Promoting Enduring Business Relationships by Exploiting Network Effects in Professional Services

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1. Introduction

Much research has found that that enduring business relationships are worthwhile to the parties. They are profitable (Reichheld 1996; Kalwany and Narayandes 1996; Jap 1999) as the firms are better able to use their complementary assets to create value, the more they develop their relationship (Blankenburg Holm, Eriksson, and Johanson 1999). Relationship development often require that firms adapt to each other by matching their needs (Hallén, Johanson and Seyed-Mohammed 1991) and develop an understanding of their relationship specific assets (Anderson and Weitz 1992).

In professional services, providers often interact with clients in projects or assignments on an irregular basis. The client's need is often ambiguous (Halinen, 1994) and the solution demands large creative and problem-solving efforts (Axelsson, 1996). The solution could be more or less tailor-made, and providers often balance between 'productification' (using ready-formed solutions) and going into new, more challenging areas (Axelsson, 1996). Normally, the provider 'enables' the client to enhance its capabilities for task performance in some way (Normann and Ramirez, 1993) by providing knowledge and tools to implement some kind of organisational change in the firm (Normann, 2000). Professional service relationships have probably not yet got the elements of enduring ones, and therefore need to be managed differently. This is important because much thought in relationship marketing hinges on the idea that new, non-developing, or transient relationships can be developed into long-lasting, deep and profitable ones. It is argued that strategies for 'enhancing' new or non-developing customer relationships into customized ones are rewarding, but difficult (Grönroos, 2000). However, this is not a viable strategy if existing relationships are completely different from new, non-developing, or transient ones, because then they are different categories, with different mechanisms, rather than opposite ends on a continuum. Little research has investigated this issue, even though there is a growing interest from consumer researchers into the adoption of relationship theories (Fournier 1998, Sheth and Parvatiyar 1995, Grönroos 2000).

A recent article by Lambe, Spekman, and Hunt (2000) provides a path forward since they argue that much business is done in 'close, collaborative, fast-developing, short-lived exchange relationships in which companies pool their skills and/or resources to address a transient, albeit important, business opportunity and/or threat.'p.212. In such relationships, there is a limited number of exchanges, and less time to develop trust and understanding. Consequently, those relationships are interimistic, being somewhere in-between discrete exchange in consumer markets and a long-lasting and deep relational exchange. In the case of Mercuri International, it seems as if interimistic relationships co-existed with deep and long-lasting relationships.

Lambe et al. 2000 develop a framework for the analysis of differences between interimistic relationships and business relationships. This framework identifies that trust in business relationships can be replaced by: 1) prior exchange outside of the relationship, 2) a reputation for fair dealing, and 3) pledges of commitment uniquely suited to the business partner (Lambe et al. 2000). As a result, there is less of interdependence and relational norms in interimistic relationships, even though they emerge faster than in the deep relationships.

In the present paper, we investigate identify enduring and interimistic relationships in professional services, and explore how they differ. We discuss the importance of relationship substance and effects of that substance on the network. Such 'network effects' could add value to the provider-client partnership and thereby make it more enduring. *More specifically, the purpose of the paper is to investigate and explore the difference between enduring and interimistic relationships in professional services.* In fulfilling this purpose, the paper investigate a fundamental assumption of relationship marketing, which also has received considerable research and management attention.

The paper is structured so that we first discuss the differences between enduring and interimistic exchange. The empirical investigation consists of two parts. First, we identify an interimistic and an enduring relationship. Then we use quantitative data from several relationships to investigate whether an enduring relationship is enduring in all of its aspects. This provides a way to further investigation of the differences between enduring and interimistic relationships in a real-world business setting.

2. Theoretical starting points

2.1 Interimistic and Enduring Relational Exchange

Macneil's (1980) division of exchange into 'relational' and 'transactional' exchange has been examined by Lambe, Spekman and Hunt (2000). They continue to divide the 'relational' kind of exchange into 'interimistic' or 'enduring' relational exchange. Enduring relational exchange is situated at a far right end of an exchange continuum from transactional to relational exchange (Figure 1).

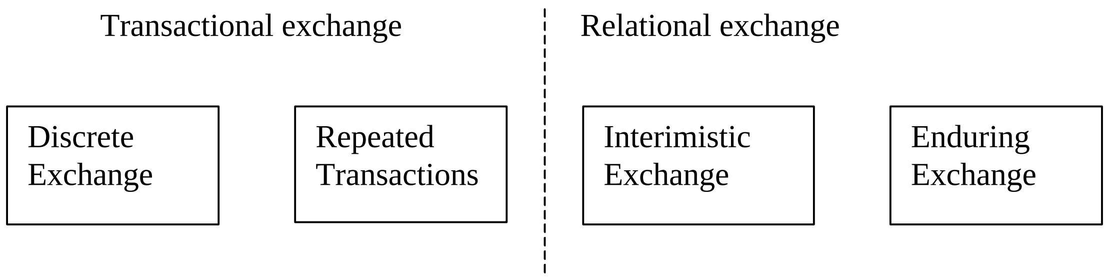

Figure 1. The exchange continuum and interimistic relational exchange (Lambe, Spekman and Hunt, 2000)

Interimistic relational exchange is defined as 'a close, collaborative, fast-developing, short-lived exchange relationship in which companies pool their skills and/or resources to address a transient, albeit important, business opportunity and/or threat'. This kind of exchange develops under time pressure, for example in unstable market conditions or when the technological base of an industry is evolving rapidly. Because of the need to 'do something

fast', the exchange creates less of, or other kinds of, relationship attributes than has been found in those relatively stable, long-lasting business relationships in industrial settings (Håkansson, 1982, Dwyer, Shurr and Oh 1987, Hallén, Johanson and Seyed-Mohammed, 1991). Enduring industrial relationship attributes, such as trust, commitment and adaptations, need time and substantial interaction to develop. In interimistic relational exchange, the authors claim that three variables help to build certain relational attributes quickly: the *prior extra-exchange interactions* (past experiences in other relationships), *a reputation for fair dealing* (in other relationships) and *pledges* (in the form of promises and signals of commitment). The framework also implies that in this kind of exchange, evolutionary models of business relationship development (Ford, 1990; Dwyer et al, 1987) may be replaced by a non-evolutionary model, where relational attributes do not develop slowly over a long period of time. Instead, they reach a (lower) level, much more quickly.
The interimistic kind of relational exchange seem to fit with interaction of a non-constant, project-based nature, in assignments that address a specific problem as is common in the professional service setting.

The continued interaction in new assignments will tentatively require that the client is satisfied with prior assignments. This tenet in Relationship Marketing (Grönroos, 1990) has been empirically observed in the professional services setting (Eriksson and Löfmarck Vaghult, 1999). However, in the same study it was also revealed that clients buying consulting advice are less inclined to commit to future development after a period of successfully implemented organisational change. Sometimes, the buyer ends the relationship after a project where the consultants have done their bit. Such relationships are truly 'interimistic', and differ substantially from enduring relational exchange. In another study, the two kinds of exchange were explored in the professional service setting, related to the provider's ability to attract new customers (Eriksson and Löfmarck Vaghult, 2000). Satisfied customers in interimistic exchange with the provider seemed to contribute with referrals to other firms, but deep client collaboration with considerable mutual investments seemed to give less of new contacts to the provider. The interpretation was, that in the latter case, the provider has less room to engage in new relationships, and clients find it more difficult to explain to others what has been done. The paper concluded that there is a strategic choice to be made by a provider between deep client collaboration with fewer clients on one hand, and more numerous interimistic relationships on the other. The present paper assumes that the deep client collaboration in enduring business relationships is generally of benefit to the provider.

In order for a business relationship to endure, it needs to hold more of the attributes of enduring relational exchange, binding together different episodes of interaction and featuring longer-term aspects, as has been indicated by Ford (1980). One major stream of research focussing on these longer-term aspects and relational attributes between firms in the industrial setting is the Network Approach.

2.2 Developing Relationship Substance and Function

The analysis of business relationships in the Network Approach (Håkansson and Snehota, 1995) extends beyond the two parties in the relationship to the management of resources, activities, and actors surrounding the parties (Håkansson 1992). Co-ordination in business relationships takes place within the setting of a business network (Blankenburg Holm et al., 1999). The network is actively influenced by firms as they co-ordinate their respective business network relationships to fit in with their co-operation (Browning, Beyer and Shetler, 1995; Porac, Thomas and Baden-Fuller, 1989). We argue that this type of framework is of help when exploring business relationship endurance through value adding partnership.

Håkansson and Snehota (1995) analyse business relationships in two main dimensions: relationship *substance* (or content) and their *function* (for the individual firms, for the dyads as well as for the surrounding network). The substance dimension includes activity links (due to activities performed by the parties or actors), resource ties (due to resources being connected in their use) and actor bonds (including the parties' view of each other, their mutual trust or commitment). The links, ties and bonds connect further into the surrounding network structure. We argue that relationship substance is embedded in the surrounding structure when it has effects outside the dyadic relationship. Changes that take place in the activity and resource dimensions within a dyad are more likely to constitute embedded relationship substance and these changes may propagate throughout the surrounding business network. Attitudinal aspects in business relationships can be referred to the actor dimension and may stay only unilateral or bilateral. In professional services, the organisational change achieved creates an embedded type of substance in the provider-client relationship, and seems to reduce the chance for renewed business at least short term (Eriksson and Löfmarck Vaghult, 1999). A similar assumption is made by Normann (2000) who asks why a firm would want to become an ‘enabler’ if this means loosing business in favour of the client who learns to ’do it himself’? But Normann argues that if co-operation has made the client firm grow and become more successful, it is likely that the provider-client relationship will broaden and stretch longer in time.

Providers may explore the surrounding business network in order to promote the endurance of a business relationship. We argue that they could seek those opportunities not only by creating a positive reputation or referrals among actors in the network, but also by exploring the more embedded kinds of relationship substance. As the activities and resources of the provider and the client are affected by their interaction, they may become connected to those activities and resources of other parties and opportunities for bringing a third party into the relationship are enhanced. One example is the extension of the provider’s services to the client’s clients, thereby boosting the value and usage of the provider-client relationship for both parties. Another example is the addition of third parties, combining their services with those of the provider, so that the client experiences added value and the provider is able to move into new areas. We argue that these kinds of network opportunities could mitigate the effect of a successfully completed assignment leading to a ‘pause’ in the client’s purchasing of consulting services, and make the business relationship more enduring. In the present paper, we will use case studies as well as quantitative data to illustrate our argument.

2.3. The distinctiveness of enduring and interimistic relationships

Based on the above description of enduring and interimistic relationships, it is tempting to view them as two distinct cases. While this may be analytically correct, it is not likely to be so in the real business world. The reason for this being that relationships grow and deteriorate in ways that are difficult to foresee. We now go on to observe an enduring and an interimistic relationship, whereafter we investigate their whether an enduring relationship can also have elements of interimistic exchange.

3. Empirical observations

The present paper find its empirical base in a study of eighty[1] new customer relationships to one and the same professional services firm (Mercuri International, MI), which have been explored over time (1994-98). Two quantitative surveys have been run with decision-makers in the 80 customer firms and with the corresponding consultant in MI. Thirteen of the customer firms in the sample were also interviewed about the relationship. The paper draws on a portion of, and a combination of, this qualitative and quantitative data.

The provider Mercuri International (MI) is an international sales development and consulting firm, running sales development programmes and assignments including advice and support in their implementation of marketing strategies. In the two case studies, the Dutch food producer and the Australian computer manufacturer provide examples of third party influences during the course of interaction since the business relationship was initiated. The cases are supplemented with quantitative data from the entire sample of eighty business relationships, providing a broader view of network effects and how they may be exploited.

4. Results

4.1 The case of the Dutch Food Producer

The Dutch Mercuri International unit founded in 1970, with about 35 consultants employed (1999), has partly specialised towards a few client industries. The food and retail business has been especially successful.

The Dutch Food Producer, active in wholesales (catering) and retail (sales into shops), has been through a merging process and now belongs to a US company founded at the end of the 19th century. It has one division for industrial food products and one for food including catering. The firm has several well-known brands and deals with thousands of shops in Holland, both independent (family owned) and dependent (chains). At the end of 1995, the company had a new vision in the retail area that they wanted to share with an external partner.

[1] The 80 dyads became 81 during the study as one firm was split in two, who both continued to interact with MI

The shops tended to have their own local visions, also the dependent shops, and a new approach was needed from the sales force. The producer aimed to train the sales force in how to sell a new marketing and promotion approach to the shops (a mission for the next 3-4 years).

The firm had some experience with MI in the catering division, but still ran a competition for the assignment with three parties. After they all made their presentations, it was concluded that MI's offer fitted best. MI proposed a good solution and understood the present situation, showing the necessary experience with other clients in the retail field. One key aspect of MI's offering was a communication tool between the account managers and the field sales force within the company.

The whole project called "Putting the shop central" started in the beginning of 1996 with pure consulting by MI (no training was run until end 1996). Monthly talks were held between consultants H and J from MI, the sales manager (responsible for field sales in retail) and the division manager. Together they made rolling updates of period plans. The producer formed the marketing part of the project itself with co-ordination help from MI. A software programme was designed for the salespeople to use in contacts with the shops. MI helped to discuss the content. The main task was to help define what the local marketing should be like, who should do it and who should support internally. The complete approach was ready in September 1996.

The second phase was the training of the field sales force together with the district managers. The producer and MI analysed the strengths and weaknesses of the salespeople at a "Development Centre Day" designed by MI in June 1996. According to the sales manager, people were nervous at first at this evaluation day, even if the intention was to discover shortfalls, not replace or get rid of people. Management was open about their responsibility and accepted the blame for the shortfalls. The conclusion was that some people needed extra training, some even basic skills. People were grouped into four different groups according to training needs. A total of 29 salespeople and three managers had been trained by end 1996.

The software (sales force automation) was formed and in the Spring of 1997, four training days were run. The first two days covered the "initial talks" with the shop managers, to motivate them to commit to measuring the potential etc in the shop so that the producer could help in the right way to fill their needs (and thereby create a win-win situation). The other two days dealt with the financial argumentation with the shop manager on the different products in a certain product group, in order to estimate the best potential to fill in a mutual commitment between the company and the shop owner.

According to the sales manager, the project was quite successful. The company is now getting a lot of information back from the shops and a lot has been learned about the product group in which the company brands are included (also competitor brands are included in the measurement of an entire product group). The relationships with the shops have improved and the firm has gained a good image in its marketplace.

In June 1997 was run a second Development Centre Day. MI was present but the producer could handle the day more independently this time. Competence and skills were measured again and the representatives were video-filmed. The outcome was that there was still a need to develop. The producer will now be able to handle most of the measurement of salespeople itself through a specific software programme developed by MI, but MI will give feedback on the result and present it. The sales manager points out that in the future all training will not necessarily be done by MI. 'Train the trainer projects' will enable the district managers to train and coach their people. Two days with MI are planned for early 1998, to cover how to handle the "evaluation talks" with shop managers upon some time with using the software.

H, the MI consultant responsible at the start, was transferred to another MI country operation at the end of 1996 and was replaced in the account by J with 9 years in MI (1997). A more recently employed consultant, T, has also joined J in the account. The sales manager had already met T at the first DC Day so "there was not a lot of stress when H left". J suggested that T should come in and this had "hardly no effect on the co-operation". The co-operation with MI has gone well. "Some things could of course have been done in a better way, but most of the time, it is us who are to be blamed - we were not fast enough, not co-operative enough, the communication to J was not clear enough".

The sales manager says that a good thing driven by MI (an idea from J) was the presentation of the project for all the company (all product managers, account managers etc), showing the basic idea of the project and what had been done up to now. This has helped, as top managers frequently demand explanations about what has been achieved. Now, if someone asks, it is possible to refer to that meeting and be specific about the progress made. The large project is almost finished but there will have to be some training to keep up the level. “We will always keep MI fully updated”, says the sales manager.

Case Analysis

In the two years from the start of the co-operation up to the interview with the sales manager in November 1997, there is basically one large assignment run with MI. The project was based on a need for a new marketing and promotion approach to the shops. It has involved consulting as well as training events, with a high degree of adaptation, and a high involvement from the firm and connections to marketing and software products. Competence has been added to the employees in the client firm and this implementation has been carefully measured and controlled. What have been the network effects noticed and exploited in this case?

Initially, the client valued the experience of MI in similar business relationships, especially the way MI understood the need to focus on communication with the shops and build a tool to enhance this. MI has also gained more expertise after this project which might be of value oin other business relationships. The co-operation has extended into the marketing side and into software, as MI helped to build the content of the tool, possibly preventing the client firm to engage other providers in marketing and IT. The client seems committed to continue to work with MI and the relationship has already survived several changes of contact persons. As the co-operation is now switching towards ‘train-the-trainer’ programmes that will enable the client to take care of some of the training needs itself, but it seems that MI has many opportunities to keep close to the client as new assignments arise.

4.2 The Case of the Australian Computer Manufacturer

The Australian MI unit founded as late as in 1991, has about 20 consultants (1999) working out of offices in Sydney and Melbourne, with a rather broad approach and no strong specialisation. The Australian subsidiary of an American hardware producer present a few years longer in this country, was one of its first customers and has provided many referrals to

MI. The company sells through a channel of re-sellers. In one of its regions, a regional sales manager is in charge of two teams of salespeople. One team operates on a more short term basis (3 months) and looks after the majority of the relationships with the re-sellers, the other is a ”major account team” (12 month basis). The first team (50% of the people) handles things like product education and motivation of the re-sellers. The second team stimulates the demand directly at the major accounts.

The co-operation with MI started around 1991-92 and since then, MI has been involved in training the regional teams, covering different sales related items. Some training has been done at the re-sellers together with MI. The regional sales manager says this is now ”a mature relationship, where we share ideas on a different plane”. It is dependent on individuals, where the relationship with A, he MD of Mercuri is pointed out. A is said to bring in a lot of value, to have experience and a great perspective on business. ”We deal with others also, but A is the main contact person”. From the client firm, a few other people are involved, and the relationship is informally reviewed with A. The regional sales manager does not measure results in a scientific way, but assesses the quality of the key activities performed by MI.

“Nothing concrete has changed”, he says, but there is now a common language and under-standing in the team. Some MI models are now put into system. ”There are better processes to manage people’s work”. The firm has built up a sales force automation system on its own, based on MI’s sales planning models, ”to consolidate the things that have been learnt in the training programmes”. MI has a weakness linked to the implementation of concepts, he says. ”The key in training is the implementation of concepts and one reason why the relationship is good is that our company have actually done this” (but not MI). ”A training company should take things from delivery to implementation”. The training company should adapt the concepts to fit the customer, because ”a sales department is probably not best known for its implementation skills”. As the firm handled a lot of the implementation themselves, MI supported but ”stood back and watched with interest”. The regional sales manager thinks that training companies are faced with a general challenge when they leave organisations with a concept. It is time-consuming to implement, but if training companies deliver a module and leave the rest up to the organisation, they run the risk of lower repeat business. ”How much is it that really sticks from what has been learned?” ”If someone really tried to implement these things...”

He suggests a joint venture between MI and a software company to cover the need of implementation support. Had this existed, the company would have cut down on development time, instead of just having to ”take the binders and start from scratch”. He believes that his company is a good reference for MI as being one of its first customers, and MI have learned some things, such as taking their concepts to the re-sellers. ”We can now bounce ideas off each other”. He believes that MI could really foster relationships, if they had more of events like the two which he has taken part in. Those formal events where MI's clients were brought together offered a chance for companies to talk to each other. They could also be done in an informal manner. The client firm already knows some other of MI's clients.

The regional sales manager says that MI has to keep coming with new ideas, build on what has been done and keep updated. Up to now, there has been no need to tailor-make things, but that might change in the future. He feels some fear that MI may not have more to offer. ”They must continue to provide us with new things”. ”If we got to a stage where MI had nothing more to offer...” Training programmes need to be adaptable, concepts relevant to needs, and they need to be implemented.

Case Analysis

This client firm has been in co-operation with MI for several years already. The inclusion of the channel partners of the firm in joint training activities has added value to the client and possibly added a portion of business to MI, which may not have been readily available. The client had contributed significantly to MI's new operations in Australia through referrals. But the implementation side has been a weakness, where MI obviously has not seized the opportunity of bringing in a software partner to support the client in the implementation of sales models and working methods. The client has explicitly asked MI to do so (and a year later this in fact happens, as a small Indian software provider, who tailor-makes sales force automation with some other clients).

Another opportunity expressed by this client is the meetings with other clients of MI, to exchange ideas of how their assignments have been carried out. There is apparently several network opportunities yet to be used by MI, and the client remains uncertain about how MI could contribute in the future.

5. Quantitative Illustration of Network Effects

The two case studies show that business relationships can be expanded and made to endure by exploring the surrounding business network. The network provides business opportunities that are beyond the relationship exchange. Opportunities exist on both sides in the dyad, as the cases demonstrate. The Dutch food producer has valued the understanding that MI has gained in other similar business relationships. The project has concerned the channel partners, even if those have not been actively trained. The provider has involved also in marketing and IT, thus broadening its activities to add value. The Australian Computer Hardware Manufacturer has appreciated MI's involvement in the whole chain (salespeople as well as channel partners have been trained, the latter in joint efforts between MI and the client. Strong demands have been put on MI to provide combined services, including training programmes and software automation, offering an opportunity for MI to enhance the co-operation with the client. The network of other business relationships also provides an opportunity to be used.

Related to the entire sample of 81 business relationships, what can be said about the frequency of opportunities to add value to the provider-client partnership by exploiting network effects? In order to exploit these effects, they have to be known to the parties. What is their impression of the role and importance of network effects to their relationship?

First it should be observed that out of these dyads, there was exchange going on in just 37 of them, at the end of 1998. In many firms, there had been a loss of contacts and a change of contact persons, and a set of mergers and acquisitions. As an overall conclusion, far from all of these dyadic interactions ever entered into what could be labelled a business relationship.

Initial network effects

In the study of the 81 dyads, several questions were asked to the parties in the dyad concerning different kinds of 'network effects' on their co-operation, establishing whether third parties were in any way influencing or being influenced by the dyads, throughout the five years of studying them. In the initial phase of the co-operation (80 dyads only) between MI and the client, there were very few signs of third parties initiating the first contact between MI and the client and contributing to making the co-operation begin (the few cases were often other units in the client firm). In the further stages of co-operation, was asked if third parties also had an influence on the re-purchasing decision of the client, and this had some importance in 25 out of 81 cases. In 14 cases, the client contacted at least one alternative provider prior to the re-purchasing decision.

Embedded relationship substance

The more embedded kinds of built-up relationship substance between the parties attract particular attention. Indication of considerable change in either of the parties due to co-operation has been one such sign. Here was asked:

- Whether the client perceives actual change also outside the area of sales, which is assumed to result in changes for counterparts of the client.
- Whether MI perceives changes in its working methods as a consequence of the co-operation, which is assumed to result in changes for counterparts of MI

A more embedded type of effect during co-operation is the effect on other areas than the one where the service was intended. The suggested areas in the questionnaire where marketing, sales management, sales development, organisation, production and purchasing. Without differing between these, we can determine in what client firms the average influence on those areas was judged to be medium to very large (see Table 1):

Influence on other areas in client	Dyad identity	Number
A lot of influence (5)	41,43,50	3
Large (4)	1,23,55,59,81,84,96	7
Medium (3)	4,6b,25,34,40,52,71,75,76, 91,98,100,114	13
TOTAL		**23**

Table 1.Medium to large influence on other functions than sales, from the co-operation in client firm – stated by MI or client

Both case firms above were among those where the influence was judged to be little (2 on a 5-point scale).

Also at the provider, a change of working methods may be an outcome of the co-operation, as is shown in Table 2. Here it is concluded that there are 21 cases in which at least medium change of MI's general methods is perceived.

Supplier Adaptations 1997-98	Dyad identity	Number
Very large (5)	61	1
Large (4)	19,25,43,52,75,81,91,97,98	9
Medium (3)	16,30,40,41,68,78,85,93,109,110	11
TOTAL		**21**

Table 2. Firms where MI has changed its working methods due to the co-operation – stated by MI and client

The Dutch food producer (68) is among those where medium adaptation has been made. The Australian Computer Hardware manufacturer (116, not in the table) reports 'low' (2) supplier adaptations. Worth noticing is, that only nine dyads appear in both tables (at least medium changes on both sides), namely 25, 40, 41, 43, 52, 75, 81, 91 and 98. It seems that it is not always so that it is the large adaptations of the provider that makes changes at the client come about, but more likely a high involvement on part of the client.

Long-term view on future co-operation

In 1998, nine customer firms have a very long-term view of the relationship (one of them the Dutch food producer) and seventeen have a medium to long term view. Eight firms have a short or very short-term view, and the rest can not say or did not reply (among them the Australian Computer Hardware manufacturer). How about the firms where there appears to be more embedded relationship substance – do they have a long-term view on the future co-operation? Table 3 shows the 26 client firms that look medium to long-term on co-operation with MI. Seven of them have indicated a medium to very large influence on their organisation, in Table 1. In another study using this data (Eriksson and Löfmarck Vaghult, 1999), it was concluded that significant organisational change in the client firm does not seem to lead to long term relationships, as the client may be 'done with' consultants for some time after successfully implemented change.

View co-oper.- client	Dyad identity	Number
5 (very long)	1,25,52,68,70,77,96,103,114	9
4	9,22,45,53,79,86,93,100	8
3	6a,6b,19,24,30,41,83, 99,110	9
TOTAL		**26**

Table 3. View on future co-operation by client

Out of the 26 clients looking medium to long term on co-operation, eight of them have also been subject to medium to large adaptations made by the supplier MI. In those cases it is possible that supplier adaptations have helped to make the client view the relationship as more enduring.

View on co-oper – MI	Dyad identity	Number
5 (very long)	1,4,24,25,30,32,52,85,93,97,99, 105	12
4	6a,6b,16,22,34,41,53,55,66,75,81, 83,84,92,94,96,100,104,109,110	20
3	19,23,28,40,50,57,59,61,70,72,77,91	12
TOTAL		**44**

Table 4. View on future co-operation by MI

In 44 cases, MI is looking at least medium to very long-term on co-operation. Out of those, significant influence on other areas than sales has been reported in 17 cases. MI has made significant adaptations in 15 cases. Another way of expressing this is that in a large portion of the cases with medium to very large influence in the client, MI has a medium to long-term view (17 of 26 cases). In an even larger share of cases with medium to large supplier adaptations, MI has a medium to long-term view (15 of 21 cases). This can be interpreted so that MI looks long-term where it has reached success (implemented change) and made investments (adaptations).

Network effects from the co-operation

The customer may have got new contacts from working together with the supplier MI, and this may effect the surrounding network. Note that this effect is in the nature of the service (MI provides help to sell to (new) customers). See Table 5.

New customers to client	Dyad identity	Number
>4 contacts	6b,25,32,52,61,84,91,92,114,115,116	11
3	5,21,40,43,45,50,72,75,85,87,93,9412	
2	1,19,29,53,76,77,81,96,100	9
1	8,68,97,110	4
TOTAL		**36**

Table 5. New Customers to the Client – stated by MI or client

What is the link between the client getting new customers (a network effect) and the implemented change in the firm? Out of the 36 cases where this type of network effect has been reported, 15 report a medium to very large influence on other areas than sales. Out of the 36 cases, 14 report a medium to large adaptation from MI's side. Another way of expressing this is that in a large portion of the cases with medium to very large influence in the client, the client has gained new customers (15 of 26 cases). In an even larger share of cases with medium to large supplier adaptations, the client has gained new customers (14 of 21 cases).

How is getting new customers related to the client looking long-term at co-operation?
In half of the 26 cases where the client looks medium to long term at co-operation, the client has also gained new contacts.

The supplier (MI) may also have got new contacts from working with the customer, Table 6.

New rel. to MI	Dyad identity	Number
>4 cases	43,52,61,68,97,112,116	7
3	32,70,91,114	4
2	4,5,23,41,55, 72,96	7
1	6a,28,76,77,85,92,98,100,113	9
TOTAL		**27**

Table 6. Relationships to the Supplier – stated by MI or client (supplier replies only in bold)

Out of the 27 cases where MI has got new contacts from co-operation, eight have also experienced a medium to very large influence on other areas than sales. In nine of the cases, MI has made medium to very large adaptations. Eight clients where MI has gained new contacts also look long term at co-operation. In sixteen of the cases, MI has gained contacts and also looks long term at co-operation.

6. Conclusions and Management Implications

The above analysis of the 80 new business relationships of Mercuri International shows that during a period of about five years there are in 23 cases considerable adaptations made by the provider. In 21 cases there is substantial change perceived in the client organisation as a consequence of the co-operation. In nine cases, both these aspects are present, but one aspect does not seem to be a general prerequisite to the other. The client may therefore perceive change not just because of the adaptations of the provider, but more likely because own efforts are put in from the client.

At the same time, the provider and client are looking long-term at future co-operation in a portion of the dyads (the client in 26 cases, MI in 44 cases). The substantial organisational change is present in seven out of these 26 clients, i e this does not appear to be a main factor behind having a long-term view of the co-operation, which was concluded by Eriksson and Löfmarck Vaghult (1999). In eight of the 26 cases, the provider MI has made significant adaptations, and even if these could have made the client firms see the relationship as more enduring, the frequency when this has been observed is low. The provider MI on the other hand seems often to have a long-term view on the co-operation when there is organisational change obtained in the client firm (17 of 26 cases) and when MI has made adaptations (15 of 21 cases). This could be a result of investments on part of the provider. But the long-term approach of the client remains rather weekly connected to changes obtained and adaptations made. So what could make the client look more long term?

In the introduction to the study, we introduce network effects as a possible means to be exploited. The two cases above illustrate that there are opportunities to use the other business relationships of both the provider and client to promote the endurance of the MI-client relationship. The other business relationships of the provider are sometimes learning opportunities that can be used in one (similar) business relationship, as the provider becomes a ‘specialist’ in an industry. MI can also connect to other business partners of the client firm, such as channel partners. MI can connect to complementary providers in e g IT or marketing and IT, and thereby add value to the client firm. We also suppose that if the client or MI is getting new counterparts from an ongoing co-operation, this could make this business relationship last. In the present paper we have not explored such causal effects, but we do recognise in the quantitative analysis that new counterparts are often gained to the parties when organisational change has taken place (15 of 26 cases) and when MI has made significant adaptations (14 of 21 cases). In 13 out of 26 cases, the clients have gained new counterparts *and* look long-term at co-operation with MI. MI has gained new counterparts *and* look long-term at co-operation with the client in 16 cases. It seems however that it is not necessarily the clients where significant organisational change is observed, that contribute to MI's new relationships. This was concluded by Eriksson and Löfmarck Vaghult (2000). This study stressed the difficulty of managing a referral network based on deep co-operation with the client – it is not always those clients who influence others to use the provider.

The implications for management in the present study is that we see no easy way of prolonging co-operation between professional service providers and clients by just making inter-firm adaptations and obtaining organisational change in the client firm. A deep co-operation is not automatically stretched out in time, and it produces a limited number of referrals to the provider. A road that could be used is instead the use of the surrounding business network on both sides, adding value to the client and making the provider capable of being an expert within its field (or in a specific industry). The provider needs to be able to combine its efforts with other suppliers, and demonstrate its usefulness long term. There are reasons to believe that this would also promote the use of referrals, allowing the provider to gain new counterparts.

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