Internal Organising in an Inter-Organisational Relationship Context : The Case of UKA & USIT

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Abstract:

It is recognised that business-to-business relationships involve individuals interacting over time. For companies whose relationships are a source of concern (they may perceive that they could enable a greater competitive advantage to be leveraged, or may consider that they are the reasons for poor performance), any attempts to manage their relationships will involve manipulation of those interactions between individuals. This raises major organisational design issues involving decisions about how a company should organise itself for relationship management. This paper reports on how a company has organised itself to handle its relationship with an important relationship counterpart. The relationship between the companies has been described as good by participants meaning that they consider it demonstrates good performance and exhibits the appropriate levels and types of communication, co-ordination, problem-solving, adaptation and negotiation.

Using dimensions from the discipline of organisational behaviour, the paper considers the structural design that effects (sic.) the interaction which this company maintains with its counterpart. It is posited that these dimensions are a useful framework for decision-making within an organisation concerned with managing relationships with counterparts; it is exactly these structural levers that an organisation needs to pull in order to manage (plan, develop and change) a relationship. Of course, while the effects of the levers upon an organisation's interaction are direct and relatively transparent, the nature of business-to-business relationships means that the organisation cannot be as circumspect with effects upon the relationship with a counterpart.

Introduction

When approaching companies for the purposes of conducting business-to-business relationship research, we're often asked "how will this help us?". Inevitably, organisations want to see the benefits of relationships research. They want to know what they need to do to have the sorts of relationships that they'd want. While they are interested in knowing how one can describe a relationship, they are keener to know how they can make use of that knowledge to their own advantage. And while they are prepared to listen to theories, they are frequently interested in a prescription that suits their own circumstances. They want to know what levers under their control they can pull which can bring about the sort of relationship that they believe they deserve. This paper addresses some of these levers, drawing upon the organisational behaviour literature to identify the dimensions that are typically considered when internally structuring an organisation. Alongside these internal structuring levers, the paper considers some of the more frequently described dimensions of an inter-organisational relationship. It is precisely the effects of the internal organising upon these dimensions to which organisations should attend when strategically managing their business-to-business relationships. In combination, these inter-organisational relationship dimensions provide a strong indication of the nature of the dyadic relationship between two firms.

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Business-to-Business Relationship Dimensions

Understanding external (i.e., non-owned) relationships in business markets involves considering the **interaction** which takes place between relationship counterparts (Hakansson, 1982; Ford 1997). Such relationships involve a variety of people, performing a variety of tasks, interacting with each other over time, with the interaction potentially encompassing commercial, technical, and social contact. The relationship may at times be close and co-operative, at others more distant and manifest substantial conflict. 'Relationship' comprises a variety of different constructs, which are more or less important to individual researchers at any one time and more or less important to relationship participants over time. For this reason there is still debate amongst business-to-business researchers about the specific constructs which in combination constitute a relationship (e.g., de Burca, 1999). Despite the lack of complete agreement on the constructs that in combination constitute a relationship, studies have thrown light on many of the dimensions of a relationship. Hakansson & Snehota (1995) present a useful description of the structural and process characteristics that appear to be common traits of many relationship studies. Structurally, they point to relationships often being characterised by continuity, complexity, symmetry and informality. In terms of the interaction processes in relationships, they point to research converging on a few features, such as adaptations, co-operation and conflict, social interaction and routinization. The Narus and Anderson (1995) categorisation overlaps with this. By examining communication, co-ordination, negotiations, problem-solving, and adaptation activities, they argue that one can arrive at a clear understanding of a business-to-business relationship, whether good or bad, close or distant, newly developing or long-standing; strongly collaborative or purely transactional. While the distinction is made in the treatment below between collaborative and transactional relationships, it is made for the purposes of showing how the performance of the activities can vary between these extremes. The current research makes no normative assumptions about relationships; no views are expressed about how a relationship should be. Rather, assessment is made of the nature of the relationship based upon the views expressed by participants with respect to the five dimensions considered below.

Communication

Communication refers to "the exchange of meaningful and timely information both within and between a customer and supplier firm" (Anderson and Narus, 1990, p. 23). It can be measured in terms of the amount of such information (number of people involved in the process, the frequency, breadth and content of the information exchanged, and the timeliness of interactions) and its openness. More collaborative relationships would be expected to have greater amounts of communication and be more open.

Co-ordination

In a business-to-business relationship, as with any management activity that involves more than one interdependent party (individuals or departments or companies), there is a need for co-ordination (March & Simon 1958; Victor 1990). Co-ordination "refers to the integration of the different parts of the organization to accomplish a collective set of tasks" (Mohr & Nevin 1990, p. 45). McCann & Galbraith (1981) considered that co-ordination strategies vary along 3 dimensions: formality, co-operativeness, and localisation. Victor (1990) used these alongside Burns & Stalker's

(1961) distinction between 'mechanistic' and 'organic' strategies in order to arrive at his own co-ordination continuum. Informal, decentralised, and co-operative strategies can be considered as organic, while formal, centralised, and controlling strategies can be characterised as mechanistic. One would expect to witness greater amounts of organic co-ordination in collaborative relationships, where, for instance, there might be a need for frequent exchanges of ideas, information (plans, schedules, designs), technologies, support services between a variety of different staff.

Negotiation

It is by negotiation that parties to an exchange achieve change (Astley & Van de Ven, 1983). Furthermore, negotiation leads to greater effectiveness in relationships over the long-term because it enables the value created through a relationship to be shared amongst the parties; each party claiming what it sees as its fair share. (Zajac & Olsen, 1993). It is necessary in interdependence situations where there are conflicting interests (Brett & Rognes, 1986). In the labour relations literature a distinction is typically made between distributive and integrative bargaining. In distributive bargaining a party seeks to maximise its own share of outcomes. This derives from a belief that outcomes are limited and fixed and that the goals of one party are in direct conflict with the goals of the other. While some elements of distributive bargaining are likely to be evident in all relationships, one would expect to see greater amounts of integrative bargaining in more collaborative relationships (Brett & Rognes, 1986). This form of bargaining comes from a belief that outcomes are not strictly fixed, that they can be expanded, allowing both parties to share the resulting benefits (Bazerman, 1986). It is also possible to measure the success of the solution achieved in terms of the recurrence of conflict over the lifetime of the contract (Ury, Brett & Goldberg, 1988).

Problem-solving

This "represents on-going efforts that two firms undertake to diagnose and then overcome obstacles blocking relationship effectiveness" (Narus & Anderson, 1995, p. 26). A distinction can be made between "routine problem-solving" and "extensive problem-solving". The former relies upon the use of decision rules and previously implemented solutions, while the latter typically involves substantial amounts of data collection and analysis, exhaustive generation of ideas and alternative solutions, and the selection of creative solutions.

More collaborative relationships have a greater requirement for more extensive problem solving on the basis of the wider and more challenging range of problems which confront the parties to such relationships (Narus & Anderson, 1995), problems which require creative solutions arrived at in a proactive manner (Frazier, Spekman and O'Neal 1988). It is possible to evaluate the problem-solving process to determine the extent to which it is extensive and to assess the extent to which outcomes of the problem-solving have been successful.

Adaptation

As with any social system, relationships between firms are not static. Through the processes of interaction, they change continually. Adaptation is the specific process by which companies change their products, processes, and procedures in response to emerging opportunities and/or threats in the external environment (Hallén, Johanson and Seyed-Mohamed, 1991). A distinction can be made between 'unilateral

adaptation' and 'joint adaptation' in relationships. The former case, involving changes by just one party to a relationship, may be an attempt to rebalance the power dependency in a relationship where an imbalance between the buying and selling firms has arisen (Hallen et al., 1991). Equally, it may be a demonstration of commitment and trust in the relationship. Unilateral adaptations are not reciprocated by the counterpart. In the case of joint adaptation both firms' work together to make their common products, processes, and procedures more responsive to the changing needs of end-users. These adaptations, while initiated by one side, perhaps, are reciprocated by the other. While one would expect to see unilateral adaptations even in collaborative relationships, joint adaptation is particularly suited to such relationships (Narus & Anderson, 1995).

Organisational Structuring

As with any operating social system, an organisation has a structure. While elements of this arise without conscious planning, it has long been felt (from as far back as Fayol's (1916) 13 principles for organising) that some of the elements of management are about intervening to achieve objectives by putting in place structures which are considered appropriate. The whole area of organisational design specifically deals with such things. Despite the importance of some external relationships to some companies there has been little consideration of the sorts of organisational designs that are appropriate within the context of relationships with a counterpart organisation. A study by Cunningham & Homse, (1986) **did** consider the specific forms of contact which may need to exist within organisations involved in dyadic relationships in order to handle the diversity and manage the relationship. Their treatment included description of relationship co-ordination forms where dominating control may exist with specific functional departments as a result of their boundary spanning activities. This speculative consideration of structural organisational forms for the management of inter-organisational relationships comes closest to the purpose of the current research in that Cunningham & Homse ultimately relate the contact resource patterns witnessed in their study to resultant relationship contact forms. The authors distinguish between controlled, coordinated and stratified forms of contact pattern. However, they don't pursue the intra-organisational interaction involved in achieving these forms or the conditions that have led internally to specific inter-organisational contact forms being adopted. That is not to say that they are not cognisant of some of the intra-organisational behaviour necessary for the establishment of such forms. When discussing stratified forms of inter-organisational contact they recognise the specific need for either "good internal communications, an explicit strategy for dealing with the counterpart company or an open relationship based on trust, integrity and loyalty" (op. cit., p. 270).

Dimensions for Organisational Structuring

To achieve organisational objectives requires completing certain tasks. Structure divides the task of the whole organisation into manageable sub-tasks and allocates them to organisational units that are held responsible for their completion. It also ensures that all the different sub-tasks are coordinated and controlled in a way that results in the organisation achieving what it has to achieve. While an organisation chart may be one view of organisational structure, it is not in itself sufficient. It merely portrays two features of structure: how the organisation is split up horizontally, and its hierarchy of authority. It says nothing about the flow of work through an

organisation, though given that an organisation's basic purpose is to achieve something, the work flow cycle is undoubtedly important. Drawing upon the following definition of organisational structure:
"the fundamental and relatively unchanging features of an organisation which are officially sanctioned by those who control it and consist of the way activities and component parts are grouped, controlled and coordinated in order to achieve specific aims and outcomes." (Rollinson et al., 1998, p. 463),
there are several points which emerge.

1. An organisation's structural design is relatively permanent and intended to facilitate achieving something. This does not mean that the design never changes. What has to be achieved can change, or changes in structure might come about because top management alters its views about the most appropriate structural form to achieve certain outcomes.
2. The formal structure of an organisation is chosen by its top management, and by inference, this is a matter of considered choice.
3. Structure divides up the organisation into component parts and specifies what roles these will play in achieving specific outcomes for the whole organisation.

On the basis of these points, structure provides for control and co-ordination of the parts to achieve organisational goals. Researchers have proposed different multidimensional schemes for describing organisational structure, (Pugh et al.'s (1968) four-dimensional scheme, Child's (1984) six-dimensional scheme, Mintzberg's (1979) list of nine organisational design parameters). There is some degree of overlap of these schemes so that, for the purposes of the current research, a compromise scheme proposed by Rollinson et al. (1998), which describes the five most prominent structural dimensions, is assumed. This compromise uses **configuration**, **centralisation**, **specialisation**, **formalisation** and **standardisation** as the five structural dimensions. These dimensions can be used to analyse the structure that a company adopts internally for the purposes of handling its relationship interactions with a counterpart.

Configuration

As the vehicle for achieving organisational objectives, this refers to the basic allocation of activities to individuals and/or groups and the organising links between them that are a basis for co-ordination and control. It is possible to distinguish between the degree of *horizontal differentiation* and the degree of *vertical differentiation*. Horizontal differentiation describes the division of labour (the allocation of activities bit above), while vertical differentiation relates to integrating activities (the co-ordination and control). The forms of horizontal differentiation can typically be based upon functional, process, product/service, market/customer, geographic, or matrix groupings. Vertical differentiation essentially revolves around the degree of hierarchy within an organisation usually manifested as some form of scalar chain of command from top to bottom. More practically, the degree of vertical differentiation is best expressed in terms of the average span of control (number of subordinates reporting to someone) and the number of levels.

Centralisation

This refers to the locus of decision making in an organisation and consequently reflects patterns of responsibility and authority in a structure. Responsibility reflects the obligation placed on someone to achieve something; a Marketing Director is given responsibility for achieving marketing objectives. Delegating responsibility does not

relieve someone of the ultimate obligation to see that something is achieved because it goes hand-in-hand with the exercise of authority, the legitimate power to make decisions in a given area of activity. Responsibility without authority does not amount to much in the way of decentralisation. In order to understand the degree of centralisation in an organisational structure, it is appropriate to measure the degree to which responsibility is delegated and the degree to which authority is conferred.

Specialisation
This refers to the extent to which labour division and patterns of work organisation at lower levels are narrow and specialised rather than broad and multi-skilled. Generally, with increased specialisation come advantages in terms of economic efficiency (doing a specialised task using a narrow range of skills over and over again so that speeds can be increased). However, it can sometimes result in rigid job demarcation. The current research takes no normative position with respect to the "right" amount of specialisation. However, the degree of specialisation may have a bearing upon the relationship with a counterpart company if, for instance, it affects communication activities and the locus of responsibility for specific relationship tasks.

Formalisation
This reflects the extent to which formal rules and procedures govern activities in an organisation and, in particular, whether the nature of work is prescribed in rules that specify what shall be done and perhaps how often. Rules can be explicit or implicit and prescriptive or proscriptive. Formalisation introduces a degree of predictability into an organisation's activities and is a major means of control. As with the other dimensions, analysis of this dimension will indicate the extent to which it is perceived as helping or hindering the relationship with a counterpart company.

Standardisation
This dimension is similar to formalisation, but rather than simply reflecting the number of rules and procedures, standardisation expresses the extent to which they are applied in all circumstances. It is possible for an organisation to have high levels of formalisation but low levels of standardisation because the rules aren't applied, or to have few formalised procedures that are highly standardised in that they are always strictly applied.

UKA & USIT: Organising for a major IT Programme

In order to consider the extent to which the scheme for organisational structuring depicted above can help to indicate consequences for a business-to-business relationship, this section presents a case study of the relationship between two large companies.

	Focal Company : UKA	**Supplier : USIT**
Size & Scale	Very large; FTSE 100	Global player, NASDAQ.
	Market capitalisation: £6,604M	Market capitalisation: $106.04B
	Turnover: £2,226M in 2001	Turnover: $10.86B
	# employees: 13,076	# employees: 41,320
Industry	Transport infrastructure	IT applications & consultancy

Given the respective sizes of the two players and the wide range of contacts between them at a variety of levels on a variety of different projects over time, it was deemed

necessary to constrain the focus of the analysis. For the present research this focus has been set at the relationship which has built up around a capital project (approx. £30M) initiated by UKA in 1997, called Enterprise Programme, which has involved about 120 people at any one time drawn from both companies. The Programme essentially has involved an enterprise resource planning exercise and has now proceeded to an implementation of an IT based solution to a variety of back-office (non-customer facing) enterprise problems including central compilation of financial reports, central purchasing, central HRM. This focus has not excluded discussion of the relationship beyond the scope of this particular Programme; indeed one of the interviewees is the Key Account Manager for UKA at USIT who has visibility of all the other contacts anyway. However, all of the people who have been interviewed have been involved in the Programme or it's rolling out to the 6 UKA locations and all UKA staff interviewed have substantial (in most cases daily) contact with USIT staff. The codes and respective roles of the interviewees are:

Title/Position	*Code*
Enterprise Implementation Manager	UKA1
Enterprise Programme Director	UKA2
UKA Account Director	USIT1
Enterprise Development Manager	UKA3
Senior Consultant, Implementation Support Team	USIT2
Infrastructure Manager for Enterprise Programme	UKA4
Enterprise Programme Coordinator	UKA5
Enterprise Migration Manager	USIT3

The following subsections detail the IOR dimensions for the case. With respect to each dimension, it is possible to consider all of the intra-organisational structuring dimensions as well. Such coverage is too large for the purposes of the current paper. Consequently, Table 1 presents summarised points from that more extensive coverage.

Communication

Figure 1 lists some of the contacts that exist between the two companies. While relatively complicated, the contact pattern depicted in Figure 1 belies the overall complexity of the relationship. For example, Figure 1 lists a link to the Location Implementation Manager for Location 1; in reality there are 6 such links along with links to sponsoring directors at each location and managers responsible for each of the 3 enterprise wide process areas being changed. Figure 2 depicts this more complex picture.

Inevitably, the nature of the communication depends upon the roles. Those staff from both UKA and USIT who work at Enterprise House communicate daily primarily in respect of the technical matters upon which they are working. The UKA and USIT staff on the management team actually share an office. The USIT and UKA people on the development and implementation teams also share the same open plan space. All Enterprise personnel stated the view that they didn't recognise anyone as working for different organisations. They don't distinguish within the building. The current Programme Director (arriving in post only in August 2000) still doesn't always know which is which (UKA2) but considers that it "works seamlessly" (UKA1). The Development Manager "can't tell one from another" (UKA3) and the prevailing view is best summed up "The badge doesn't matter — it's the visibility that the work is being done that's important" (USIT2).

The communications between the 'younger' members of the programme management team, UKA3, UKA1 and USIT1 (helped by their co-location) appear to have been extensive during the 2-3 years that they have known each other and have extended beyond the workplace and Programme Enterprise. They also have more formal meetings convened by the Programme Director each Monday morning which revolve around whatever is problematic at the time ('Jim's issue list' USIT1).

Co-ordination

Co-ordination concerns the synchronising of activities between the parties so relationship goals can be achieved. The choices that are made in co-ordination can give a strong indication of the nature of the relationship. On the one hand, in organising themselves for their relationships, companies can choose to be formal, uncooperative and take decisions more centrally (McCann & Galbraith 1981), away from the particular location or point in the organisations where the decision will have most consequence. On the other, they can choose to be co-operative, take decisions locally and use informal control mechanisms. As one might expect from a relationship which is centred upon a large-scale IT project where the specific tasks emerge throughout the development process, the relationship between UKA and USIT appears to exhibit quite an 'organic' co-ordination approach with substantial informality, decentralisation and co-operation between the two parties. As the Programme unfolds this degree of informality and decentralisation decreases in line with the manifestation of artefacts that impose greater amounts of control, reduce task uncertainty and reduce discretion (such as the system specification and the data protocols). While inevitably there are elements of more mechanistic co-ordination (reporting hierarchies, formal meetings, communication protocols, job specifications) it would not be accurate to cast the co-ordination as mechanistic; there is still a degree of local discretion and substantial co-operation between the two companies.

Negotiations

The formal negotiations at contract award seemed to be as much about establishing exactly what the scope of the work was to be as settling on a price. It is possible to consider the negotiations as integrative, on the basis of the Lewicki & Litterer (1985) characterisation:

the solution enabled the parties to achieve both common and key individual goals

There was obvious value to be had by UKA in a successful enterprise resource planning system. However, it lacked the expertise to realise such a large scale IT system itself. The goal could only be achieved with the help of consultants who could give greatest confidence that they could deliver this ERP system; USIT seemed best able to do this. USIT were keen to get involved in the project because of the potential for future work with a large customer. There was high reputation value as well. As far as common goals are concerned, the individual goals depended upon successful development & implementation; it was in both parties interest to ensure that they came up with a solution which would lead to successful development and implementation. The decisions about licenses, license support and consultancy rates alongside the co-location appeared to be that solution.

the solution enabled greater relationship benefits for the parties to be brought about than they could have achieved separately

UKA lacked the skills to achieve this on its own; USIT lacked the flagship customers in this sort of large scale project to achieve the sort of credibility required to make competitive advances.

they encompassed more than two bargaining issues

As well as involving discussions clarifying scope, the negotiations considered software licenses, support of the licenses once installed, and consultancy rates over time. The latter appear to have dominated and proved to be a sticking point since UKA didn't want to see computer industry standard rates inflation during the lifetime of the project. USIT on the other hand was keen to bundle all elements and offer as a package which was its usual approach. UKA preferred separate negotiation of the various components in the interests of transparency.

the solution was reached in a fairly cooperative and creative manner

The atmosphere in which they were conducted "was mostly OK" (UKA3) even "playful" (USIT1), with the UKA Programme Director even joking with the licensing people from USIT over license prices fixed for 5 years. Inevitably, however, there were also less cooperative moments; "They had their rottweiler and we had ours" (UKA3). USIT knew about and weren't very happy with UKA's use of a 3rd party consultant outside the negotiating room ("went down like a hole in the head" UKA3) to advise on rates. However, "because they're such sharks, I don't think it really" affected things and might have put UKA up in their estimation since "we weren't quite the pushover that they thought we were gonna be" (UKA3). Thus this does not appear to have spoilt the atmosphere.

More creative means of stepping out of the negotiation constraints were also adopted to ensure progress could be made. On two occasions, where no progress was being made, the lead UKA negotiator (UKA3) said "if this is not resolved I'm not coming back". While this may have been interpreted as a piece of brinkmanship in the room, UKA3 would follow up outside the negotiating room with a telephone call indicating more clearly why he couldn't take it any further forward.

"Look the reason I can't accept this is because I know there are these three people who will do it. It was trying to do rejection in an open way, rather than in any other way (UKA3).

This less formal channel was also used to head off potential conflict in the negotiations; in reference to an USIT manager whose contributions weren't deemed helpful, the UKA Programme Director at the time said '"if I see that man again the deals off"' (UKA3). UKA3 phoned USIT and told them "we want the deal to go ahead, don't send James" (UKA3); they didn't. These creative approaches certainly fit with a more integrative approach.

The seeds of later co-operation between key project staff in the project (UKA3 and USIT1) were also sown right from the early negotiations.

"USIT1 was a major part of it, part of the deal. We felt like he understood what we were trying to do and he was able to articulate to his USIT colleagues exactly what we were trying to do." (UKA3)

"I don't think the negotiations in any way damaged the relationship. In many ways they forged some relationships." (UKA3)

Problem-solving

Of the variety of problem issues that were obstacles to relationship effectiveness which were discussed with interviewees three are explored in greater detail.

- USIT staff who didn't fit
  When asked about problem issues in the relationship 5 of those interviewed (USIT × 2, UKA × 3) referred specifically to episodes where USIT staff deployed on the project had been replaced because their behaviour was deemed problematic. It is fair to say that it was generally deemed such by the UKA Enterprise Programme Management Team members. However, it was also shared by senior USIT staff, whose philosophy of "horses for courses" (USIT1) recognises that a consultant won't always fit all situations. In one situation, in fact, USIT staff found the behaviour of a colleague more unacceptable than the local UKA staff, since this consultant was actively engaged in changing the nature of the programme specification when he was supposed to be actually implementing what had already been agreed. Local UKA staff were, of course, happy with his behaviour since it meant that they could set about realising more locally-biased solutions ("he had gone more native than the natives" UKA2). His own USIT colleagues were more vehement in calling for his redeployment. As mentioned earlier, USIT was happy to move staff without fuss.
- UKA skills deficits
  It transpired that UKA lacked the necessary skills for an IT-based solution such as Enterprise, particularly for the implementation phase within the UKA locations, effectively blocking progress in the project and thus the relationship. As a solution, USIT staff have been used to close the gaps. This has meant that a USIT consultant has become the Training Manager on the project and part of the core management team. It has also meant that most of the implementation team working under the Programme Implementation Manager (UKA1), those bringing the solution to the locations, have been USIT consultants. This has broadened and deepened USIT's interface with UKA and led to a closer relationship, a situation that USIT was certainly happen to encourage. However, it's not a situation that can continue indefinitely and UKA recognise that some of these gaps need to be closed. Some of the roles will disappear anyway when the project ends (e.g.,. Training Manager) but UKA3 is particularly aware of the need to have sufficient in-house knowledge to be able to support the system when it's completely installed:
  "We have to wean ourselves off the dependency that we've built up on USIT. That's definitely something we have to do. But that's just business"
  "I think we should have an in-house capability to maintain it anyway, otherwise you're just handing over the keys to the kingdom"
  "I've tried to build certain capabilities in my team by really stealing the ideas from USIT people and almost training up some UKA people to become USIT consultants who happen to be employed by UKA"
  The decision to use USIT staff to plug skills holes appears to be a stop-gap solution to the problem.
- USIT shadowing problems during implementation
  The solution to the skills problem presented above gave rise to other problems which had the potential to block the relationship. As Figure 2 shows, it is the Location Implementation Managers (LIMs) within the 6 locations who are responsible for seeing the implementation is achieved within their own locations, it is they who have the formal local authority. However, the LIMs generally lack the necessary technical skills and thus the role of the Implementation Team consultants was to assume that authority for the LIMs where necessary. In essence, it meant that USIT consultants would have been given authority within the locations to

drive through the implementation. This was deemed by the locations as not acceptable politically. Consequently, the USIT consultants had to evolve a way of working with the LIMs to achieve the tasks which was not so hands on, trying to get the LIMs to do what they themselves could have done more directly and with less effort. Essentially, it meant they had to work at one-step removed. This more tortuous operational route to achieving implementation inevitably put a degree of strain upon the relationship between USIT and UKA, though the USIT consultants understand why the situation had to be the way it was. This was seen as something that at least could be managed through to solution (and the USIT consultants saw part of their job as "relationships stuff" anyway (USIT2)) whereas the skills gaps within UKA were not solvable.

While these are all individual problem issues there are some patterns which seem to emerge from these and others which tell us about problem-solving within the relationship. Problems themselves may be unique, but the problem-solving which is brought to bear upon them may not necessarily be so.

It seems generally that UKA is primary in determining when something is a problem. This seems non-contentious in this relationship; it is the customer, after all, and in its view that role would be expected. As consultants, USIT seem to share this view that it is the customers role to flag problems and even if USIT is involved in the discussions aimed at creating solutions, it seems to be clear that the solution has to be acceptable primarily to the customer, even if USIT manage to benefit at the same time (cf. more consultancy and relationship building when plugging skills gaps). For the problems faced the solutions seem successful and the process appears non-routine. It wouldn't be fair to say that extensive problem solving was evident since the solutions, though non-routine, didn't emerge as a result of much apparent analysis or consideration of lots of alternatives. Rather, they appear to be arrived at intuitively and with support from both sides of the dyad. For the current research, the important issue is how the structural organisation of UKA affected problem-solving.

Adaptation

The important issue with adaptation is the extent to which either party does something in this relationship that they don't do in any other relationship and whether or not such adaptation is unilateral or joint. The most significant adaptations are:

1. the co-location of staff from the two companies,
2. the co-option of an USIT consultant as Training Manager,
3. quarterly access to UKA's CEO for USIT1,
4. UKA training up its own staff in order to be able to maintain the system once installed.

The first two were initiated by UKA; it saw the value of co-location and in drawing upon USIT's expertise in an area where it was weak, both of which it has not done before with other relationships. However, USIT was only too happy to reciprocate since it saw value in being more closely engaged in the relationship. Access for a supplier representative to UKA CEO is also an unusual adaptation for UKA. While initiated by USIT1, who sees that he has a "slightly privileged position", the reciprocation by UKA is testament to the strategic importance of the relationship between the 2 companies (USIT are involved in several major projects with UKA over and above Enterprise). These adaptations make the relationship UKA has with USIT unlike any they have with other suppliers. USIT has engaged in some co-location with other clients but not as extensively as the current case. It has also not had one of

its number elevated to a position of importance such as Training Manager, nor has it had such access to a client. Although initiated by one side or the other, the adaptations also seem to be well reciprocated. One does not get the impression that changes are unilateral as a means of redressing a power imbalance, relative power does not appear to be a driving force.

UKA enhancing its own staff technical capability is unlike the others in that it is unequivocally unilateral. It indicates that it is aware of an imbalance in the relationship when it comes to technical knowledge, an imbalance with which it feels unhappy. It doesn't want to hand over 'the keys to the kingdom' completely.

Concluding remarks

The case depicted demonstrates clearly the sorts of organisational structuring which may be undertaken in order to obtain the sort of relationship that the parties would want. The analytical framework adopted from the organisational behaviour literature, the 5 organisational structuring dimensions, enable the 5 inter-organisational relationship processes to be considered with clarity without losing the richness of the description of the activities which have been undertaken internally. They also enable the tactical and operational activities which have been undertaken in support of relationship strategy to be clearly seen, along with the consequences for the business-to-business relationship. It should be added that the 5 organisational structuring dimensions are not wholly unrelated. Structuring which is configured in a highly hierarchical way is also likely to be more centralised, result in greater levels of specialisation and rely heavily upon strongly prescribed formal and standardised procedures and regulations. Burns & Stalker's (1961) use of the mechanistic/organic continuum when describing management systems embodies the conflation of the various structural dimensions. The relative contribution of each dimension is difficult to establish given the qualitative approach adopted above, though in the case reported the general view from participants seems to be that the configuration decision to co-locate was critical (to the extent that UKA are planning to adopt co-location as standard for all future large IT projects). A larger study with a quantitative analysis frame would be required to establish the relative contributions.

Inevitably there are caveats with the use of a framework which is inherently one-sided and focused on the organising of a focal party as a means of explaining relationship phenomena which are by definition two-sided. It is quite possible that the nature of the inter-organisational dimensions is explained by other phenomena, beyond the interaction activities of the focal company. However, within an interaction paradigm, it is clearly the case that the nature of a business-to-business relationship is defined by the interactions of the participants both sides of the line (based upon their own understanding of the relationship (relative power, what they can get away with, what they see as crucial, consequences of behaving in particular ways). Whatever dimensions one chooses to explain the relationship, it is the consequences upon actual interaction which are important, it is this which is the relationship. The interaction from either side is affected by the structuring which the organisation adopts in its relationship dealings (based upon its understanding of the relationship). Such structuring can be considered quite comprehensively using the structural framework presented within this paper. This sort of analysis can be undertaken by one party on it's own with a view to considering how it's own structuring is affecting the relationship with an important counterpart. Equally, it can be used by both parties in collaboration, considering how the interaction from each side is affecting the

relationship and the structural antecedents of that interaction. This collaborative use is likely to enable more effective structuring to be achieved as the structures which may be developed could actually cut across organisational boundaries. To some extent the case presented above indicates such potential.

This research is very much work in progress. Data collection and analysis continues with another 8 relationship cases. These range from further large scale interactions involving two large relationship parties, to the interactions between a small focal company and larger counterparts, and the interactions between two small companies. The number of relationship participants, and thus the contact pattern reduces accordingly. The expectation is that these cases in combination will provide greater support for the use of the structural framework proposed in this paper and at the same time enable clear patterns to be drawn from the structuring in terms of consequences for the IOR. For example, does a more hierarchical organisation necessarily reduce communication across levels, does a very flat, organic structure enable less routine approaches to problem-solving to be adopted. These sorts of questions can be addressed more sensibly by drawing upon a large number of case examples featuring wider ranges of relationship sizes and types and featuring focal companies of different sizes and organisational structures.

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IOR Dims	Internal structuring within UKA Configuration	Centralisation	Specialisation	Formalisation	Standardisation
Communications	• Project structure enhances • Co-location enhances • Affected positively by skills gaps within focal	• Clarity of respons-ibilities & authority **within** Programme means no constraints • Shadowing of legitimate authority in locations can mean greater amounts, but much nugatory	• Reduced contact set for many specialists, particularly across organisational levels • Co-location enhances	• Increasing over time but co-location means comm levels unaffected	• Increasing over time but co-location means comm levels unaffected
Co-ordination	• Co-location enhances within Programme & beyond	• Discretion for Programme tasks enhances • But, UKA group decentralisation can hamper	• Co-location enhances	• Increasing over time but co-location means cooperation indicative of more organic coordination	• Increasing over time but co-location means cooperation indicative of more organic coordination
Negotiations	• 2 management levels & small span of control appropriate • Involvement of PDM enhanced (clarifying work to be done & meeting future key players)	• Authority resided with 2 management levels and located directly at interface with counterpart so more flexible and responsive	• Negotiations demanded specialist knowledge • PDM enhanced • 3rd party advisor 'outside the door' does not appear to have negatively affected	• Inherently formal & expectedly so • Exra scoping activities, were integrative departure	• Elements of standard practice had no obvious implications for IOR
Problem-solving	• Problems are defined by customer and solutions have to meet with customer approval; Programme Management Team in driving seat		• Lack of specialisation at focal means increased dependence upon counterpart (though not enduring)	• Lack of formalisation & standardisation initially enables flexible and creative solutions • Presence of spec increases formalisation & standardisation; process & solutions driven by spec	
Adaptation	• Recruitment of PDM & configuration of Programme Management Team crucial	• Discretion for adaptations reside with Programme Management Team	• Presence of required specialisation at counterpart enables adaptive solution	• Adaptations are one-offs • Levels of these do not appear to have any consequences for adaptation	

Table 1 : Summary of findings relating UKA structuring to relationship with USIT (PDM = Programme Development Manager)

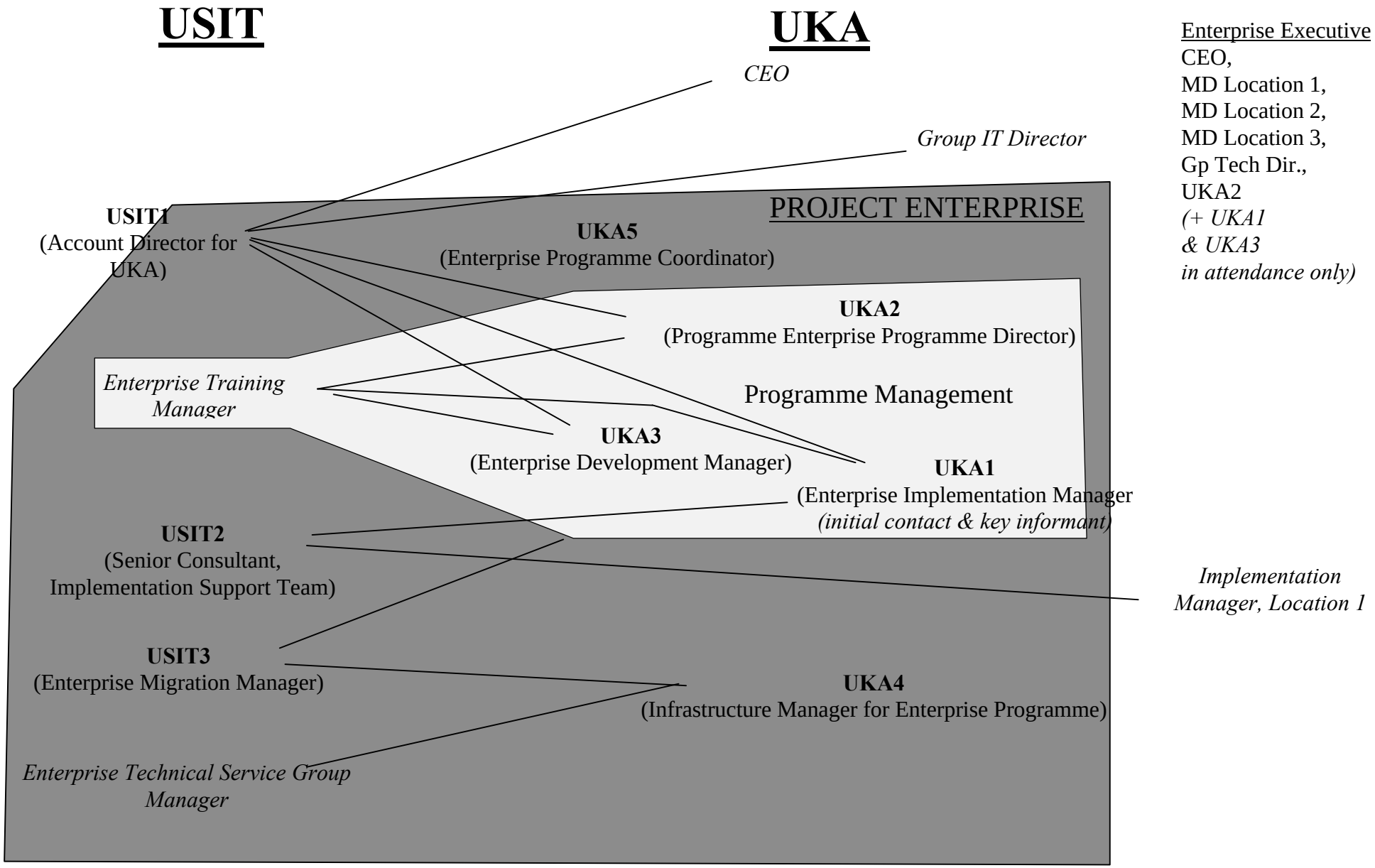

Figure 1 : Relationship participants in UKA/USIT relationship (bolding indicates interviewee).

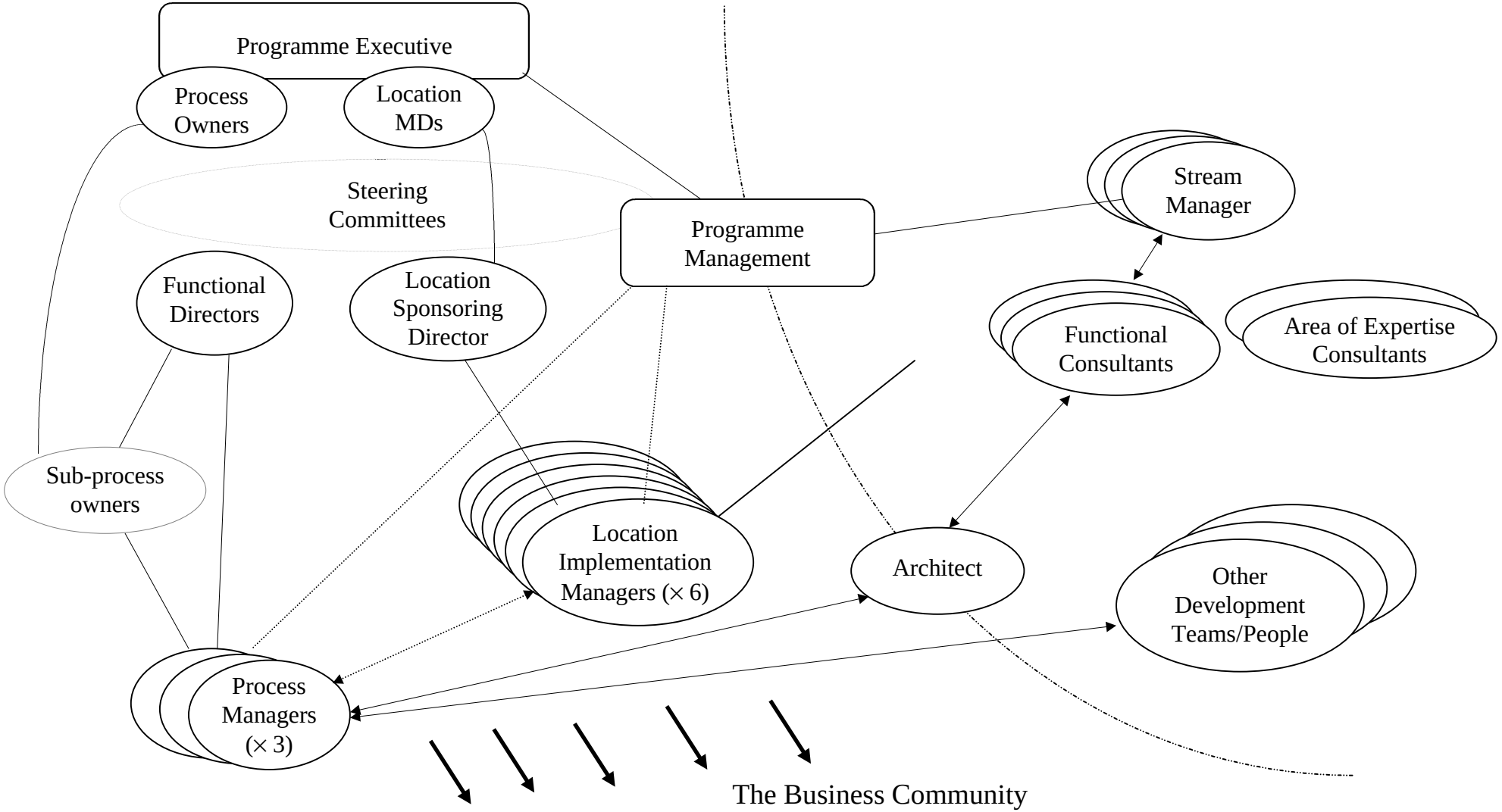

Figure 2 : Communication and reporting lines within the Enterprise Programme & with UKA at large (arrows = communication links, no arrows = reporting link, broken lines = communication and reporting links which are not formally prescribed)