in evaluating this process in terms of the return on investment/return on relationship (Gummesson, 2004). Whilst it might be accepted that value is co-created, the measurement of the value created with and for the customer is still to be explored

(Bonnemaizon *et al*, 2007), and the value creation process including multiple stakeholders is ripe for further research.

As mentioned earlier much of the work on RM has focussed thus far on B2B activities in for profit firms and this literature review has consequently considered RM in this commercial context. This study seeks to apply RM concepts, to an HE context, and examine their relevance given that HE is, it is argued, like business any other business in many important respects, especially in its relationships with customers and suppliers and other stakeholders. The next chapter provides an overview of the case study organisation and its context and serves to highlight some of the basic similarities and differences between the business world and HE in the UK in a RM contextual framework.

3.0 Context of the study

This chapter provides the background to the case study organisation and considers its external operating environment through an evaluation, in part, of the Political, Economic, Social and Technological environmental factors (using the PEST framework – see Appendix 3) as it affects the organisation and its relationships with stakeholders. This analysis provides the context for an examination, in brief, of the overall corporate strategy for Nottingham Trent University, and the School of Education as the chosen case study organisation, as it relates to its competitive environment, and specifically the implications for relationship marketing and management within the organisation. A brief justification for the choice of organisation then follows and the chapter concludes with a discussion of the similarities and differences between this public sector organisation and the private sector, the latter being the focus of much of the RM literature to date. This final section introduces the application of RM literature to a new context and highlights its potential relevance in a modern education setting.

3.1 The higher education sector in the UK

The role of HE in the economic structure of the country is of crucial importance as it adds value to both the private and the public sector, from the provision of educated and qualified employees to cutting edge research and innovation services (Fairchild and De Vuyst, 2005). The sector has however experienced wide ranging and rapid change in its market and in the nature of competition in recent years leading to some important changes to the culture of H.E. Some of the key recent changes in the external environment affecting H.E. include: demographic changes affecting

adversely the numbers of potential applicants in the marketplace; government policies regarding widening participation and the '50% target'; the introduction of top up fees; an expansion of university activities involving greater links with business and the community, driven in part by the recommendations of the Lambert Report (2003) which have resulted in a marked cultural change with, Lambert (2003) argues, most UK universities now actively seeking a broader role in the regional and national economy but also driven out of economic necessity:

“Universities have been forced by economic circumstance to hunt for new sources of cash and equipment, putting a new emphasis on business partnerships” (Lambert, 2003, pp83)

The central importance of business and wider community engagement was again reiterated in a recent and important review led by Lord Sainsbury and the proposals which have now received government approval indicate that those:

“Universities that engage the most with business will see significant increases in state funding” (Corbin, The THES, 12th Oct 2007)

The need to drive up alternative sources of income is further evidenced by the stark financial position of most of the institutions in England, the Lambert Report (2003) highlighted that 47 out of 131 institutions were operating deficits in 2002 and the remaining 84 were only operating a 2.2% surplus on revenue. This has resulted, for many HEI's in an increase in what is deemed 'third stream' activity. This is activity that HEI's undertake beyond teaching and academic research, in pursuit of relations with and services to industry and the wider community (Hatakenaka, 2006)

Finally and importantly there has been a marked increase in competition in the HE marketplace both in the UK and overseas (Anushka, 2007).

These changes have affected both the role of HEI's and the breadth of activities undertaken. Importantly for this study these changes have had the side effect of increasing the level of engagement with a wider range of stakeholders who might hold the institution to account (Lambert, 2003 p101), and with whom universities would seek to have good and 'profitable' relationships, in order to compete and survive.

These factors have led the researcher to consider the importance and relevance of RM strategies for the development, management and evaluation of relationships within an HE environment.

3.2 Background to the case study organisation

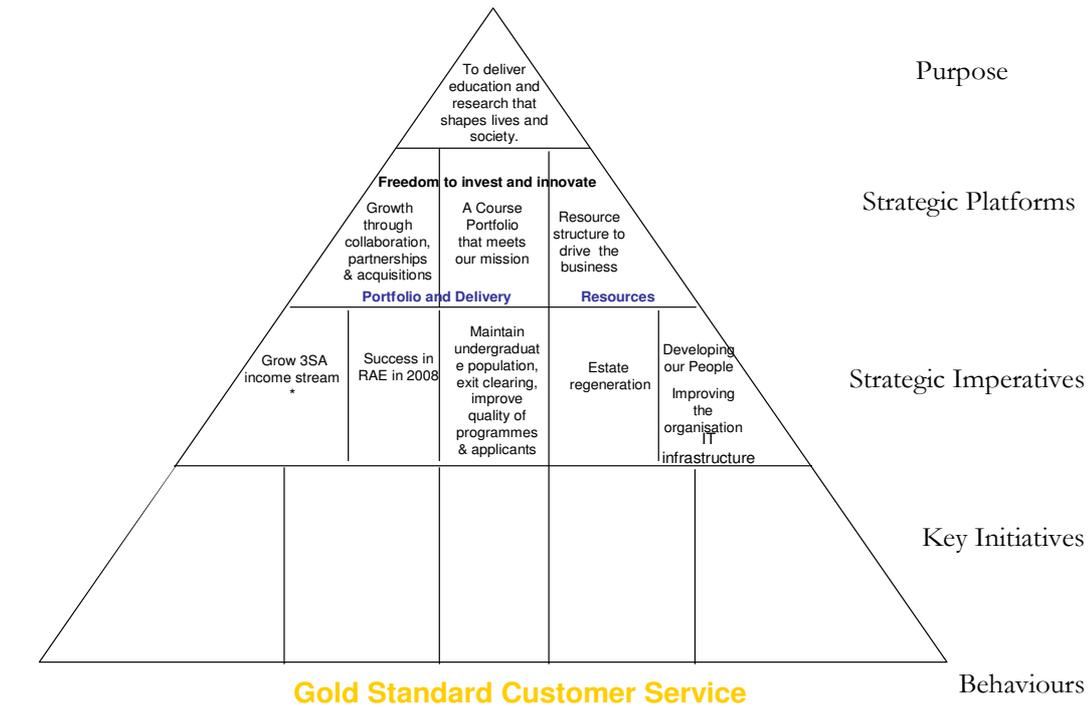
This section sets the context for the overall study by providing background to the case study organisation, the School of Education based at Nottingham Trent University (NTU). What follows immediately below is an outline of the recent changes in the University's overall strategy and its RM strategy (See also Appendix 4) as it translates and pertains to the School of Education.

3.2.1 NTU's internal environment

NTU is a post 1992 university with a focus on teaching and research. Prior to the changes of the last three years the university could be described as being fairly stable, a mature organisation with long established systems, structures and behaviours. Daft (2004) might have typified the old NTU culture as a 'bureaucratic culture' with a strong methodological approach to doing business. The appointments of a new VC, a new Chief Financial and Operations Officer and a total overhaul and expansion of the

marketing functions within the university have been central to the change process in ‘unlocking’ the organisation, its structures, physical spaces, systems and its culture (Tushman *et al*, 1986) and have had far reaching implications for its competitive positioning especially in the light of changes and challenges of the marketplace highlighted in section 3.1. New executive structures have replaced the management by committee style, often a common criticism by business of universities (Lambert, 2003) and in 2004 NTU launched a new strategic plan, depicted in Figure 3 below, which highlights, as Daft (2004) would argue, how the university plans to interact “*with the competitive environment to achieve organisational goals*” and how it intends to differentiate itself from its competitors (Porter, 1998).

Figure 3 - NTU Corporate Triangle



14 November 2004

1



* Note: 3SA income refers to the university’s third stream activities and engagement with business for a ‘profit’

An understanding of these changes to NTU’s internal and external environment is necessary to provide the reader with an appreciation of university strategy development, including its commitment to Gold Standard Customer Service which is central to its relationship management strategy (See Appendix 4).

Changes to the external environment, see section 3.1, have led NTU to decide in the last four years that ‘radical’ organisational and strategic change was necessary to become more competitive, and that developing and maintaining successful and ‘valuable’ relationships with its ‘customers’ was important to the institution’s success through, for example, its emphasis on Gold Standard Customer Service (see Fig. 3

above) and as mentioned in the 2006 Annual Report and most recently highlighted in the University's revised Corporate Plan:

“Traditionally, universities have shied away from the word ‘customer’. At NTU, in a fee-paying age, we feel that the time is right to make the word part of our discourse and commit to gold standard customer service, building upon and sharing existing good practice”. (NTU Corporate Plan Revised Version, October 2007 p.46).

In the recent past much of the emphasis on customer relationships and their management has focussed on the university's student customer base and in developing better communication and service, including infrastructure improvements (Source: Int. 6). Institutional focus has now turned onto its relationships with a wider range of partners, customers, stakeholders, outside of the student body, through its full cost courses, collaborations, and projects and initiatives in terms of improving relationships and performance as the revised Corporate Strategy highlights:

“It is not just students who are our customers. Amongst others, the term ‘customer’ includes parents, employers, sponsors, and the funding council”. (NTU Corporate Plan Revised Version, October 2007, p.46)

It is these relationships, outside of the student body, that will be of central interest in this study. Practical considerations, namely the size and transient nature of the student population, meant that interviews with this group of stakeholders were excluded.

3.2.2 Justification for the choice of organisation

Historically, and as noted in Chapter 1, much of the literature on RM and value creation has focused on the private sector and on the creation of shareholder value (Payne and Holt, 2001). The literature has also largely ignored the linkages between customer, employee and shareholder. So a focus on a public sector organisation provides a chance to look at a different type of organisation and a range of different

stakeholders including partners, customers as well as employees all based within a public sector context. The university appears to be receptive to the application of best practice from the business world as evidenced by their commitment to customer service:

“We will actively look to best practice within the sector as well as to exemplars in the corporate world in order to provide the best service for our various customers” (NTU Corporate Plan, Revised October 2007, p. 46)

Further details of NTU’s strategy to deliver Gold Standard Customer Service are found in Appendix 4.

The researcher was also fortunate to have access to data, documentation, people and processes and had a familiarity with the organisation. These factors are often used as a common justification for the choice of a case study organisation (Yin, 2003).

NTU is large institution with 2,500 employees and over 6,000 relationships with business and the community (according to information gleaned from interviews with senior management). The selection of the School of Education as the single main case and the focus for the study enables the research to be more manageable within the time allowed and enables a depth of analysis to be achieved. Secondly, and importantly, the School operates with a range of key stakeholders; it has over 500 active relationships on its database, all of which are within the public sector (national funders, local authorities, schools, and other HE and FE providers). The selection of the School of Education as the case study organisation kept the focus of RM firmly within a public sector and educational domain which might not have been true, if the researcher was to have studied other schools within the university, where partnerships and interactions are more likely to be with private sector firms.

Further justification for the choice of case study organisation is summarised in section 4.5.1.

3.2.3 Applying RM to a new context

It is argued that there are few differences but many similarities in the way in which private and public sector organisations develop and maintain their relationships. Each arguably has relationships with customers, with partners, suppliers and other stakeholders with whom they interact and hope to have long term mutually beneficial relations. Public sector organisations, and particularly universities, are facing new and increasing competitive pressures, as argued above, to respond to the needs of their stakeholders and to be accountable albeit not to shareholders but to stakeholders (including government departments and the wider public). However, much like their private sector counterparts, public sector organisations are interested in creating and providing value (Berg, 2001). This study will argue that the lexicon and theory of the RM literature is generally applicable to both sectors (using an educational exemplar) but with some important and subtle variances that are explored below in Chapter 5.

4.0 Methodology

4.1 Research topic

The purpose of this chapter is to provide an overview and defend the methodology chosen for the research. This research study aims to address how an organisation in an education setting can create and add value for itself and its stakeholders. It seeks to explore the decisions; implementation processes and issues involved in effective relationship management and evaluation. The chapter begins with an introduction to the research paradigm underpinning this research and then explores why the particular methodology has been chosen, and outlines the importance of good research design. Following this the process of selecting the case study organisation and interviewees is then justified. The data collection methods and research protocol are then described in more detail and the chapter ends with a brief overview of the analysis techniques utilised. This last section also includes an outline of the potential limitations of the research and concludes with the identification of areas for future research.

4.2 Research paradigm

The researcher has adopted an interpretivist rather than a positivist paradigm and philosophical perspective in conducting this research. The reason for this comes down to the nature of the researcher's beliefs, i.e. that the researcher is involved in that which is under investigation and that the world is socially constructed and it is only understood by examining the perceptions of the human actors (Collis and Hussey, 2003). The main features of the two paradigms and their associated methods are found in Table 1 below and serve to evidence the approach taken within this study.

Table 1 Features of the two main paradigms

<i>Positivistic paradigm</i>	<i>Interpretivist paradigm</i>
Tends to produce quantitative data	Tends to produce qualitative data
Uses large samples	Uses small samples
Concerned with hypothesis testing	Concerned with generating theories
Data is highly specific and precise	Data is rich and subjective
The location is artificial	The location is natural
Reliability is high	Reliability is low
Validity is low	Validity is high
Generalises from sample to population	Generalises from one setting to another

(Source: Adapted from Collis and Hussey, 2003 p. 55)

4.3 Research method

Yin (1994, 2003) argues that in deciding which of the research methodologies to employ the most important, and first consideration, is the type of research question being asked. A case study research strategy was considered the most appropriate since it allows researchers to explore phenomena from practical and real life situations (Yin, 1994, 2003) and would serve an explanatory role, in trying to determine the ‘how’ and ‘why’ of relationship management decisions within an education context, see Table 2 below for a comparison of methods. Furthermore a case study approach allows researchers to examine the phenomena in depth and in meticulous detail (Zikmund, 2000). The essence of this strategy is that it helps to illuminate decision making processes, their implementation and results (Schramm, 1971) and it is for these reasons that this approach was selected.

Table 2 Comparison of Research Methods

Method	Type of Question	Control over Behavioural Events?	Focus on Contemporary Events?
Experiment	How & why	Yes	Yes
Survey	Who, what, where & quantity	No	Yes
Archival Analysis	Who, what, where & quantity	No	Yes/No
History	How & why	No	No
Case Study	How & why	No	Yes

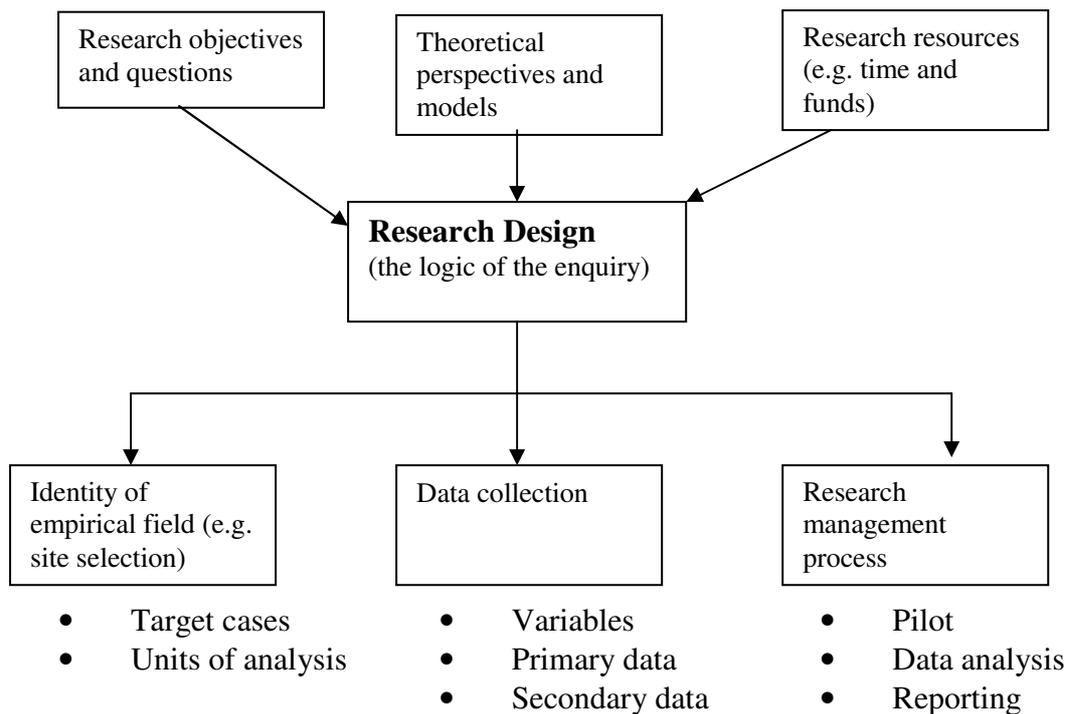
Source: Yin (2003)

4.4 Research design

The next stage is to establish data collection procedures as well as the boundaries of the research. Consideration should be given to the unique characteristics of the research context, the scope of the research and the resources required to complete the process (Yin, 1994). The desired goal should be realistic given the constraints of time and the individual researcher's capabilities (Yin, 1994). The nature of the research will, it is argued, direct whether the investigation should be qualitative or quantitative.

The importance of a good research design is illustrated in Figure 4 below and underscores its centrality and impact on all aspects of a research project.

Figure 4: The Centrality of Research Design



Source: Yin (1994)

The literature review, and the questions and propositions arising from this exercise effectively form the boundaries of the primary research. This then directs both the choice of units of analysis, and the logic that will be used to connect data to the propositions and the criteria for data interpretation (Yin, 1994).

The very nature of RM, outlined in the literature review, and the subjective nature of the concept of ‘value’ and ‘value creation’ lends itself to an in-depth qualitative investigation. The nature and *perceptions* of the interactions underpinning the relationships and the value creation process between customers and other stakeholders and the organisation necessitates an in-depth study of the key stakeholders within and outside the organisation, these are identified and described in section 4.5.2 below.

4.5 Conducting the case study

Case study evidence can come from a number of different sources including direct and participant observation, documents, archival records and interviews (Yin, 1994). Data collection via interviews is the most common and appropriate method for case study research since it focuses directly on the research topic and can be insightful (Yin, 1994). In this study it was important to understand the context within which the stakeholders were operating and because ‘qualitative’ interviews can yield rich data on people’s experiences, opinions and feelings (May, 1993) this method of data collection was deemed the most appropriate. Observation would have been useful but was considered too costly and time-consuming given the constraints on the researcher’s resources.

Where possible documentation was acquired to complement and corroborate interview data.

4.5.1 Selecting the case study organisation

A single case, the School of Education within Nottingham Trent University (NTU), was selected as the unit of analysis. This School has a range of relationships, all of which are within the public sector, and all within an education setting, which help the School to deliver its core business – that of training and developing teachers. It is therefore an ideal choice to test the relevance of RM concepts in a largely not for profit environment and additionally provides the opportunity for ‘sub-cases’ to be explored through relationships with other external bodies (government agencies, Local Authorities and FE Colleges) who also operate in the public sector.

The full justification for this choice of organisation is given in Chapter 3, but as Yin (1994, 2003) points out case studies, which may have ‘sub cases’ embedded within them, are the focus of much qualitative research and can be very vivid and illuminating.

4.5.2 Choice of case study sub-units of analysis

The choice of interviewees is crucial in qualitative research and should satisfy three requirements. Interviewees should be knowledgeable about the situation being studied, be willing to talk, and when different perspectives exist within the chosen arena, they should represent the range of points of view (Rubin & Rubin, 1995).

The three key stakeholder groups (‘customers’, employees and stakeholders/shareholders) as identified in Figure 2 above in the Framework for Relationship Value Management (Payne and Holt, 1998) have been chosen as the subject for the study in the investigation of the creation of value in an HE context. These multiple units of analysis, embedded within the case study mean that slightly different research questions and instruments were needed to reflect the different types of stakeholder (Yin, 1993). Therefore two different interview guides were developed, one for internal use with employees and management within the case study organisation, and one for interviews with external bodies. (See Appendices 5 and 6 for copies of these guides)

Selection of staff from the case study organisation

In selecting employees to interview it was important not just to interview those with front line responsibilities for marketing, as relationships are not just a marketing issue (Ford, 2006), nor focus solely on those delivering on projects and courses. The research strategy was designed to include these groups but also those involved in setting the corporate and marketing strategy, providing the organisational infrastructure, and those who might be regarded as the part time marketers (Gummesson, 1995). This was deemed important as the cross functional integration of processes, people, operations, and marketing capabilities is vital for relationship management to be successful (Payne and Frow, 2005).

In the light of this the following selection of staff were interviewed:

- Senior management (VC and Pro VCs, and the Director of Commercial Development) – responsible for setting corporate marketing strategy and providing the infrastructure;
- Associate Dean of School – responsible, in conjunction with the Dean, for setting local strategy in context of corporate strategy and key in managing relationships with partners and other stakeholders at a strategic level as well as delivering on projects and initiatives
- Other support functions such as finance and marketing at an operational level

Selection of sample of stakeholders, partners and ‘customers’ as informants

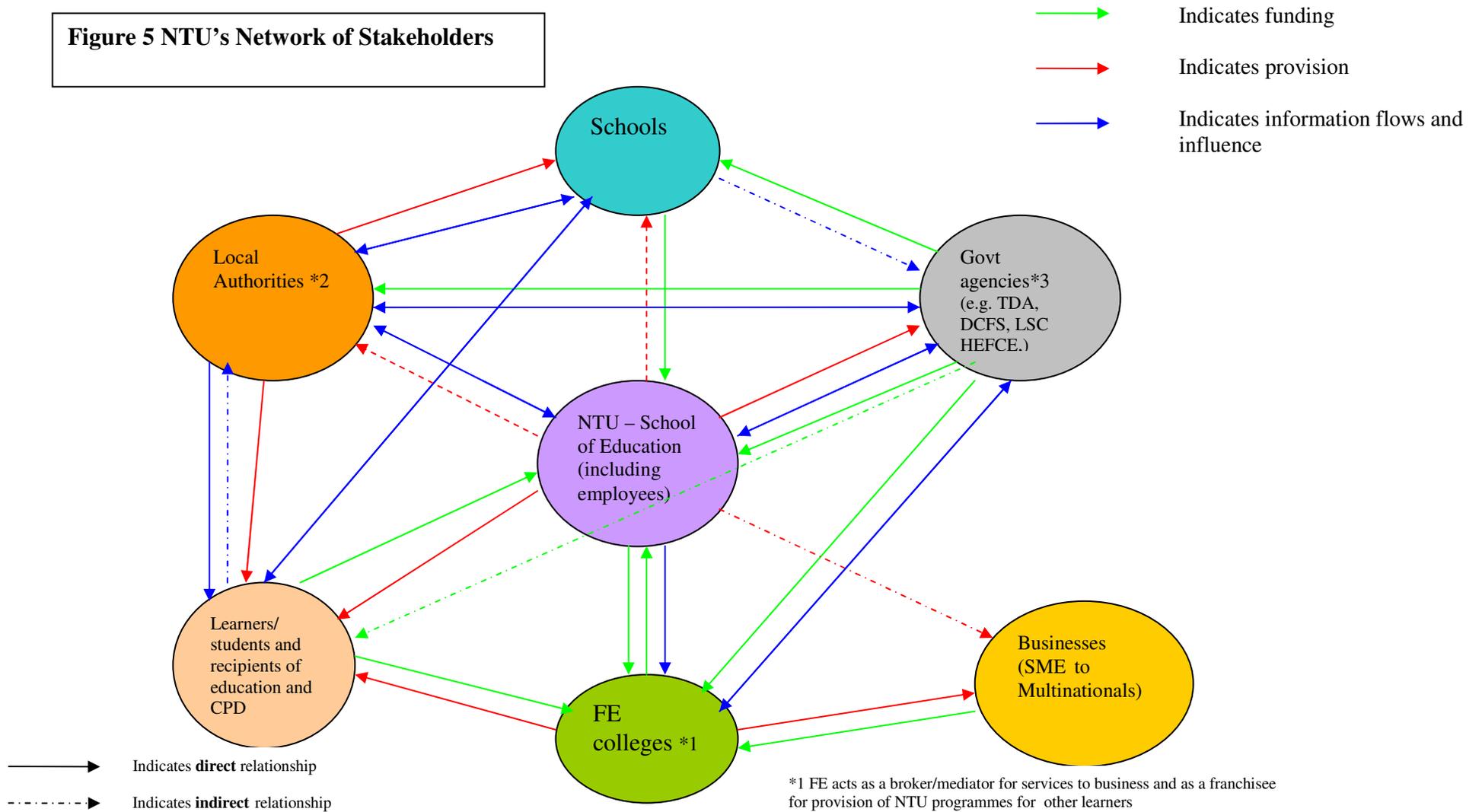
In consultation with the Dean of School a list of potential interviewees was identified from the contacts the School has with external agencies. From the researchers perspective it was important to gain a broad picture of the key types of relationships the School has so the list was stratified/grouped in the following way:

- Govt stakeholders /customers – identified 2 individuals at assistant director level
- FE colleges/collaborative partners – identified 2 individuals at senior management level deputy vice principal level
- Local authority representatives – identified 2 individuals in advisory roles for Continuing Professional Development, with direct links to NTU and partner schools

As Ross and Robertson (2007) have pointed out relationships in the modern world are complex and a single ‘relationship’ dyad can contain multiple relationships and roles and argue for the importance of seeing the big picture of the complex network of relationships firms have. This is particularly true for the groups identified which might comprise in a single organisation both a major funder of the School of Education in terms of mainstream teacher training programmes, and a key customer/supplier relationship for the School’s in terms of its third stream activities but also a partner in delivering on wider organisational objectives. Equally, the other two groups have multiple roles or ‘compound’ relationships, as described by Ross and Robertson (2007), where the organisation might be a customer, supplier, competitor

and partner of another firm all at the same time. For example in the case of the FE identified colleges who work with NTU, they act both as a franchisee for university programmes, i.e. delivering an NTU award, but also in a ‘broker’ role for relationships and connections with business clients where FE would quality assure both the provision and relationship. The FE and LA groups were also selected on the basis of their membership of wider networks. In the case of the local authorities, who act as ‘brokers’ for NTU, the network would be with schools to facilitate continuing professional development opportunities for teachers. In addition the decision was made to select both FE colleges with a long standing relationship with NTU and those relatively new to NTU but both types of relationship would involve a wider network of both learners and clients for NTU. See Figure 5 below for further detail on NTU’s network of stakeholders and their inter-relationships and inter-dependencies.

Figure 5 NTU's Network of Stakeholders



*1 FE acts as a broker/mediator for services to business and as a franchisee for provision of NTU programmes for other learners
 *2 LA brokers NTU provision to schools and teachers and has partnership role
 *3 Major funders of NTU mainstream ITT provision, customers of NTU in terms of contracts and initiatives

It was important to get a range of views from each of the School of Education stakeholder groups. Representatives from each of these groups were contacted to arrange for interviews to be conducted. All identified contacts agreed to be interviewed with the exception of one respondent who had changed jobs and therefore a substitution was made to include the new person in post within that particular organisation.

In total 12 depth interviews were conducted, 6 with management and employees at NTU and a further 6 interviews were conducted with external 'customers', 'partners' and 'stakeholders'. Each interview lasted between an hour and an hour and a half and all interviews were digitally recorded.

All recorded interviews were transcribed ready for subsequent coding and analysis. In addition field notes were taken to supplement the recordings, with the aim of adding richness to the analysis, as well as safe-guarding against technical failure. The justification of method and the process for conducting the interviews is described in detail below.

4.6 Data collection methods

Qualitative interviewing methods vary from highly standardised formats where interviewees answer the same, very specific questions to more open ended formats that allow for personal opinions and experiences to be related (Yin, 2004). Silverman (1993) highlights the two versions of interview data which are referred to as positivism and interactionism /or interpretivism, see Table 3 below.

Table 3 Two versions of interview data (Source: Silverman 1993)

	Status of Data	Methodology
Positivism	Facts about behaviour and attitudes	Random samples, standard questions and tabulations
Interactionism/interpretivism	Authentic experiences	Unstructured open-ended interviews

Positivism involves the researcher exploring a small number of variables and reducing complex information to quantifiable measures. By contrast interactionism treats interviews as symbolic interaction (Silverman, 1993) and through different interviewees experiences it seeks to answer the ‘how’ and ‘why’ questions of the chosen subject.

Given the nature of the research aims of this study it was decided to conduct depth (qualitative) interviews utilising open ended questions which would allow interviewees to talk about the subject, and express their opinions in a manner of their choosing and in their own terms of reference. It was vital to get interviewees perceptions and personal experience of the relationships under discussion. This approach provides a flexible way for interviewees to attribute meanings and interpretations of events and for relationships to be understood (May, 1993).

Furthermore qualitative data with its emphasis on people’s real life experience is, Miles and Huberman (1994) argue, fundamentally well suited for locating the meanings people place on events, processes and the structure of their relationships with the outside world including their perceptions, assumptions , prejudgements and presuppositions. Additionally, this strategy, according to May (1993), provides

opportunities for depth of analysis and an ability to probe for more comprehensive explanations (Zikmund, 2000).

Some of the limitations of this approach are discussed in section 4.8 below.

4.6.1 The interview protocol

Two semi structured interview guides were developed prior to interview to reflect the fact the research design was to incorporate both internal and external stakeholders (see Appendices 5 and 6). Each guide had questions in common, but also could also be modified if required during the course of the interview to allow for new areas of questioning, and follow up and probe answers further. Each guide was reviewed and piloted internally within the case study organisation to test the logic, language and sense of questions and the structure and flow of the proposed interview to ensure that the interview was understood in a clear and unambiguous way by informants (May, 1993).

The interview process was organised in the following way:

Firstly, each respondent was contacted in advance, in writing, and given an outline of the research being undertaken, and the ethical issues (such as data recording, data confidentiality and anonymity) were explained;

Secondly, each interview was booked to last up to one and a half hours, and was arranged to be held in a quiet space, where the interview would not be interrupted;

Thirdly, every effort was made to create a relaxed atmosphere, where respondents could talk openly;

Fourthly, and where appropriate, probes were used to obtain clarity on answers (Foddy, 1996). Probes that were used are depicted in Table 4 below.

Table 4 Probes use during interviewing (Source: Foddy, 1996)

Probe used	When?
Repeat the question	The respondent fails to answer the question
How do you mean that?	The answer contains unclear concepts or terms that make its meaning ambiguous
Tell me more about that	The answer is not detailed enough
Any thing else?	The answer is fine but there is a possibility that there are additional point the respondent could make

Fifthly, all interviews were digitally recorded, only after respondent permissions were gained, and were subsequently transcribed ready for the process of data analysis to begin (see Appendix 7 for sample transcript). The reason for recording the interviews was to enable the researcher to focus on the detail of what was being said and allow for full probing of answers. The advantages of using recordings are that they can be replayed again and again and new patterns and themes within the data can emerge, and secondly that the researcher is not relying upon his/her memory, or upon a summary of what was said, as a basis upon which to analyse the data, but upon the data in its original form (Silverman, 2005). Recording interviews also helps to provide a more accurate account of each interview (Yin, 1994) and allows the interviewer to focus on the questions to be asked, adapting them where necessary. This approach also provides an opportunity to appreciate the nuances in individuals' responses that

could not easily be captured through note taking and offered the potential of more detailed analysis (Oppenheim, 1992).

Finally, all respondents were contacted post interview to thank them for their involvement and assurances of confidentiality and anonymity were reiterated.

4.7 Data analysis

Interview data was used to explore the processes and dimensions of relationship development, management and evaluation within an HE and education context and how value is and might be created and evaluated in this environment.

In order to make sense of the data collected, the transcripts of the interviews were summarised, coded, and then analysed, drawing upon the operations described by Spiggle (1994). This process enabled analysis to be conducted within cases and across cases and moreover involved iterations between each interview (which is the part) and the entire set of interviews (the whole) (Spiggle, 1994). This was done by reading and re-reading the interview transcripts. Categories and themes were developed, with reference to the literature, in a matrix format enabling comparisons to be made. The cross case analysis focussed on inter-group similarities and differences in the selected dimensions, mirroring the methodology adopted by Viera and Ennew (2004). All inferences were subject to a process of further scrutiny and refutation to try to enhance the trustworthiness of the analysis and reporting.

This approach provided a manageable and systematic way for conducting detailed and thorough data analysis and interpretation and, at the same time, the potential for distorting the analysis through selective use of the data was minimised (Spiggle, 2004).

4.8 Limitations and future research

As with any research study consideration needs to be given to the limitations of the research and identify areas for future research endeavours and these are discussed in the section below.

The researcher adopted an interpretivist paradigm and approach to the study of RM in a public sector context. This necessarily involved close involvement in an organisation already familiar to the researcher. This in itself enabled easy access to the informants, many of whom were well known to the researcher, and facilitated the capture of high quality and rich data but it also raises important questions around researcher objectivity and interviewer effect. This common tension, experienced by researchers, including this one, between subjectivity and objectivity means, May (1993) argues, that on the one hand interviews can, where trust and rapport has been built, elicit large amounts of personal and confidential data, and on the other the researcher is bound by the objective constraints of the research aims and the nature of the enquiry. Inevitably what transpires is something of a balancing act (Gearing and Dant, 1990). Consideration therefore needs to be given to the effect of the role of the interviewer and researcher and her impact upon the nature of the (confidential) data collected. Interviews are after all social encounters, not a passive means of collecting

data (May, 1993) and even the process of analysing the data and interpreting others experiences is, Spiggle, (1994) argues, inherently subjective.

Secondly, the choice of a single case study organisation might mark this study out for criticism. However, the fact that all of the external stakeholders interviewed, were within the public sector and within an educational environment, provided additional value and validity to the research. These sub-cases provided, as Yin (1994, and 2003) argues, vivid and illuminating insights which, on the whole, confirmed custom and practice within NTU. Given more time and resource the researcher would have liked to have explored the views of other HE institutions, identified in the course of the interviews, as models of good RM practice.

Thirdly, the data collected within this study provides only a snapshot of RM activity within the case study organisation. It might therefore be argued that what is required is a more longitudinal study and more research measuring the changes in value creation over the relationship lifecycle (Eggert, Ulaga and Schultz, 2006).

In the light of the findings of this study and, in terms of areas for future research endeavour, it would be interesting to further test the significance of the additional relationship characteristics identified as important and explore further issues around accountability, transparency and the implications of multiple and ‘conflicting’ roles within a network context.

In addition, more work needs to be done on the value measurement and the development of metrics (Payne and Holt, 2001). There remains a further challenge of

how to measure value and value creation in the public sector. How do you for example measure the value where the services are notoriously intangible and difficult to measure such as in the health service or in the education sector and where the clients receiving the service and the professionals delivering the service make very different judgements about its quality (Moss and Summers, 1994).

5.0 Results

The first part of this chapter considers the findings from the depth interviews, and analyses the interview data across the relationship evolutionary cycle including the processes of relationship selection, development, and management strategies within an HE context. Consideration is given to the pertinent relationship characteristics emerging from the data and explores the processes of value creation and evaluation in this environment.

The final section of this chapter discusses the findings from this research and compares and contrasts its relevance and application of the RM literature.

Analysis of the data is structured between analysis of case study responses (denoted, when using a direct quotation, by 'Int.' and then the informant number) and the external stakeholder responses (denoted in brackets by 'Ext.' and the informant number). The data was compared and contrasted between the internal and external informants, where questions in common made this appropriate.

5.1 RM strategy

Employees and management at NTU were questioned about their knowledge of the University's strategy for managing their relationships with partners and other stakeholders, outside of the student customer base. A senior management informant indicated that in their view there was a clear commitment and understanding, at the top of the university, of the importance of managing relationships in a commercial environment:

“I think all the SMT understand that commercial is also sales and marketing. So it embodies not just commercial contracts but actually the generation of profit. And we believe in the university that profit is not a dirty word.” (Int. 1)

Another informant explained in his view why the university was engaging in RM:

“It reduces the risk of cock-ups by different bits of the organisation, of the university approaching the same external organisations. ..And I suppose the other bit is the active adding of value by the fact that if we had more of a culture in which one working relationship with a company was alert to the fact that although they’re working on whatever it is that they are working on, actually their eyes are open and beginning to see about the potential for other kinds of developments for the university. Because you can see what has happened in other sorts of parallel relationships. Yes I mean its about seeing opportunities and developing opportunities and not messing them up really. Its as crude as that it seems to be. Its probably a very unsophisticated view.” (Int. 2).

But the data also highlighted that implementation in NTU is neither corporate-wide nor embedded:

“My view is that it (RM) been talked about a lot and I see a lot of commitment to the idea. I think one of the difficulties is that people don’t necessarily understand what that means in practice... with respect to corporate clients, we could easily have a system in place at the moment where a corporate client who would expect, if they’re spending money with us, to receive a very good service, they could easily ring up and get an answer phone and nobody ever talk to them for a week, until somebody comes back from holiday. I don’t think we have much in place at all. And part of that is because it’s just not systematic. It’s back to its individuals” (Int. 3)

These sentiments were echoed slightly more strongly by informants at a more operational level:

“I don’t think the university has strategy at the moment, if you look at the way we manage our relationships with students then we are working on it, if we are talking about the wider range of stakeholders those who offer our students placements then there are pockets of RM but its not tied into any particular scheme at the university, if you are talking about other agencies lets say the TDA then the individual school has a relationship with that organisation, but I don’t think that is anything to do with anything the university will have set out. It’s different for each individual school not a unified approach, its certainly not centralised.” (Int. 6)

There was a general acknowledgement at senior management level that on a corporate wide level there was still much to do in managing corporate clients and stakeholder relationships more carefully. There were, according to informants some encouraging ‘pockets’ of good practice, particularly with the university’s collaborative partners and within the School of Education in particular. There was also a clear recognition, from the top, of the different nature of the relationships that the School is engaged in and the success that has been achieved:

“Because you’re managing relationships there that are long standing, complex, they are at the whim of a government and individual minister or whatever, but it still seems to be managed very well. So that strategic partnership is very good.” (Int. 1)

“Within the school of education and our relationships...we just sort of do it naturally and are relatively good at it” (Int. 3).

The importance of RM activity was clearly recognised within the School of Education itself both as an exercise in managing internal relationships as well as external relationships, according to the perceptions of a senior colleague within the School:

“People just see it as important; if we don’t manage this relationship well we aren’t going to have any more business. Those who are not engaged externally don’t see it, why do I need to bother with it.. though internally interpersonally most people would see that interpersonal relationships are crucial, the business that we are in that is education see it as what we do.. relationship management is the focus of our work, its reason for existence is to enhance teaching and learning.”(Int. 4)

5.1.1 Staff training

NTU informants were asked to comment upon the actual training provided at a corporate level to support RM. The data showed that there was a perceived split in the provision reflecting the culture of the organisation and the roles within it, four out of the six informants commented upon the fact that provision is available for support but not academic staff:

“I don’t think they do in the sense of having a systematic approach that’s applied across the board, we haven’t. I mean clearly we do particular types of training through the TDU on people who are engaged in those front of house things, whether its telephone or face-to-face activities. I don’t think we do, I don’t know whether we do anything, for instance, on terms of training our academic staff” (Int. 2).

And this split between ‘professional support staff’ and academics was further demonstrated in terms of the perceived differences in attitude towards the introduction of the concept of Gold Standard Customer Service, which underlines the whole of the University’s corporate strategy:

“I think there are two elements of this. I think firstly in the general area of professional support staff that concept has been embedded in the organisation very well. ...But I do think that in the professional support staff it was easier for them to get their head round it. I think academic staff reacted very badly. Because I think the majority of academic staff believe that they were delivering gold standard customer service. In fact I was vilified by a member of the Business School by saying, how dare I talk about gold standard customer service when they deliver platinum. That person is no longer here. And their customer service was dreadful. So I think the biggest thing in customer service, which I think the institution is now getting a hold of, is that our customers are not just students” (Int.1)

Interestingly, none of the informants had personally received any training at NTU in this area. The data seemed to suggest some cultural difficulties had emerged to do with acceptance of the concept, and in the perception of one informant to do with some academic staff ‘*deliberately misunderstanding of what is meant by customer service*’ (Int. 1), which appeared to have had knock on effects for the implementation of this major platform of the University’s strategy. This attitude highlights aspects of organisational culture that exists within the university and perhaps arguably elsewhere in H.E.:

“..there are differences with a university to a corporate institution shall we say. In that academics do not see themselves as managers and they don’t behave as managers, and to be fair why should they? Because they’re not. But it does sort of present some interesting challenges because if this was

Coca Cola or Tesco or something then it would be rolled out and people would do it. In a university it's much more difficult. You really need to get people to understand.” (Int. 3).

5.1.2 Staff motivation

NTU informants were then asked to comment on what motivates staff to engage in RM and to deliver gold standard customer service. The data seemed to suggest that rather than an active rewards system operating within the university to motivate staff to engage positively with RM (and gold standard customer service) activities, that it was more down to enlightened self interest and the reality about the competition in the external environment:

“People just see it as important; if we don't manage this relationship well we aren't going to have any more business.” (Int. 4)

“I think there's a variety of ways in which that's done. One is out of sort of enlightened self interest which follows from the recognition that we are in competition with others for our clients... so it's partly to do with straightforward recognition of what's happening in the higher education sector, which is a buyers market.” (Int. 2)

“It is fairly obvious that we need good relationships.. so I am not sure if the university motivates or if people are self motivated. Its part of your work usually. I am not sure that in the day to day that it isn't forgotten.” (Int. 6)

5.2 Relationship development strategy

Informants were then asked to comment on the process of selection of partners and customers and the key characteristics and attractors that were important to the School of Education when forming new relationships. The following section explores the custom and practice of the School of Education.

The processes of relationship development and selection appeared, according to the data, to vary within the School of Education at NTU between informal and formal

mechanisms and to the degree to which there was a perceived choice to work with partners, even down to whether there is a strategy for selection at all.

At one level the relationships the School has with its major stakeholders, like the Training and Development Agency, and the Department for Children, Families and Schools are, according to one informant 'given', and therefore no actual selection process appears to take place. These agencies, according to the same informant, have a particular function and status and are, in the perception of one interviewee, the '*ones with the cash and therefore there is no choice about whether to engage or not*' (Int. 4). Another described '*certain rules that we have to abide by*' (Int.6) and therefore restrictions on selecting who they are allowed to work with, for example, certain partner schools would be ruled out as they don't have a particular status (for example those schools in special measures) and in those circumstances it was argued by another that it would be more a process of '*deselecting a partner rather than selecting*' in order to protect the quality of NTU's provision and its reputation (Int. 2).

At another level there appears to be some degree of choice about working with other stakeholders i.e. a particular business or FE college, where according to middle management:

"we would make a value judgement, not against criteria, not written down criteria. But if it was part of a formal relationship, say it was an FE college then we would do a very formal document, it would depend on the nature of that organisation and the nature of the relationship". (Int.4)

Of note is the fact that the 'strategy' for selecting partners, within the School, does not appear to be widely communicated or known, especially at the operational level, where there was a perception of a much more haphazard approach:

“I don’t think they have a strategy for selecting partners, I think they kind of stumble their way.. I think it’s about word of mouth.” (Int. 5)

Stakeholder practice

Interestingly, two of the external stakeholders echoed this perception of a haphazard approach to relationship development /selection within their organisation and HE which was perceived to be down to *‘the contacts you have, that’s the reality’* (Ext. 6):

“Its more about how key people have met up, I’m not sure it is planned formally ... I would hate to say accidental, but it is where people have come together at a meeting...and followed something up with a personal contact. It comes down to that personal level.. key people meeting up. It sounds a bit haphazard doesn’t it?” (Ext. 4)

Therefore the processes of selection, the data suggests, are not uniform not systematic neither within the case study organisation nor, it appears, within the stakeholders’ organisation. What is interesting is the extent to which there appears to no/little choice for the School of Education on whether to engage with certain partners and stakeholders.

5.2.1 Criteria for selection and developing the relationship

NTU practice

Informants were asked to comment upon their perceptions of the criteria used to select partners with whom they wish to engage. These criteria explored the importance of variables taken from the literature around familiarity and frequency of contact, and proximity /geography as influencing factors.

Familiarity was deemed important by all on two levels, as it was seen to both reduce the risk and increase the comfort levels, as based upon existing contacts and levels of trust that were already built:

“..its more comfortable if you know them, when you think about risk, you feel more comfortable if you know them. But the unknowns are more risky but offer more opportunities ... we tend to just stick to the TDA” (Int. 5)

“I think we are more likely to build a relationship where we know them...its easier they are very often based on personal relationships, and if not perhaps it's a personal recommendation from a colleague” (Int. 6).

This was illustrated further by one informant within the school who pointed out that the School, in effect, deals with only a small number of ‘commercial partners’ and, in her view, the schools main relationship was with the Training and Development Agency ‘where 90% of the Schools funding overall comes from’ (Int. 5). This substantiates earlier arguments in the literature concerning an organisations capacity to deal and invest with only a limited number of partners at any one time.

Proximity and geography were not seen as particularly important due, in part, to the positive influence of technology (Int. 5). Successful mutually beneficial examples of overseas relationships were also quoted:

“XX is a good example of a relationship that works well, at quite a distance, it was a service that we provided that they wanted and it fitted in nicely it was exactly what they needed, it was also a mutually, a good experience for our lecturers to go abroad. (Int. 6).

The majority of NTU informants additionally mentioned finance and revenue potential as an element in the selection process, but this was linked, by one senior informant in particular, to issues around shared values and the nature of the education sector:

“I mean we don’t go out just hunting pots of cash really. I mean mission alignment has got to be really important as well. Its got to be doing something that fits with what we do..... But yes I mean in the end it’s education and its a moral enterprise. Part of picking clients or picking people to work with in whatever form is that you are comfortable with what they do, what they stand for, what you’ll be doing together. Things need to be, absolutely need to be financially worth while. But that isn’t and would never be the only driver or the only criteria that’s in there”. (Int. 2).

This perception highlights some of the identified differences in approach between a public and a private sector enterprise and will be explored further in section 5.6 below.

Stakeholder practice

In two of the six cases, informants found it hard to answer the questions concerning how their organisation selected partners to work with and were, keen to say how their responses only reflected the strategy relating to their part of the organisation. Issues that emerged as important for external stakeholders overall in selecting partners were to do with: the *‘skills and expertise offered by universities and the match with what they wanted to achieve’* (Ext.6); the *‘quality and reputation of the organisation’* (Ext.1); the *‘responsiveness of the university to move quickly to meet the needs of the market’* (Ext.3 and Ext. 5); the importance of a *‘proactive approach’* by HE and a *‘high and frequent level of engagement with their organisation, reflecting where ‘both sides are moving in a similar direction’* (Ext. 1); a *‘positive and respectful attitude of*

the contribution that their organisation could make to HE' (Ext. 5); and a *'recognition of the rigour of their own quality standards'* (Ext. 5) and in the case of the latter two points a stress on the importance of partnership.

So interestingly and unlike NTU informants the frequency of contact and familiarity did feature as important selection factors along with geography and proximity for others. Where geography was perceived to be important was either when there was a need to get a representative spread of HE partners to work with across the region (Ext. 2) or to do with the needs of learners and needing to progress from FE into an appropriate HE programme (Ext. 5).

5.2.2 Key relationships characteristics

All informants were asked in their view what the key determinants of a good relationship were and were shown a flashcard with a list of key relationship characteristics, drawn from the literature, and asked to discuss each in turn and then select which they considered to be the most important.

NTU perceptions

The most commonly cited characteristics; uppermost in NTU informants' perceptions of importance, from the operational to the highest levels within the organisation were trust and mutual benefit:

"Most important – probably trust, why, because trust implies a two way understanding and it implies that any agreements made, or any deliverables, to use the terminology, that have been agreed will all happen. From trust you can get a long way. Because from trust you can guarantee commitment, if you trust them that they will not damage your reputation and you won't damage your reputation, you trust them that they do share your goals." (Int. 4)

“Well of a sustained relationship an absolutely fundamental thing is mutual benefit. I guess that’s true of any relationship. For it to carry on and I think its got to be giving both parties more than either feels its costing them. Because we’re not in it to have a relationship, we’re in it to do things and achieve various ends and in that sense the relationship in the collaboration is a means and not an end in itself. So it has to be around the value of what you can do together.” (Int. 2)

“Well I think mutuality because both parties should benefit. And it is a professional relationship. It’s a business, professional relationships. So you enter in to do a piece of work and both sides benefit. You benefit financially, they benefit from the product you’ve given them. Generating trust is that you always come through and you never let people down. So one hit wonders don’t give you that enduring relationship” (Int. 1)

Interestingly, two of the informants placed caveats on the importance of trust, arguing that trust was very important in the relationship but there was also a need for other procedural and structural bonds such as contracts and agreements, rather than relying on trust alone:

“...you’ve got to do more than just depend on trust. You’ve got to have the checks and so on ... You can’t just do it on trust, that so and so is a good bloke, we get on well, we can sort things out. You need to be explicit about who is doing what, by when, what are the costs and all the rest of it. So trust is important but it wouldn’t ever replace the need for proper procedures and agreements, explicit agreements. You wouldn’t want to enter into a contract with somebody you didn’t trust” (Int. 2)

Stakeholder perceptions

Responses from informants outside the case study organisation were slightly less homogeneous in their answers. Key determinants that featured almost as strongly as those outlined above were ‘trust’, ‘shared values’, and ‘mutuality’ (in terms of understanding, mutual respect and mutual goals). One informant in particular wove the three together and again highlighted some potential divergence from a pure private sector response:

“Trust and shared social values and shared mutual goals, its about having organisations with similar mindsets. When we go into a partnership, go in head and heart, because they believe what we believe” (Ext 3).

Interestingly, and in common with some of their NTU colleagues one informant placed a caveat on the importance of trust alongside the need to have formal contracts:

“Its not completely based on trust, .. we have to tie everything down in contracts. But actually, for someone to be trustworthy there are strong systems and processes, incredibly strong systems and processes which force them to act in that way. (Ext 1).

Another informant rated ‘mutual understanding’ highly in the context of providing added value:

“I think the additionality as far as I’m concerned. I think that generally speaking I think that the HEIs who have a good working relationship with the Agency are ones where there’s a good mutual understanding of some of the bread and butter stuff. The business side of it if you like.” (Ext 2).

The most commonly cite key determinant rated as the most important was ‘a willingness to cooperate and listen’ which was seen by one informant as crucial in the process of building trust:

“..if you haven’t got this you can’t move forward, you can’t build trust. What I think is it needs to be a mutual thing, listening to one another and having a bit of give and take.” (Ext. 6)

5.3 Relationship management

Having established some of the important underpinning characteristics of relationships and the selection and formation processes, the practices of managing and monitoring the relationship, within the case study and stakeholder organisations, are explored in more detail below. This section compares and contrasts the levels of engagement and commitment to RM between the stakeholders and the case study organisation (see also Appendix 4 for reference to the stated NTU strategy) and explores involvement in planning issues and relationship adaptations undertaken and the nature of the complex networks and compound relationships that exist in this

context. This section concludes with a brief example of the management of a relationship that terminated details of which emerged in the course of an interview.

5.3.1 Engagement

NTU practice

The responses from inside NTU seemed to suggest that the strategy for managing relationships is not corporate wide. At senior levels within the organisation there was a commitment to engage personally to undertake this activity and build relationships and in the words of one informant *'to meet the outside world just as much as I meet the internal world'* (Int. 1). There also appeared to be a belief by some at the top that the structures and systems were now in place, following the restructure, to facilitate relationship management. However, the data revealed that in the minds of NTU informants, lower down the organisation, that structure this was not operating effectively yet:

"Engagement with major employers is largely done through individual schools and although we've had over the years I've been here a number of different structures that are central to do with engaging with businesses externally, we haven't got operating an effective front door to the organisation, let alone an effective sort of database and CRM system. Those are priorities for development, but we're not where we should be and need to be on that." (Int.2)

This lack of a formal and comprehensive approach was borne out by the perceptions of an informant concerning the practice within the School of Education:

"At a senior level within the school there is an informal account management with the likes of TDA, DfES and Ofsted and FE.. by default we do, we do in reality have those in place, but not formally." (Int. 4)

Furthermore at a School level RM was described as involving a few key selected individuals acting as link people with the major agencies and partners and in some cases these individuals would have:

“ an overview, actually doing some of the projects, actually delivering as well as managing the relationship and establishing a market position for the school” (Int.4)

And, according to this informant, regular meetings would be scheduled with key partners, LA's and the TDA, where the quality of what was being delivered would be discussed. But a split between the practice at school and university level seemed to be suggested by the same informant, who expressed some reservations about senior management engagement with employees in the implementation of the strategy:

“NTU is much less effective at managing its internal relationships, think we are quite good at managing our external relationships its perceived to be a good place. But internally there has been a lack of a human face, decisions have been very top down, not engaging in a management style that I would see as more collegial.” (Int. 4)

External stakeholder perceptions

In order to judge the level and effectiveness of engagement with HE, external stakeholders were asked to comment upon their view of their relationships with HEI's and whether they perceived the relationships they had as partnerships, or saw the relationship in terms of a customer/ supplier or in some other way. Without exception all saw the best relationships they had with H.E. as a partnership, where there were instances of joint planning and working, high levels of engagement and high levels of trust and mutual respect:

“.. we are searching out parity and a true partnership. And everything that partnerships means in terms of honesty, integrity, ethical ways of working , trust, high quality standards are all the kinds of things that we are looking for in relationships with HEIs. Honesty is important for us, one of the tests of a partnership is when things go wrong.. that things are dealt with speedily but in

a sense of honesty and doesn't necessarily impact upon the depth of the relationship. Rather than being victims of relationships" (Ext.4).

RM practice by external stakeholders appeared to be similar to NTU in that there was commonly a link person with responsibility for engaging and liaising with HE and for HE developments. Also in common were the processes for managing relationships which were not centralised nor did they appear formalised. Information held about the relationships was more often than not held by individuals, rather than within a central database, although there were exceptions to this. One informant said they did have a CRM database operating for their relationships with business but:

"..ironically not for our university relationships, but for our commercial partners, , birthdays , how many kids they have and so on, and that is developing and we are not as slick as we'd like to be with that, we haven't felt the need to do that with the universities, partly because there are a very number of people at a senior level here, working with a small number of university people. (Ext.5)

Managing and understanding the complex relationships, and communicating this across the organisation, especially in the large authorities and agencies, appeared to be an issue as well:

"Different people within the authority will have had connections with universities is for different reasons at different times. It is hard, in an organisation as large as this of all of the connections that there are. Because we are constantly discovering connections" (Ext. 6).

What also emerged from the data was an issue around role conflict particularly in the relationship with government agencies where informants were engaging with HEI's and vice versa at a number of levels and in a number of different roles, sometimes in a consulting role over policy developments, and on other occasions in a contracting role:

“I mean the way I look at it the relationship I have with HEIs, its not a pure customer relationship, for want of a better term. Because first of all we’re not, they’re not a customer when it comes when we want to sell something to them, to get them to buy it. Its not that kind of relationship. Its also not a completely relationship of equals because there’s also a sort of contractor styled relationship built in there”.(Ext 1).

But if they are contracted with you to provide a service and if you and your team are being paid £50,000 to supply guidance for the rest of the sector, to throw brick backs and say, well actually I think these standards are a disaster, seems to be a slight misunderstanding of the situation and I thought it was quite interesting, the fact that there is this kind of role switching going on. And the way you articulate it that in that sense, you know, the provider is supplier and the agency is purchaser is one that I’m not quite sure that the providers had been able to articulate for themselves. (Ext .2)

This complexity it might be expected to be reflected in difficulties in managing the relationships. In the sections that follow the data explores the potential for value (co) creation within the stakeholder organisations through joint planning and organisational adaptations.

5.3.2 Involvement in planning

All informants were asked to consider the ways in which each of the parties was involved in planning issues at the respective organisations. The data suggests, where it does occur, that there are fairly high levels of engagement in inter-organisational planning in all organisations, for examples through stakeholder groups, consultations, reciprocal memberships on boards and committees leading to the co-creation of new courses and offerings. However there were some frustrations expressed particularly by informants from FE about the slow pace of operation of some HE institutions which made responding to the immediate needs of the business world and the needs of the economy difficult. Both informants in FE highlighted that this had caused problems in their planning cycles.

“This is highly frustrating and affects our ability to plan. If the university can’t marshal its troops to get the validation through on time then our

windows in terms of marketing, business planning and creating capacity, makes it very difficult” (Ext3).

5.3.3 Adaptations

Informants were probed and asked about adaptations they had undertaken in order to work together more effectively with their customers and other stakeholders. Interestingly the only adaptations that NTU informants mentioned were around negotiations and compromises over financial issues. Other external informants suggested more practical and operational adaptations that had been made including removing constraints such as reducing bureaucracy and others around synchronizing planning cycles to fit with external market requirements (see the section on planning above).

5.3.4 Termination

In the course of one interview it emerged that the relationship with the School of Education had for one external stakeholder, at least temporarily, been terminated. The informant’s organisation had moved provision to another provider, ‘because the curriculum content was more flexible’ (Ext. 5). However, the relationship was still perceived to be good because of the way the ‘termination’ of that provision was handled, described to be in the spirit of cooperation and open dialogue. This meant as far as the informant was concerned that their organisation would continue to see the School as a key stakeholder in the future.

In summary, this section has considered the process and practice of relationship management within the stakeholder network. The data revealed top level engagement and commitment at NTU to the principles and practice of RM, but also that this was not borne out by systematic, corporate wide implementation nor communication, as

perceived at lower levels within the organisation. At a local level management decisions had been effected to identify a small number of key individuals to conduct and manage strategic relationships, and this was perceived to work well. The data also revealed examples of co-planning and co-creation of new products and therefore it might be argued co-created value. There were however fewer examples, especially from an NTU perspective of relationship adaptations. The RM practices of external stakeholders appeared to be similarly embryonic and relationship management appeared to be largely contingent upon a few individuals efforts rather than upon an organisational wide RM strategy. Importantly the data also highlighted the complex nature of the relationships contained within the network, where individuals were operating at a number of different levels in a number of different roles.

5.4 Value creation

This section explores the data specifically relating to the nature and dimensions of value creation in this context. It should be noted that the key relationship characteristics that emerged from the data in this study and, it is argued, underpin the structure for the creation and flow of value (Baxter and Matear, 2004) have been already explored in section 5.2.2 above but will be discussed further in section 5.6 when considering the application of RM principles to a public sector context).

Firstly, stakeholder perceptions of relationship satisfaction were examined to determine likely patterns of re-purchasing which was stressed as important by Ulaga and Eggert (2006). Satisfaction levels were also explored, in the context of Payne and Holt's (1998) Value Management Process (see section 2.8.1), forming part of the reinforcing cycle of value creation, and acting as an indicator of 'customer' or stakeholder loyalty, as highlighted in the Service Profit Chain (see Appendix 2).

Secondly, the analysis moves on to consider the importance of personal relationships and the creation of relationship value in the context of perceived competitive advantage accrued, through the complex web and combinations of relationships and resources (Eng, 2005 and Wilson, 1995).

5.4.1 Levels of satisfaction

Without exception the data suggested that both employees and senior management at university and school level were highly satisfied with the relationships they have with the outside world. These high levels of satisfaction were also reflected in the responses of the School of Education stakeholders. All external informants claimed to be 'very satisfied' with their relationship with the School of Education. Underlying this satisfaction for a number of informants was the importance of the university's positive 'can-do' attitude:

"I think its a very good relationship, I think we have a meaningful relationship in that we, it is a developing relationship, I feel it's a collaboration, in terms of willingness to cooperate and listen, which I said I thought was the most important, I feel that if I came to NTU and said we are thinking of doing this, is there a way you can be involved, people will bend over backwards to find a way in which they can, it is a can do type of relationship. (Ext. 6)

"(NTU) are clearly are keen, are outward looking. That's probably not the right ..., are keen to explore into business opportunities. For whatever reason, whatever motive, but they seem to explore business opportunities. So they look, rather than seeing constraints on themselves doing anything, they see opportunities and how can they take opportunities and how can they remove those constraints. (Ext. 1)

Satisfaction was, for some, also a product of the personal relationships they have with staff at NTU:

"Very good relationships with NTU, because it is based upon personal, long standing relationships. I have only worked here a year, but have worked with those people for a lot of years" (Ext.3).

*“..it can be down to one or two individuals. If you get down to individuals moving institutions where institutions suddenly change from nothing to we **can** do this. It shouldn't happen but that's where the individual within the relationship becomes important.” (Ext.1).*

In view of the high levels of expressed satisfaction it was interesting to note the range of suggested improvements that could be made in respective organisations. External informants were keen to have ‘*more formal diarised meetings*’ and a ‘*more formal link*’ and ‘*more structure in their relationships*’ with the key contacts within the School of Education. External informants also expressed a desire to understand more about the School of Education’s strategy and, for those new to the relationship a simple understanding of ‘*who does what with the School*’.

For NTU the focus was on the ability to ‘*spend more time managing the relationships*’, and to be able to ‘*respond more quickly and receive information from clients/stakeholders earlier in order to so*’. Another NTU informant pointed to the need for better internal communication and understanding of the Schools capability in order for academics to respond to the outside world.

These findings might therefore suggest continued interactions and exchanges are likely in the future and that value is perceived to be created for all parties within the network. Though more formal structures, better communication and more resources (time) may add further value for all parties. However, in many cases the data suggests that the success of the ‘relationships’ is contingent upon a few key people within each organisation building and managing this interaction (see also sections 5.3).

The section below explores perceptions of value and competitive advantage. NTU informants were asked in their view what the sources of NTU's competitive advantage were and then how the School of Education might achieve greater value/competitive advantage from its relationships. Furthermore external stakeholders were questioned about what they valued in their relationship with NTU and what value meant to them. The section begins by introducing the importance of personal relationships in this context.

5.4.2 The importance of personal relationships

The importance of personal relationships was stressed by all informants within and outside the university:

“the personal relationships can make to break it and it takes time to build. When you are beginning a new relationship, then that reliability on people, on that personal side is that something that builds, and that trust comes into it.” (Ext. 5)

It was interesting that one informant also perceived that the existence of good personal relationships tended to off-set problems when they arose, and where good relations weren't in existence:

“..where you don't have the personal relationships it can become very mechanistic when there is a problem, non compliance letters start flying about.” (Ext.3)

5.4.3 Sources of NTU competitive advantage

Two of the three senior level informants from within NTU, unprompted gave the university's network of contacts as a primary source of competitive advantage:

“Now it strikes me the university's contacts, its network of contacts are a strategic asset that it will take another university 20 or 30 years to build up.

So I've always thought that the biggest single asset could be the network of contacts in all those corporate clients, partnerships, organisations whatever, that gives us that strength” .(Int. 3).

All other NTU informants mentioned the fact that the university has, in their perception, very good employability statistics for its graduates, and linked this to its positive relationships and links with employers and its ability to respond to the needs of the market:

“We have the best employability statistics for our graduates, a throw back from old university days, and the links we have with employers” (Int. 6).

“NTU’s ability to deliver is important and is well respected – as a measure of competitive advantage, supplying what is wanted locally”. (Int. 4).

5.4.4 Achieving greater value from relationships

NTU perceptions of value

When asked how they might achieve greater value from their relationships with external stakeholders NTU informants tended to stress the importance of the quality of delivery, delivering on time and keeping promises:

“Well I think its delivery. Its delivery on promises, promises kept. And the value to an institution is twofold. No, it’s threefold. One its financial. Two it reinforces the expertise that we have within the institution. And thirdly the people you’ve worked for become advocates of what we’ve done.” (Int. 1).

This same informant went on to argue that this would be achieved through:

“A combination of the products that we have, that business and industry and education wants, our speed of responsiveness, our mode of delivery, our customer care and we live in the real world and you’re only going to have sustainable relationships with businesses and people like that if you add value to them”. (Int. 1).

Furthermore by adding value and increasing trust this would, in the view of one informant, enable NTU to become ‘engrained’ in external organisations:

“If you can get that sort of relationship, where actually they believe you are giving them balanced information, then suddenly the added value you’re giving them is helping them do their job better and perform. So if on one day you ring up and say, look the factory has blown up and its going to take us 3 days before we’ve fixed it, therefore there aren’t any products for 3 days, they will withstand that because the whole relationship is worth something. If you don’t have anything other than you’re making it and selling it to them well they’ll just go to somebody else. So it’s how do you get engrained into people’s organisations and add value over and above the mere product” (Int. 3).

However, concerns were also raised about leveraging value out of relationships within this particular context. This concern was down to the fact that all the School’s main stakeholders are publicly funded which have:

“..very clear protocols that they are meant to go through whenever they are putting anything out to tender or anything like that. It’s quite different from a private sector thing where if you’ve got a good relationship and a good track record then you’re on the inside track. If they can need it fast then they just come to you because they know you and that’s it and nobody else gets a look in. It will never work like that with public bodies because they are open to legal challenge. So obviously... as in any kind of government body they have to be very careful that they do things through the proper procedures, that are transparent.” (Int. 2)

This issue of accountability and transparency will be discussed in more detail in section 5.6. However other external informants expressed concerns about the use of public monies to manage relationships in a commercial way:

“..if you take a commercial organisation they spend a fortune on hospitality and the reason they do it is because of that personal relationship. When we talk about using public money, there is a bad taste in mouth about doing something like doing something like, you know, a social event with a client, but that is what makes commercial organisations work and what makes colleges and universities work too”. (Ext. 3).

External stakeholder perceptions of value

Informants were asked what they valued about the relationships that held with NTU. The data revealed a spread of responses on this, as would be expected in terms of the subjective nature of the perception of value. For some value flowed from a sense of reasonableness '*looking at things from a common sense, reasonable point of view*' for others it was about '*good mutual understanding*', '*mutual respect*', and flowed from '*professional commitment*' and '*a proactive approach*' and for others through '*openness*' and '*honesty*'.

In sum, this section explored the dimensions of value and value creation and has highlighted that there were high levels of satisfaction experienced by all informants, predicated upon many of the characteristics from the literature including trust, commitment, mutual understanding, mutual respect, honesty and the keeping of promises. Interestingly, there was a recognition, by some senior management informants within the university, of the strategic importance of relationships as a corporate asset. However, it was also apparent from the data that the management of these relationships or assets was very much down to the endeavours of a few individuals. The data also highlighted that publicly funded organisations, have to be extremely aware of the need for transparency and of the importance of accountability in their interactions and relationships with HEI's, but nevertheless personal relationships appeared to be an important factor in successful long standing interactions.

5.5 Evaluation

This section explores the processes of evaluation undertaken by NTU and those of the stakeholder organisations. Informants were asked to comment on how they undertake

on-going evaluation of their relationships and, through probing on this question, whether financial as well as non financial metrics were used.

5.5.1 Pre-relationship evaluation

NTU informants were questioned about the processes of assessment undertaken in terms of profitability analysis and customer value prior to engaging in a relationship. Interestingly, the only expressed and explicit assessment undertaken by informants was on a project by project basis using financial information. However earlier responses indicated some tensions here, and as noted in from a previous section:

“Part of picking clients or picking people to work with in whatever form is that you are comfortable with what they do, what they stand for, what you’ll be doing together. Things need to be, absolutely need to be financially worth while. But that isn’t and would never be the only driver or the only criteria that’s in there”. (Int. 2).

External stakeholder responses indicated a broader assessment over the ‘quality’ of past delivery when conducting pre-engagement assessments. This method included: *‘triangulating bids and tenders with the existing data held about performance and the quality of provision to inform decision making’ (Ext 2).*

5.5.2 On-going evaluation

When considering on-going evaluation there was a mix of activities undertaken which tended to be focus around the activities that bound organisations together rather than an evaluation of the overall relationship.

Most of the interviewees from within and outside the university focussed their evaluation on the use of financial metrics in some shape or form. These metrics included: ‘learner numbers’ where income would follow numbers; ‘learner outcomes’; ‘contract values’; and other ‘bottom line’ considerations.

Where other metrics were mentioned it was in the context of individual project performance indicators which acted as a measure of evaluation of the relationship:

“..Generally each activity will have its own KPIs, and each will have its own measures and that’s how you judge the relationship, and whether the various parties are delivering what they should do.”(Int. 4).

In conclusion, the data suggests three emergent issues in relation to evaluation processes undertaken in this context. Firstly, the communication of any evaluation that was undertaken within NTU appeared not to be widely disseminated:

“I know they have their own school meetings but don’t know if that is part of it. I tend to do the operational side, I’m not invited to be involved, but that’s where my line manager comes in, but it doesn’t filter down that well.” (Int. 5)

The second but related area concerns the complex nature of the relationships within the network under study which means that evaluation, in the view of one informant, is difficult to undertake:

“We are trying to get a system where we feel that we’ve got the whole of the relationship in one place. And its very hard to do because as soon as you’ve captured that relationship something else appears” (Ext.1).

Finally, whilst there was some recognition of the importance of the inclusion of the softer indicators in terms of an evaluation, none of the interviewees used these as metrics in any systematic way and instead appeared to rely upon financial measures largely around project based activities:

“That’s an interesting question because we do put a lot of emphasis on the soft side of the relationship, but we don’t evaluate that soft side, its more about a gut feeling that things are going well.. but we don’t formally evaluate that side of things at the moment.” (Ext 5.).

Having considered the findings across the evolutionary cycle of the relationship and the value created within this context, the next section discusses the relevance and application of these findings to the RM literature.

5.6 Discussion

This study sought to investigate the process of value creation and evaluation within a relationship marketing context and within a public sector environment, including all stakeholders (employees, customers and other stakeholders). This was achieved by an examination of the evolutionary processes of relationship development and RM practices within a case study setting - underpinned by the concepts and theories of RM literature. The data from this research suggests a number of important ways the application of the RM literature is appropriate to the case study context, and that there are indeed parallel practices with a B2B environment. Interestingly too, there were a few notable examples, of an apparent a divergence between RM practice and processes and where some new issues have emerged which may warrant further research in this area. The section below discusses significant and identified areas of parallel and divergent practice with specific reference to the RM literature.

5.6.1 The process of attraction and selection

Areas of parallel practice

If it is accepted that attraction is key to building an understanding of the nature of marketing relationships (Harris and O'Malley, 2003) then this study's findings, relating to attraction and selection, have highlighted some important initial messages and differences relating to RM practice and relationships in the public sector,

compared with RM in a B2B context. The data suggests some parallel attraction processes, for example, the reported processes reflected similar expectations around rewards and benefits to those outlined in the literature by Dwyer *et al* (1987). For example, in terms of financial benefits, these were expressed as ‘revenue potential’ by NTU informants; the functional benefits of association which were expressed by informants as the ‘skills and expertise held by the other party’; and finally the desire for partners with shared values and similar mindsets was strongly emphasised by the study’s informants and broadly reflected B2B practice as a source of value creation through the mutual benefits accrued (Ford, 1980). It is argued however that this final aspect of attraction criteria received greater emphasis by this study’s informants. For example one informant explained: ‘*When we go into a partnership, we go in head and heart, because they believe what we believe*’ (Ext3). Further examples of this emphasis around the ‘moral’ business of education showed that stakeholder informants have, it appears, fully embraced the concept of value laden relationships, as described by Kotler, (1991) and Gummesson, (1987 and 2004), as opposed to a focussing on an individual transactions. This arguable may be simply a product of the sector and its public service orientation.

The data also showed the relationships contained within the network, like those within the literature, were commonly underpinned by trust, high levels of expressed satisfaction, and by perceptions of mutual benefit and understanding, shared values and high levels cooperation, and in addition from the study data came a new characteristic which was a ‘proactive approach’ to the relationship. In the main it might be concluded that the perceived presence of these key characteristics (as highlighted by Baxter and Matear, 2004) by all of the informants to a greater or lesser

extent is indicative of the successful creation and flow of value within the network of stakeholders.

The data showed important similarities both in the expressed complexity of relationships within a network to those reported in the B2B literature, for example by Ford, McDowell and Tomkins (1996), and in the compound nature of relationships, as expounded by Ross and Robertson (2007). This complexity (as shown in Figure 5 above) has led to similar management and evaluation issues and difficulties, as highlighted by Payne *et al* (2001) in the literature. These issues are discussed in more detail in sections 5.6.2. and 5.6.3. However some of the relationship complexity was expressed differently by some of this study's informants, as a 'role conflict', and highlights a potential area for further investigation.

Divergent practice

Interestingly the data showed some relationships within the network context appeared not to be actively chosen but came into being as a feature and function of the status of the organisations concerned where there was perceived to be little choice about whether to engage or not, so in fact the '*awareness*' and '*exploration*' phases of the relationship outlined by Dwyer *et al* (1987) are all but by passed. This is very different from a B2B selection and engagement process where value is assessed, relationships evaluated and continued or terminated as a result of that assessment (as outlined by Parvitiyar and Sheth, 2000). Also the public sector nature of the organisations, being publicly funded, showed a difference in terms of the very basis of the development and management of relationships in this context, as expressed by one informant:

“..if it was private sector I can see absolutely that relationships are important, really important. I’m not saying its not important but it operates in different ways and they can’t, as much as people might like to, they cannot give you the inside road because its just so open to challenge.” (Int. 2).

B2B practice is not accountable to in the same way, it is of course accountable to shareholders but not to the public at large and does not have to act in the same transparent way in its business dealings. In contrast, for stakeholders engaging in a commercial tendering process within the sector the need for *‘absolute transparency for the selection of contractors, in terms of accountability is paramount’* (Ext.1).

5.6.2 Relationship management

The data showed some interesting paradoxes between stated the strategy of NTU, and the strategy and practice within the case study organisation (see Appendix 4). The literature, as exemplified by the work of Parvitiyar and Sheth (2000) and Payne and Frow (2005) and Gronroos (1997), suggests the importance of a number of key management decisions in order to facilitate successful implementation of a RM strategy. These include: communication as the ‘lifeblood of RM’, commitment from the top, training, motivating and rewarding staff across the organisations and across all functions linked to the idea of the part time marketer outlined by Gummesson (1987). The explicit strategy of NTU seems to propound all of the essential elements explored in the literature in section 2.6 in terms of management of ‘customer’ relationships. However, the practice uncovered within the University at the local level within the School of Education, suggested a lack of communication and engagement with the more operational roles within the university and a lack of corporate-wide implementation of this strategy. The School of Education was perceived to manage its strategic partnerships well by internal as well as external informants (if quality measures and satisfaction levels are deemed good indicators) and showed potential for

value creation for all (see Appendix 2 for the cycle of value created through the Service Profit Chain). There were examples within the School, demonstrated by the data, of joint planning and co-creation of products, adaptations and increasing investments between stakeholder informants which would suggest this was the case. However it might be argued that the evolution into the final relationship phase described by Dwyer *et al* (1987) as ‘*commitment*’ (See Appendix 1) where other parties maybe precluded from entry, as the two parties come ever closer, may not be possible for some stakeholders within a public sector context, where the spend of public monies requires transparency and alternative practice might lead to legal challenge.

Nevertheless, the University’s overall RM strategy, as revealed by the data, was neither translated, implemented nor understood at a local level. The case study organisation, as part of NTU, appeared to operate piecemeal training for staff, in that only a sub-section of administrative staff are invited to attend training. Despite the expressed strategy of the University to recruit customer sensitive staff, train all customer facing staff, and reward good practice, NTU informants within and outside the School were not aware of this practice. This highlights the importance of the warning proffered by Peppers, and Rogers and Dorf (1999) concerning the complexities of training staff to engage in RM.

If one accepts Sirmon *et al*’s (2007) assertion that management have a key role to play in how to manage and leverage resources to maximise the value created for all stakeholders, then management practice within the case study organisation and within NTU as a whole appears to be failing to maximise this potential and has as yet not

fully embedded the strategy in practice. This highlights the difficulties of RM implementation, as posited by Gummesson (2004).

5.6.3 The process of evaluation

The data suggested that despite senior management recognition at NTU of the importance of relationships as a strategic asset, and as a source of value creation as argued by Vargo and Lusch (2004), evaluation efforts focused not on these relationships but instead upon the activities and projects that bound the two parties together. This was also true for all external stakeholders who reported alongside their NTU informants the sole use of quantitative metrics, using mainly financial information, to conduct their assessments. These evaluations appeared to be neither systematic nor formalised. Whilst attention was paid by the informants throughout the interviews to the softer side of the relationships in terms of the stress on shared values (see section 5.2.2) this was not reflected in the evaluation practices of any of the informants, but was left to a 'gut' feelings about that aspect of the relationship. Interestingly, there was also no attention paid to the evaluation and management of linkages within the network (highlighted as important by Payne and Holt, 1998) as a source of value by any of the informants. This is important when comparing the emerging practices as outlined in the literature by Kaplan and Norton (2007) and Parvitiyar and Sheth, (2000) which focus and recognise the importance of the evaluation of intangible value alongside the traditional financial metrics, as well as the need to assess the value created within the network. This might indicate public sector practice lagging behind B2B RM practice and evaluation.

In sum this section has shown some key similarities and differences in RM practice within a public sector context. The evolutionary process of relationship development

is clearly applicable to value creation within a public sector context but with some variance around issues of selection, accountability, and transparency in decision making, as well as around multiple roles within relationships leading to the potential for role conflict. The complexities shown within the network of relationships within the case study organisation reflect the complex networks in a B2B context in many respects but the variances discussed above make the context for value creation and evaluation within a RM context an important consideration for managers and researchers.

The final chapter outlines and reflects upon the data assumptions underpinning this study and assesses the learning points and ‘unexpected’ outcomes of the research in considering future RM practice and research.

6.0 Conclusions

It was argued in the assumptions underlying this study that relationships within a public sector context parallel those within a B2B context across the creation, maintenance and management dimensions. It was also posited that some of the relationship values and bonds that tie the parties together those that are underpinned by social goals and rewards, outside of a profit motive, can affect the way these relationships are evaluated. This study has shown that the first part of the assumption appears to be true to some extent. However, there were some instances concerning the (non) selection of partners and around some aspects of management practice which proved to be at odds with this assumption. Importantly, the data revealed that the wider RM strategy of the University, as demonstrated by the case study, was not fully

embedded in practice and therefore it might be argued value creation is not maximised for all stakeholders.

The data also showed that although the key characteristics underpinning relationships and the creation of value were broadly the same as those within a B2B context, in terms of the importance of trust commitment and satisfaction, there was in fact a greater emphasis placed by informants on the 'shared values' and the delivery of education as a public service and public good, which might set public sector RM apart from B2B practice. However, reported practices of the case study organisation and its stakeholders failed to recognise this more intangible aspect of their business (the relationships), through evaluations, in any systematic or formal way.

The second assumption underpinning this study stressed the importance of context and environment as important facets of a relationship marketing strategy and which should involve all stakeholders within the network context. This context would, it was argued, have implications for the subsequent value creation process and evaluation mechanisms. The study did show some areas of difference in terms of the operation and acceptance of RM language and strategy, as exemplified above. These differences are largely attributed to the need to be accountable and transparent, this marks RM processes out from RM in a B2B environment. Overall it is argued this confirms the assumption that context and environment are important in implementing RM. Moreover the methodology utilised within this study, involving a depth study of all stakeholders within the case study organisation, was validated with respect to the powerful insights gained through the interviews of the processes and practice of relationship development, management and evaluation within all informants'

organisations. Yin (1994) pointed to the possibilities of vivid and illuminating insights gained through the investigation of sub-cases and this proved to be true within this study.

The importance of multiple roles and multiple touch points within large organisations, as highlighted by Lepak *et al* (2007), and also confirmed within this study, meant that this study could only ever capture one aspect of the relationship as subjectively perceived by the stakeholder informants at the point of interview. The problem of subjectivity is highlighted further in the work of Ford and Hakansson (2006) who posit that success or failure for a relationship will almost certainly be viewed differently by the two parties. Therefore further research with different participants from the same organisations, at different points in time, perhaps at different points in the relationship if one were to conduct a longitudinal study, may reveal different perceptions of value and perceptions of the relationship. This is important for RM practitioners, as Ross and Robertson (2007) argue that if a firm focuses its energies on optimising the individual relationships it runs the risk of failing to optimise the overall relationship.

The importance of continued evaluation of relationships with stakeholders within the HE sector was stressed in the Lambert (2003) report recommendations and that systematic reviews should be conducted to ensure that HEI's were carrying out their obligations to their stakeholders, as well as ensure access to funding (THES, 12th October 2007). Therefore, if the findings of this interpretivist study were to be indicative of practice in other HE settings, as Collis and Hussey (2003) suggest is possible, there is much work still to be done to effectively capture and evaluate the value created within these stakeholder relationships and networks.

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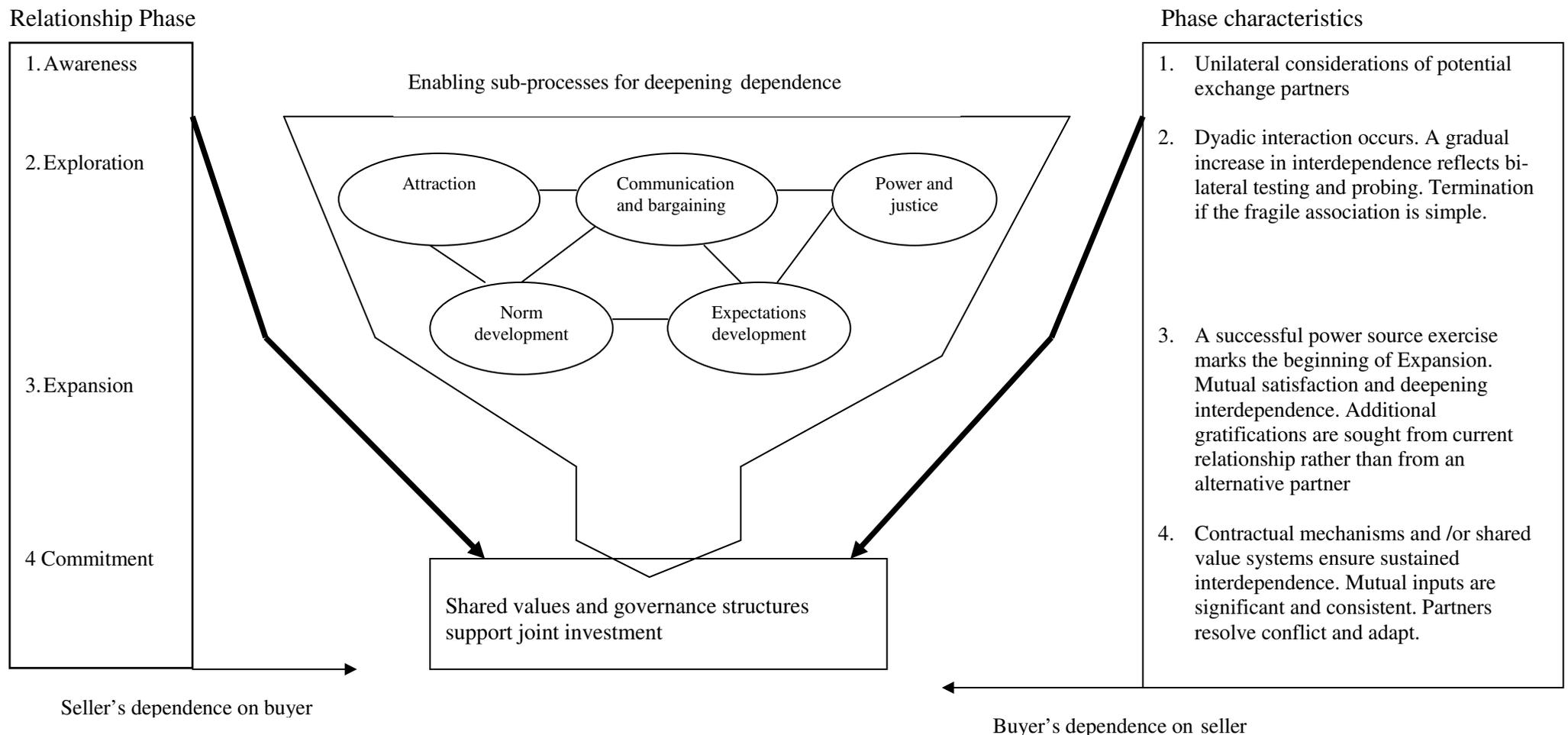
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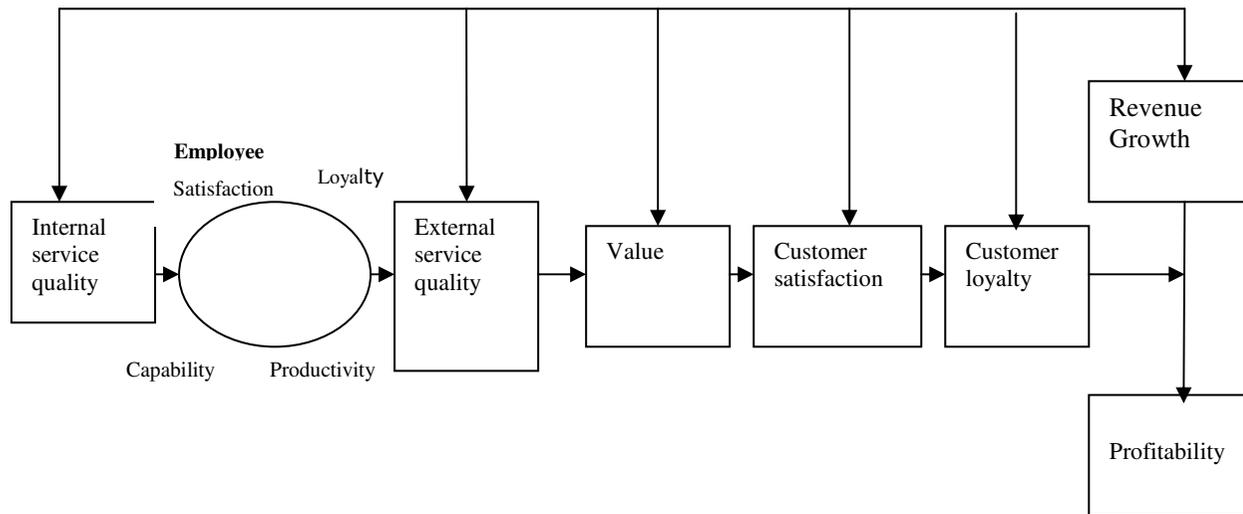
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Appendices

Appendix 1 The Relationship Development Process (Source: Dwyer, Schurr and Oh , 1987 pp. 21)



Appendix 2 The Service Profit Chain



(Source : Payne, Holt and Frow (2001) - based on a model by Loveman and Heskett, 1999)

Appendix 3 NTU and School of Education PEST analysis

<p>Political</p> <ul style="list-style-type: none"> • Introduction of tuition fees • Participation rates target of 50% by 2010 • Increasingly competitive marketplace – pressure re: RAE 2008 and favour of pre 92’s re: funding • Lambert Report (2003) – focus on working more closely with business and industry • Globalisation and the increasing competition of institutions overseas with high quality offerings for both UK and international students affecting UK marketplace on two fronts • Regional government and funding criteria stressing collaboration rather than competition between regional providers – potential for future mergers? • Influence of the Department of Children, Schools and Families and the TDA agendas • Increased regulation, and accountability to a greater number of stakeholders (Lambert, 2003) • Compliance with changing statutory requirements and standards (TDA, OfSted, QAA) and quality measures affecting financial and long term survival 	<p>Economic</p> <ul style="list-style-type: none"> • Tuition fees and student debt – influence student choices and profile of vocational courses within universities portfolios • RAE funding likely to reduce post 2008 for post 92’s • Lambert Report (2003) – need to work more closely with business and industry • Funding cuts year on year have meant an increasing reliance on 3SA income and cost savings to balance the financial position of HEI’s – increasingly important for HEI’s to grow 3SA through a variety of means (Lambert, 2003).
<p>Social</p> <ul style="list-style-type: none"> • Changing demographic – fewer 18 year olds entering HE and therefore pressures increasing, more competition within HE for a shrinking pool of applicants • Raised expectations of public – re: service • Increasing occurrences of litigation and contractual obligations and burdens with students and other customers 	<p>Technological</p> <ul style="list-style-type: none"> • Influence of the internet and electronic marketing communications affecting the reach of all competitors • Increase in distance learning facilitated by new technologies

Appendix 4 NTU Gold Standard Customer Service Strategy

- Transferring much of the responsibility for administration from academics to professional administrators, enabling academic staff to concentrate on excellent teaching, research and commercial activity.
- Ensuring that the customer care competency that is now an expectation of academic staff is properly implemented and monitored, with appropriate training to support this aspect of the role.
- Implementing a model that recruits, develops, values and rewards excellent professional administrators
- Increasingly designing our services on the basis of market intelligence.
- Implementing standardised operating procedures throughout the University.
- Using customer sensitivity as a key element in the recruitment of all staff.
- Investing in customer care training of staff who have direct customer-facing responsibilities.
- Providing front of house staff with the technology and systems to support them in their role.
- Driving the performance of all services through the communication and monitoring of service standards.
- Endeavouring to give all staff the experience of engaging directly with users of the services provided by the University.

Appendix 5 Interview guide for internal stakeholders

Preamble and ground rules

1. *Purpose of the research - MBA*
2. *Use of data and anonymity – to draw out key themes on the nature of relationships, what underpins them, how are they managed and monitored and how might this be improved to create greater mutual value. No individual names will be used when this is written up*
3. *Confidentiality*
4. *Nature of interview – just under one hour and will be unstructured – have a list of areas I would like to explore*
5. *Important to say there are no right/wrong answers, interested in your views*
6. *Use of tape recorder – ok?*

Begin with a question to start conversation on the nature of the NTU strategy and your role

And then we will move on to talk about the school of education and its relationships

NTU strategy

- 1 What is your view of NTU's source of competitive advantage?

Probe: How does your role help deliver this strategy?

- 2 a) What is the university's strategy to manage its relationships with customers (not the standard student body, but NTU's other commercial relationships)?

- 3 How committed do you think management (school level and SMT level ask for each) are to this aspect of the business?

(Probe: How is this demonstrated?)

- 4 How do you think relationship management can help to add value to the organisation?

And why do you say that?

Staffing training and development

- 5a) Does NTU/school train its staff to handle/manage customer relationships?

Probe: Have you personally had any training? Centrally or locally?

- 6 How does NTU/School of Education motivate its staff to build good relationships with its customers?

- 7 Do you feel NTU/ School of Education has created the right climate for managing relationships and undertaking RM activities?

Probe: Why do you say that?

8 In your experience are there mechanisms in place to manage conflict within relationships?

9 How well do you think the **School of Education** responds to the needs of its 3rd stream customers?

What feedback does it seek, knowledge of customer satisfaction?

Probe: Level of understanding/engagement?
Appropriate offerings?

10. To what extent do you think the School of Education can, and does, get involved in planning issues to do with its partners and to do with its customers?

Probe also for adaptation undertaken

Formation issues – in your view....

11 How does the **school** select its customers /partners with whom its wishes to engage?

Prompts: What are the criteria used to make the selection?

12 How important is familiarity/the fact that the party is known to the School in the formation of the relationship?

Probes: frequency of exposure, same goals,

- 13 How important is proximity (geography) in the commencement and maintenance of the relationship?

Key attractors

- 14 In your view what are the key determinants of a good relationship with a customer/partner?

USE FLASHCARD - What role doesplay?

Probe on each one – why do you say that.../tell me more

- 15 In terms of how the **school** values its relationships with its customers/partners/stakeholders which of these is **most** important would you say?

- 16 How important would you say personal relationships play in the intra organisational relationship?

(Why do you say that?)

Managing and monitoring relationships

- 17 How does the **school** manage and monitor its relationships with external customers and partners?

Probe: How well does it do this?

How should this happen in the future?

Prompts

- 18 Does the **school** conduct an assessment to consider customer profitability/customer value?

19 How satisfied are you with the relationships that the **school** has? (measure of the value?)

Probe: how could things be improved?

Evaluating relationships

20 In your view how does the **school** evaluate its relationships with its customers?

Remember probes.. what else, anything else..?

21 How can the **school** achieve greater value/competitive advantage from its relationships?

22 If you could think **one** way the **school** could improve its relationships with its customers what would it be?

Thank you – reminder of rules of engagement confidentiality etc

Appendix 6 Interview guide for external stakeholders

Interview guide for external stakeholders

Preamble and ground rules

Purpose of the research - MBA

Use of data and anonymity – to draw out key themes on the nature of relationships, what underpins them, how are they managed and monitored and how might this be improved to create greater mutual value. No individual names will be used when this is written up

Confidentiality

Nature of interview – just under one hour and will be unstructured – have a list of areas I would like to explore

Use of tape recorder – ok?

Begin with a couple of broad questions to start conversation on the **nature of the relationship/your role/ and level of involvement at an organisational level**

1. For the record can you tell me about your role within the organisation and in what ways do you have a relationship with HEI's?
2. What would you say was the nature of the relationships between the TDA/LA/College and HEI's ?

(**Prompt** – do you see your organisation as a customer, partner, stakeholder, or shareholder)?

Why do you say that?/Tell me more...
3. To what extent can HEI's be involved in planning issues at the TDA/LA/College, and vice versa?

Formation issues

4. In your opinion how does a relationship typically evolve with an HEI?

(**Prompts:** How/if at all does the TDA/LA/College select providers to work with?)

Key attractors

- a) In your view what are the key determinants of a good relationship with an HEI?

Show flashcard

Probe on each one – why do you say that.../tell me more

- b) In terms of how the *TDA/LA/College* values its relationships with providers which of these is **most important** would you say..?

5. How important would you say personal relationships play in the intra organisational relationship?

(Why do you say that?)

Managing and monitoring the relationship

6. How does the *TDA/LA/College* manage and monitor its relationships with HEIs?

Prompts:

Key account holder idea and at what level within the organisation?

To what extent is thinking joined up across the *TDA/LA/College*?

Is there a central database (CRM) which monitors all relationships and interactions which is available on a *TDA/LA/College* wide basis?

Or is the information held within individuals?

Evaluating the relationship

7. How does the *TDA/LA/College* evaluate its relationships with HEIs'?

Probe:

- i What are its key performance indicators?
- ii What does it look for in a provider?

Can we move on to talk about your relationship with the School of Education at NTU..

Reminder of confidentiality and anonymity....

8. Speaking personally what would you say your relationship with NTU was like?

Prompt **How much contact, at what level?**

9. Overall how satisfied are you with this relationship?

Probe: Why do you say that?

10. What do you value in this relationship?

Probe: Tell me more about that../why do you say that?

*****What do you mean by the term value?*****

11. How well do you think the School of Education at NTU responds to the requirements of the *TDA/LA/College*?

Prompt: Level of understanding/engagement?

12. To what extent does and can NTU get involved in the planning /influencing of the *TDA/LA/College* agenda?

13. If you could think **one** way the *TDA/LA/College* could improve its relationships with providers what would it be?

14. If you could think **one** way that NTU School of Education could improve its relationship with the *TDA/LA/College* what would it be?

Thank you – reminder of rules of engagement confidentiality etc

Appendix 7 Sample transcript

B: If I could start by asking you some broad questions on the nature of NTU strategy and your role within that. And then we'll move into discussions specifically about the case study organisation which obviously is the School of Education. Can I ask you what your view is of NTU source of competitive advantage?

Int.2 : You mean what is it? Well in a word its employability by both sort of history, sort of form of polytechnic, but also explicitly by mission, where we aim to be the university of choice for employers. We are a university where there's a heavy kind of emphasis, or a high proportion of programmes are professionally focused, professionally accredited, got a high rate of employer engagement for full-time students through placements and so on, and we're always among the top in the country in terms of employment rates for graduates. First last year.

B: What about specifically thinking outside of the traditional student market, thinking, for example, about the student activity and the activities the university does, where would you say its competitive advantage was there?

Int. 2: Well in what is now government policy as far as higher education is concerned, again its employability in terms of the future. Its not clear yet exactly how its going to be resourced and so on but the Secretary of State's grant letter to HEFCE from January this year makes very clear following the kind of Leach Report on skills that a major emphasis needs to be, possibly to begin with, amongst a limited number of universities, engagement with employers in design and delivering higher education courses for people who are already in work. Now precisely the features I was talking about before position us very, very well to the supporting that agenda. But it will mean a shift of students as you are suggesting from largely an emphasis on full-time undergraduate provision to an increasing amount of flexible part-time blended delivery and in some cases bespoke provision for not 18-20 year olds. But largely for people in their 30s onwards.

B: Thinking about relationships, what do you think the university's strategy is in terms of managing its relationship with its customers, with its partners. Thinking again outside the student body, the normal student body.

Int 2: We haven't got a well developed either strategy or set of mechanisms for this. Engagement with major employers is largely done through individual schools and although we've had over the years I've been here a number of different structures that are central to do with engaging with businesses externally, we haven't got operating an effective front door to the organisation, let alone an effective sort of database and CRM system. Those are priorities for development, but we're not where we should be and need to be on that. Quite how its going to work though in terms of the major government position isn't clear and the way they do it will have implications for the nature of the front door we need. If they develop the train to gain brokerage model which is operating at level 1, level 2 at the moment, whereby there are people who are outside providers and separate from employers whose job is to broker, engage with employers, sort out their help them identify their skills needs and then broker the provision of it from providers. Then the way we engage with those brokers will be critical because it won't be just dealing directly with employers, although we will still have some employers and particularly large ones that we'll deal with directly. But when you're beginning to get towards the SMEs and so on I suspect that kind of brokerage model may be implemented and that's certainly what Leach is suggesting might happen.

B: You talked about the fact that we do need a front door and we do need a CRM system, how much are you involved in the planning for that and influencing that, in terms of how it will affect the college?

Int.2: I'm not involved in the discussions about CRM, except in so far as it links to management of placements and our engagement with schools and colleges. But that may yet be a completely separate, related but separate system. On the issue of employer engagement part of my brief seems to be around higher education policy and because this is such a key theme this employer engagement one in government policy I've been attending a number of conferences and discussion groups on employer engagement and workforce development. But part of those, what's happening at those meetings currently is exchanging of ideas on the kinds of structures that we and other universities might need. Because I mean there's very few that I think very few universities that are well set up.

B: I was going to ask you about that. Do you think we're any different?

Int.2 : There are some places that have a, and I was interested to hear of 3 examples, 3 examples from universities that have, that were invited to present at a recent conference, on this because they have, although different, they have a similar set of arrangements whereby effectively there is a unit that runs across all the academic schools which is outward facing in

the sense that it provides a front door. Sometimes it's a front door that just waits to be knocked on and in other cases there are people going out with sales force on the front door. But what this unit does is then design programmes to meet identified employer needs, drawing on the resources that are available within the university both in terms of, if you like, off the shelf modules but also for commissioning where they know they've got expertise that needs to write something or produce something particular for this market. For drawing in people from across the whole university. And they've got a pretty well developed quality assurance mechanisms for effectively validating new programmes very quickly once they've been designed and they are happy with them. But they don't only deal with employers, they deal with individuals who come and want, who are in work and want to basically design their own programme to help them progress within their area of work and achieve some of their current tasks.

B: So individualised?

Int. 2: Yes. Now often the programme isn't entirely individualised because some people will want an MBA that's tailored to what they are doing. Let's say they've got a major project that quite independent of wanting an MBA that they are tasked at work where they want to build it around that. But there will be some common modules if you like, components, that go into all MBAs that they will do. But nevertheless the proposal for when its project based of sharpening up what's its project components and what are the outcomes going to be and so on and so forth, that's all bespoke.

B: Who did you say is running this?

Int. 2: Well which universities? Well the examples I heard from were Northumbria, Derby and Portsmouth. Most interesting one I thought was Northumbria. But they are concerned about, because its quite an expensive process this, and if the issue is actually when you run it and apply the normal in-house formulae for the kind of margins you expect to make its almost non-viable because its very resource intensive up front. But of course these types of students don't make use of many of the facilities that the overheads are there to pay for. On the whole they don't use Student Support Services, they aren't engaged in sports, they don't use the buildings much at all. So one of the issues will be, well actually how does this kind of thing relate in terms of financial planning to the maintenance of an infrastructure and to the extent that a university's provision moves from full-time, campus based students to people at a distance. So it will have to adjust the infrastructure that's being supported. Because you can't expect to have these students paying for the kind of provision that they'll never be using. The

other issue that came up is, and across from all these presentations, is although they exist they are relatively small in scale and numbers they deal with in a year. And scalability for that kind of operation is going to be a major issue. But I guess the thing that came through to me as very important is that its really essential that you have a structure that can draw on all the resources of the university. That these things are lead from within particular bits of the internal structure of the organisation. So as I say, this was at a conference of Pro Vice-Chancellors around this kind of theme. Interesting that all the people, I don't think there was a single person there from a pre-92 university. They were all from institutions that, on the whole, have got that kind of polytechnic heritage.

B: How committed do you think management (at a school level and SMT level are to this aspect of the business?

Int. 2: Sorry, what is this?

B: The open door, the CRM, the whole relationship management strategy?

Int. 2: Oh I think there's absolutely uniform recognition that this is just terrible important. I don't think there's any doubt about the idea that we should have that capability. All the discussion is around how and what it should do.

B: Unless it then draws on what you've just been saying.

Int. 2: Yes.

B: How do you think relationship management can add value to the organisation, how does it create value?

Int. 2: Well I suppose it does it in 2 ways. It reduces the risk of cock-ups by different bits of the organisation, of the university approaching the same external organisations. Because this is just hugely unimpressive. And I suppose the other bit is the active adding of value by the fact that if we had more of a culture in which one working relationship with a company was alert to the fact that although they're working on whatever it is that they are working on, actually their eyes are open and beginning to see about the potential for other kinds of developments for the university. Because you can see what has happened in other sorts of parallel relationships. Yes I mean its about seeing opportunities and developing opportunities

and not messing them up really. Its as crude as that it seems to be. Its probably a very unsophisticated view.

B: But its what is at the heart of it?

Int. 2: Yes.

B: I really want to know how NTU prepares its staff to do these activities. How does NTU train staff to handle customer relationships effectively and professionally?

Int. 2: Well I suppose the blunt answer is I don't think they do in the sense of having a systematic approach that's applied across the board, we haven't. I mean clearly we do particular types of training through the TDU on people who are engaged in those front of house things, whether its telephone or face-to-face activities. I don't think we do, I don't know whether we do anything, for instance, on terms of training our academic staff.

B: You just said the word 'front of house' and the courses are very much aimed at those people who perhaps who answer telephones, admissions perhaps?

Int. 2: I'm not aware of us doing anything for people who are, for academics. But equally that begs the question of who is meant to be doing the engaging in terms of getting the business stuff and so on. And I think we've got a variety of roles across the university that have that as part of their brief.

B: But in terms of the gold standard customer service that comes, its supposed to be underpinning the strategy in terms of changing behaviours, how is that impacting on this issue do you think?

Int. 2: I think once, I think there is now a very much greater awareness across the board that we are delivering a service and that just as when we're customers, clients or students, whatever you want to call it, we want to be treated well and have good quality of provision in decent environment and engage with people who are pleasant to be with. I think that recognition is much more widespread now than it was previously. Although I suspect that those whose work has always been externally facing and engaging with people who are fully funding, whatever they are doing, I suspect that's always been an awareness. Otherwise frankly they wouldn't be given the business, be out of work. I think there's much greater level of awareness in our front of house staff, in Or stuff like that. Its much much better

now than it was. The occasional awfulness still happens of course, stands out, does damage when it does. But I think across the whole organisation the idea that we're providing a service and selling a service is much better understood. Rather than being somewhere that people are privileged and allowed to enter.

B: How do you think NTU motivates its staff to be like that, to provide the gold standard as it were?

Int. 2: Well I think there's a variety of ways in which that's done. One is out of sort of enlightened self interest which follows from the recognition that we are in competition with others for our clients. So it's in a sense in our interests to be nice to people, to get them so that they want to come here and not to turn them off. There certainly are some courses that train and excite people and just through role play kind of thing.

B: So you think through staff development.

Int. 2: Yes staff development. And I think also we've been much better recently of acknowledging and recognising and commenting on good service when you can see it happening. I mean the kind of feedback that went to, it was mainly support staff and security officers and things like that following the countless open days, where they were just fantastic and thoroughly enjoyed what they were doing and got great feedback from people. That becomes self sustaining.

B: There are no other kinds of incentives though.

Int. 2: We don't pay people for being nicer. There are some bits of performance related pay around the university, but it never works very well and there are very few people who work in a university and work harder because they think they might get a bit of extra money.

B: So that doesn't motivate people.

Int. 2: No. I don't think so. Anybody who wants to make money doesn't go to work in a university.

B: Do you think NTU has created the right climate for managing relationships and undertaking RM activities?

Int.2 : I think we're getting there. And I don't think, I think that's partly to do with things that are being done strategically and its partly to do with straightforward recognition of what's happening in the higher education sector, which is a buyers market.

B: In your experience are there mechanisms in place to manage conflict for example?

Int.2: I'm not aware of anything corporately with the exception of those relationships which are to do with collaborative partners. So that if we've got some well established collaborative partnerships with both national and international providers who are running degrees leading to our awards, well they are our clients and there are some quite serious sums of money that come through to the university for those. We've got all the quality assurance processes in place there. We've got channels of communications that are fairly well regulated through CASQ. And I think the kind of, the monitoring of those relationships is pretty good within CASQ. They certainly pick up and get on to it very quickly other sorts of communications that are going to partners that shouldn't be going, that should be going through the right routes.

B: If there was a problem in that it would be picked up through them?

Int.2 : Yes. And if its not picked up directly by them, because of the quality of that relationships that is through to the CASQ office, if the customers is unhappy they contact CASQ and CASQ is on to that pretty quickly. If its been caused around the rest of the university. Now where things are school based and people are designing courses for particular external business partners, let's say, that kind of quality assurance to do with the relationship rather than just the quality of the teaching provision, which is what most contracts are about, in terms of the quality of the relationship we haven't got a system that runs across the university.

B: Are you aware of any pockets?

Int. 2: I just don't know in enough detail what happens in the Business School, for instance, with their corporate, they have an office within the school that deals with corporate clients. I don't know how they operate and its just ignorance. It's the kind of thing if you don't take fairly seriously you screw up pretty quickly I think. You notice it on the bottom line. I'm trying to think in education which is obviously the bit that I'd know best, how do they, how do we actively manage the relationship? I don't think there's an answer to that question. I mean I suppose its done but without ever setting out to do it by the fact that the

communications with an agency like TDA goes through a limited number of channels and some of it is supported by established personal contacts as well now so that we've got a number of people who just phone up, we chat to, who seek you out and you can seek out at conferences and things and its recognition and all the rest of it. But in the end all of that hangs on the quality of what's delivered, rather than on the quality of the relationship. I think the quality of the relationship follows from the quality of the delivery. Certainly would never be a substitute for it.

B: Neatly that moves me on to School of Education. How well do you think the School of Education responds to changes to the external environment, in terms of the market.?

Int. 2: Variably. Some bits very well. And other times far too slowly. Its not just the market.

B: What I meant was kind of changes to the sector and changes also to the market, in a sense you mentioned earlier about employer engagement. I suppose in the School of Education it could be local authority changes and things like that.

Int. 2: I think reasonably good at, if you like, the outside bits. The bits that are of the School of Education, which is largely going to be the more senior people, who are engaging with outside agencies whether they are local authorities, TDA or policy developments and new guidelines from DFES. I think that kind of thing gets picked up pretty well and pretty quickly. The difficulties crop up in driving those changes and those levels of awareness through in terms of what is actually happening on the ground in some bits of some courses. And in the expectations of some members of staff. I mean I fear that there are in our School of Education, as in any probably School of Education, come people who are working on training new teachers who really don't know much about the changes that are actually happening and going to be happening in curriculum in schools around the wider workforce issues. Driving that through.

B: Is that because they've been there a long time?

Int. 2 Yes and no there can be people who have been there a long time who are still quite well connected, know what's going on. But it's a problem of being externally engaged and aware of what's happening. Now the ideal for that sort of thing of course is periods of secondment back into professional context. But that's very expensive to resource.

B: So how successful do you think the schools in developing what might be described as developing appropriate offerings in terms of what is required out there. Do you think it understands when its putting new programmes together or new projects together, do you think it understands what's required?

Int. 2: Depends what the it is here. I mean if, do you mean the collective body as a whole of the school, no. But I think the school has been fairly sensible in the judgements its made about what to go for and what not to go for. And that judgements been I think has been quite well informed, deciding what kinds of things would be worth doing and which aren't. Informed by an awareness of where things are going, what the added value is beyond just doing a particular project, the synergies that there might be. As well as, of course, having a sensible financial view of it. Our School of Education has got a good track record over the last few years of getting bids. And there's not, I don't think there's many places that would have as good a record as we've got.

B: How successful do you think the School is in leveraging the value out of its relationships that it has with, lets say the TDA or the DFES or other local authorities?

Int. 2: I mean the great difficulty with things like the DFES and TDA is they are publicly funded bodies, they have very clear protocols that they are meant to go through whenever they are putting anything out to tender or anything like that. Its quite different from a private sector thing where if you've got a good relationship and a good track record then you're on the inside track. If they can need it fast then they just come to you because they know you and that's it and nobody else gets a look in. It will never work like that with public bodies because they are open to legal challenge. So obviously. So although we have good relationships in the sense of having delivered things well on time as well as good personal relationships those, I mean, are important for oiling the wheels and it means its very easy if we don't understand something to get on the phone and talk to somebody and that's an easy conversation to have. I think the Agency as in any kind of government body has to be very careful that they do things through the proper procedures, that are transparent. In the end there will be judgements made and it will help at those stages. But its not just sort of, it isn't going to work on nepotism and my mate.

B: OK. In some ways we've covered part of this but I'd be interested in anything else I can get from you, in terms of how well you think the School of Education responds to the needs of its customers. For example, how far does it seek feedback from again, not thinking about our standard student body, but how does it seek feedback from its clients, those that pay us

money to do projects. And how do we know how satisfied they are with the job that we've done for them.

Int. 2: Again let's just think about what sorts of clients. I think that DFES and major institutional clients like that aren't happy with what you've given back they'd tell you to go away and do it. I think that's fairly direct. You don't get, I don't think I've ever seen any kind of formal thing that says how they've rated it. And I think they'd find it rather odd to receive a request from us like that. What you do get is kind of informal feedback from officers. But at a lower level there isn't much of this that goes on really. Sort of delivering CPD for a school or something like that. I hope, I don't know, that all activities like that are accompanied by evaluation, if only in the form of 'happy sheet' to them of activities. But to the best of my knowledge the schools certainly didn't when I was running it and to the best of my knowledge doesn't have a kind of standard, or even, systematic approach to collecting feedback from clients. Stacks of it for students of course. There's not really many corporate clients.

B: No, not really. Its about questions about how do we know what we're delivering is what really they were wanting. To what extent do you think the School of Education can, and does, get involved in planning issues to do with its partners and to do with its customers. So again thinking about the broad range of clients they've got, the TDA, DFES and the others, the local authorities and schools, how far do you think the School of Education does get involved and can get involved?

Int. 2: What's the start of the question again? Get involved in?

B: Planning.

Int. 2: Well if we take the national ones first. I mean the School of Education gets regularly invited, or individuals are regular invited, to sit on advisory groups, working parties whatever that are genuinely part of shaping up ideas within TDA or DFES. Jill and I have been asked to one on Friday that is around the Centre of Excellences. There's going to be what 15 people there, something like that. And we get invited because of the record of the school as well as being known individually if you like. As far as local authorities are concerned I would say the degree of influence there is very limited with the possible exception of some of the discussions that happened around CPD provision. But that's more around how than what is provided. Because I mean the reality is most of our clients activities and what they do and

what they seek to commission or put out to tender, most of that is driven my policy from major agencies.

B: What about further education then in terms of our relationships with them? Where we have franchises and other types of arrangements.

Int. 2: Yes, from within the School of Education that is simply around that one course. We've got relationships with FE colleges which of course as a university cover a wide range of activities. We have meetings with them on a roughly annual basis. As part of my brief I go round and see the Principals, roughly annually and review the range of collaborations and what's developing and things like that. But much of that is driven by finance. I mean they are very financially focused FE colleges and they will, if they are looking to develop something, provide something they'll go in many case with a partner who can give them what they regard as the best financial deal. Its all very civilised.

B: So in terms of co-creating the products or offerings as it were with FE, how does that work or doesn't it?

Int. 2: Well there's been cases, for instance I mean there's a foundation degree jointly developed, this is across elsewhere in the university so is that relevant?

B: In the School of Education.

Int. 2: Well I suppose there is the foundation degree in learning support isn't there that's been developed. Now that was, actually now I don't know how that operated, whether it was developed entirely internally and then partners invited to join to run it or whether those partners were involved at all in the design. I don't know. Simply don't know, can't answer that.

B: That moves me nice and neatly on to how it does select its customers and partners, because you mentioned how we might select people to work with. How does it decide who it wants to work with and who it wants to engage with?

Int. 2: I suppose the context of this is quite important. Its got limited capacity. It can't do a lot of the things that it could do if you like, if it had greater capacity. In terms of the range of partners and the range of activities. But how does it select them? Its really, I suspect, more a question of, I suppose it is select but sometimes its de-select. I mean the major arguably only

asset that the School has, like the university as a whole, is the reputation of its awards. So quality and quality of department is absolutely fundamental. Don't want to work with any partner that you aren't confident is going to enhance, or at least keep secure the quality of the awards.

B: The quality end reputation.

Int. 2: Absolutely.

B: Anything else?

Int. 2: Yes revenue potential that's an issue. But its not the major driver. I mean we don't go out just hunting pots of cash really. I mean mission alignment has got to be really important as well. Its got to be doing something that fits with what we do.

(Side 1 ends here)

B: How important is it to have the same goals and values?

Int. 2: Yes I mean in those kind of ethical sense. But yes I mean in the end it's a kind of education is a moral enterprise. Part of picking clients or picking people to work with in whatever form is that you are comfortable with what they do, what they stand for, what you'll be doing together. Things need to be, absolutely need to be financially worth while. But that isn't and would never be the only driver, or the only criteria that's in there.

B: How important are issues like geography in terms of where people are to work?

Int. 2: Well it is in terms of practicality than anything else. I mean distance costs in terms of time and so on. Its less likely to have synergies with other things we're doing if we just start doing something in Uzbekistan or something. Lead to anything else particularly. There may be a case. But on the whole we don't go out of our way, we don't go hunting for educational things in across the world, educational opportunities across the world. Mostly we haven't got the expertise, actually we haven't got the expertise because education is particularly culturally bound, especially around teacher education.

B: Talking now about what you think are the key determinants of a good relationship in terms of, obviously, working relationships. What do you think are the key aspects of a good relationship?

Int. 2: Well of a sustained relationship an absolutely fundamental thing mutual benefit. I guess that's true of any relationship. For it to carry on and I think its got to be giving both parties more than either feels its costing them. Because we're not in it to have a relationship, we're in it to do things and achieve various ends and in that sense the relationship in the collaboration is a means and not an end in itself. So it has to be around the value of what you can do together.

B: OK. How important would it be to have shared mutual goals?

Int. 2: Oh I think that's probably fundamentally important. Because if you were trying to, well yes they need to be shared to some extent, they need to be identical in, if we've each got 6 goals and 4 of them are the same then that's fine. There may be things that a partner will get out of this activity that's important to them that isn't important to us and that's OK. Somebody may be think we'll get out of it in terms of learning that is of no consequence to the partner. But we wouldn't want to be doing things and what they were looking to get out of it was something we thought was inappropriate.

B: What role do you think trust plays in a relationship?

Int. 2 : Well its, I mean its certainly very important in terms of how you feel about it but you can't, you've got to do more than just depend on trust. You've got to have the checks and so on in.

B: What do you mean by checks?

Int. 2: Well the contracts and so on have to be OK. You can't just do it on trust, that so and so is a good bloke, we get on well, we can sort things out. You need to be explicit about who is doing what, by when, what costs and all the rest of it. So trust is important but it wouldn't ever replace the need for proper procedures and agreements, explicit agreements. You wouldn't want to enter into a contract with somebody you didn't trust.

B: There are a number of other things here about lists of revenue potential which we've talked about a little bit and which you've said is important but not the major driver. What about the

individuals in the organisation again, what role does knowing the individual matter in terms of a good relationship?

Int. 2: I mean it comes to be important and its a sort of rewarding aspect of a working life, knowing people with whom you work externally. But its not a necessary pre-condition for starting your collaboration or project.

B: What about the ability to be able to communicate with them at a particular level within the organisation, is that important?

Int. 2: Functionally yes. You've always got to be talking to people who can actually control whatever it is you're talking about.

B: What about the potential to co-create, we've talked about this before, to co-create value in the sense of new products, new offerings. How important is that when you are deciding is this a good relationship?

Int. 2: It may be, it may not. With TDA often it's a job you are given to do and its got to be delivered like this and its just a delivery thing. Other contracts, I mean I suppose the behaviour one would be a good example, where the contract is to create and deliver. So yes sometimes its just use the skill you've already got to deliver something you may have delivered already and do it well. It needn't necessarily be creating something. It could be worth doing. Which is doing it again.

B: In terms of how School of Education values its relationships with customers, partners and stakeholders. Which of those that we've just discussed would you say is the most important here?

Int. 2: Which agency?

B: Which aspect of the relationship is most important. So we talked about sharing mutual goals, trust, revenue, individuals within the organisation, the ability to communicate at the right level and the issue about referrals. Which of those do you think is the most important in terms of how the school values its relationships?

Int. 2: Well this might sound a bit pious but I think probably the most important thing is the value of what is delivered as a consequence of that relationship. Because at the end the

School of Education is there to deliver education about education. And if this is a good opportunity to do that then that's an important aspect of that relationship. Getting on with the people and so on is valuable but it's not what it's there for. We're not here just to have nice relationships with people. Do you mean the most important thing in terms of enabling us to deliver it?

B: Well I suppose that's part of it in developing relationships. We're not, it's not always a pure customer relationship where we deliver something and that's the end of it. What we're talking about sometimes is working with others to deliver. So it's about when we've developed a relationship it's how we do that, which is what we've just talked about. Then it's how the School of Education evaluates the relationship.

Int. 2: Well you asked me about that before about how we do that. I don't think we do in any systematic way. We don't have a critical assessment. Because it's mostly with organisations rather than with individuals. In that sense a kind of corporate relationship, it's an interesting concept that one actually, corporate relationship. Is it relationship with NTU or is it relationship between people in NTU and people in the other organisation. I don't know I'm floundering on this really a bit. I mean in terms of, the most important thing in terms of being able to deliver it or not get it is actually being able to deliver it. And in a sense the relationships follow from that rather than preceding it.

B: It's a similar question and in some ways I think we've covered it. My next question was about how important would you say personal relationships were in an intra-organisational context. So between obviously between XX and XXI in their connections with the TDA and the DFES. How important would you say were the personal connections?

Int. 2: Within the organisation? Within NTU? I think they're terribly important because I mean if there is poor communication and lack of understanding between key players who relate to the external organisation that's never going to help.

B: And again we've covered this in some senses but I wanted to move on to how we monitor and manage the relationships within the School. Is there somebody that's responsible for looking after a relationship with the TDA or one of the other agencies? And how do we make the decision about what level that person has to be in order to do that? Going back to the TDA you talked about a limited number of people.

Int. 2: Well I mean the only people who communicate directly with the TDA really are XX, XX, XX, XX and sometimes XX because of Spanish primary. To the best of my knowledge those are the only people who have independent channels of communication. Others may occasionally but its because they've come through and a link has been made. It's a very specific issue. But again you see the TDA is a bit organisation so there are different bits in there that you talk to for different things. If its around funding and things like that, around the main contract we have with them and so on that al goes through me. If its on particular project then, as you know, it will go from XX or XX. Certain other things to do with policy initiatives and so on will go more through XX as Dean.

B: Is there any formal?

Int. 2: No. There doesn't need to be one. It's a small enough group of people.

B: But I'm just thinking about other organisations that we might deal with in terms of the lines of communication. Is it very much down to the individual academic, so for example there isn't anybody who is responsible for a particular group of schools or looking after relationships?

Int. 2: No I mean the kind of partnership office looks after groups of schools for the purposes of initial teacher training. XX looks after things around CPD and its development and provision. But we don't have anything like an account manager where everything to do with that organisation or that group of organisations go through one person.

B: The database the partnership office holds that doesn't include all interactions, its just purely on placements?

Int. 2: Yes. We need that. Not just within the School of Education, we need that across the university. Because a lot of other bits of the university engage with schools that we don't know about ourselves. XX's as well as social science, there's projects and things like that.

B: So to what extent do you think there's a joined up approach in terms of how we deal with schools within the School of Education?

Int. 2 : Within the School of Education I think its reasonably good because its small enough for people to, the number of people involved relating directly to schools is very limited. So its

reasonably good, could be better with a database that captures it all. Across the university its poor and its one of the things that I'm badgering IS for, again.

B: Do you think lots of the information is just held within individual's heads, or do you think there are lots of little databases out there?

Int. 2: Lots of bits are held in people's heads.

B: What assessment does the School of Education conduct to consider customer profitability or customer value to them? So when they are deciding whether or not to keep working with a partner or a client, how do they assess and what do they do? Is there a review process?

Int. 2: I struggle with the concept, I'm struggling all the way through with the idea of concept of client. Because at one level, you see part of the schools for initial teacher training if you think of it in terms of where cash flows, we're paying them. So are we their client? Or they ours? It's a necessary relationship. But if you ask that question in relation to that we dispense with them if they haven't been doing a good service in what we are contracting them to do and haven't responded to get their act together and so on. So long as we've got enough substitutes. I suppose in the end it is the same thing all round. We won't carry on dealing with somebody when things keep going wrong and it seems like their fault. Its as simple as that. Are there a set of criteria? No. But implicit in them all would be about the value of the cost of not just financially.

B: What do you mean when you say value?

Int. 2: Well is this work that we're doing with them adding value? Is it delivering something that's worthwhile? Is it producing, is it doing so in a way that's financially sensible? And with a risk level that we are comfortable with I suppose.

B: Overall, thinking overall, how satisfied are you with the relationships that the School of Education has?

Int. 2: I think with national agencies I think they are quite good. I don't think we're good with local authorities.

B: Why not do you think?

Int. 2: I think they are difficult organisations to deal with actually. I mean they change their structures. Jobs chop and change. They're not very good at planning things and they often don't control the things we think they might control. A bit chaotic local authorities.

B: How do you think the School of Education can achieve greater value and competitive advantage from its relationships?

Int. 2: I suppose again I struggle with thinking about whether its from the relationships. Because its, we can do better competitively by doing better. I Relationships in order to be competitively advantageous. I think for the reasons we said earlier, can we by chatting up, taking out for a meal, wining and dining TDA people are we going to buy advantage on the inside track.

B: I wasn't so much thinking about that but about greater knowledge of one another and understanding, having shared mutual systems or compatible systems.

Int. 2: I mean we need to know what they are up to. We need to know when things and what kinds of things are brewing, what opportunities may come out of them. And if we know that by having relationships with them and knowing people then clearly that's important. But its not difficult if you're on the outside and you knew it, follow their web pages and policy statements and conferences they are running to pick up what's going on without knowing anybody. Because its just, it has to be a fairly transparent organisation. Which is quite different from knowing that the soap factory down the road has made a killing on something or other and needs to upgrade its machinery, oh right I'll pop in and see them. You get the business because you play golf with them or whatever. It isn't going to work like that for publicly funded bodies.

B: If you could think of finally one way that the School of Education could improve its relationships, what would it be?

Int. 2: I suppose having a few more people from within the school who are engaged with, and go to, external events organised by or involving our major contractors, or major partners. And there are quite senior people in the place that just don't go out and don't know what's going on. Major programme leaders. I don't think its an organisational thing I think its more a personal thing about how they view their role. But I think it would be good to encourage them. It would be more effective them to go out.

B: How do you promote that culture then?

Int. 2: Book them a place. Say we'd like you to represent us at this, that sort of thing. I was talking to Jill about this just recently. I think we need to get one or two people more involved.

B: That's really interesting, thank you very much. I think its interesting because lots of concepts that I've been looking at are very much in the private sector and what I'm looking at is how applicable they are to a public sector environment. Some of them clearly are and some of them aren't. And I was watching you struggle with it.

Int. 2: No if it was private sector I can see absolutely that relationships are important, really important. I'm not saying its not important but it operates in different ways and they can't, as much as people might like to, they cannot give you the inside road because its just so open to challenge.

B: I hope you found that interesting.

Int. 2: Yes I can reflect on that.

B: Thank you very much.