



19th Annual IMP Conference, Lugano

What Do Managers Think about the Value of Business Relationship

Competitive paper

Tibor MANDJÁK¹

¹Corresponding author

Bordeaux Business School and

Budapest University of Economic Sciences and Public Administration

680, cours de la Libération, 33405 Talence Cedex France

Voice: 33-556-84-2228

Fax: 33-556-84-5500

Email: tibor.mandjak@bordeaux-bs.edu

Judit SIMON

Budapest University of Economic Sciences and Public Administration

1093 Budapest, Fővám tér 8.

Phone: ++ 36 1 217 1853

Fax: ++ 36 1 217 1853

E-mail: judit.simon@market.bke.hu

Zoltán LANTOS

LHS Consulting Ltd.

1136 Budapest, Herzen utca 6.

Phone: ++ 36 1 236 0882

Fax: ++ 36 1 270 0297

E-mail: zoltan.lantos@lhs.hu

Abstract

Business relationship value is a quite complex phenomenon. It has economic, social, and time dimensions. It means different things at episode, relationship, and network level. In each level, it presents a combination in time of different economic and social elements. Each person involved in the same business relationship perceives this combination differently. In ten deep-interviews, conducted in Hungary in the spring of 2002 we have asked experienced managers what do they think about the value of business relationship. In this paper we present and analyse their reactions.

As a summary of the interviews, we can say the value of business relationships is a complicated concept, which is interpreted in many ways by Hungarian managers. The value of business relationships has several components. One group of components has an economic – "business" - nature, while the other group has a non-economic, but merely social or "human" nature. The two groups of components are closely linked to one another, the "business" and "human" factors are present simultaneously, and it is difficult to separate them.

The Hungarian leaders have described the value of business relationships with several value items. Among these, they have used ingenious definitions, such as the "appreciation of the product by the consumers", the "turnover proportional relationship", or the "smooth relationship" between the supplier and the client.

As per the experience of Hungarian managers, the knowledge of the value of business relationships is essential during the organisational decisions. However, besides the decisions about the relationship itself, as it is mentioned also in the literature, the knowledge of the value of business relationships would be useful also in the field of strategic management and during decisions concerning basic resources. They have emphasised that this knowledge becomes necessary and useful *during the process of decision-making*. Especially it is interesting if we consider the intuitive nature of many decision-making processes.

The opinion of the Hungarian managers is that the value of business relationships can be measured, but none of them measures it currently. The most promising method would be the decomposition of the value of business relationships into its components. We could then measure the individual components on different, adequate scales and the value of business relationships would be given by multiplying these scale values. This process would also enable the individual and more efficient handling of the single components and the consideration of their interaction, that is to say, *not only the measurement, but also the management of the value of business relationships.*

Subject areas: business relationship, value, relationship eradication, qualitative research,

Hungary.

Introduction, a nice contradiction

Let us begin with two managerial remarks about the value of the business relationships. “The most important in a relationship for me are the revenues.... (this) is the most important, and then follow those we like to work with and we are having a good relationship with, and with whom we even have consultative conversations”. And the second, "I deem the personal relationship for very important for me this is the most important. Some say that friendship does not exist in business; I say this is not true, friendship does exist in business and it is very good when it works out. It helps to solve the problem and is important on both sides.” Two quite divergent opinions about the same topic what is the value of the business relationships. Why managers have so different views about it and why the value of business relationships could be interesting?

Business relationship value is a quite complex phenomenon (Wilson and Jantrania 1996, Anderson 1995, Ford et al. 1998) It has economic, social, and time dimensions (Mandják and Durrieu 2000). As business relationships have three functions (Hakansson and Snehota 2002, 1995), its value means different things at episode, relationship, and network level. In each level, it presents a combination in time of different economic and social elements (Mandják 2002). Each person involved in the same business relationship perceives this combination differently (Hakansson 1982).

In ten deep-interviews, conducted in Hungary in the spring of 2002 we have asked experienced managers what do they think about the value of business relationship. In this paper we present and analyse their reactions.

Research design

The essential goal of the deep-interviews has been to reveal the value of a business relationship. Alternatively, to be more precise, to analyse what the managers think about the value of a business relationship, what it means for them, whether they even consider this question, and if yes in what contexts can, value be important?

The structure of the interviews was based on the fact, that the value of a business relationship is tightly linked with the relationship itself, with the management of the relationship and with the strategic and operative decisions related to it. After some introductory, demographic

questions, we asked our interviewees to choose an important buyer relationship, to present the relationship and tell us why he considers it important. Then, we asked them to do the same with the case of an unimportant buyer. In the same manner, the two next questions related to an important and an unimportant supplier relationship. In the course of the conversation, we panned out about the characteristics of persistent business relationships and we continued the interview with questions about decision-makings related to the creation, development, or abolition of business relationships. The final questions applied to the value of a business relationship, and of the eventual possibilities of its measurement.

The deep-interview, that seemed in reality, considering the relatively numerous pre-drawn questions (Crimp and Wright 1995), to be closer to a semi-structured interview. It brought up the discussion of the value of a business relationship only after a deep and precise analysis of business relationships – if the interviewee was “responsive” in doing so. This hermeneutic approach (Babbie 1996) is justified partly by the complex interconnections between the business relationship and the value of the business relationship, partly by the fact that the value of a business relationship is less known or applied as an independent notion. Before analysing the results of the semi-structured interviews, it is important to present also the details of the data collection.

Data collection

In the frame of the research ten deep-interviews have been made in Hungary, in April and May 2002. Each interview lasted for about 1½, 2 hours. The interviews have been performed in the offices of the interviewees. The conversations have been recorded on tape, and then later written down.

The ten interviewees were top managers of nine companies operating in Hungary. In case of one company, we interviewed the managers of two different divisions. The big majority of the respondents had at least 15 years of business experience. In the time of the interviews, five interviewees worked as CEO and the status of the others were general manager, assistant general manager, PLC-president, division manager and partner.

Among the companies where the interviewees worked, we can find two manufacturer, two trading and five service companies. Among the manufacturer companies, one is the

Hungarian subsidiary of an international pharmaceutical concern, and the other is the Hungarian subsidiary company of an international company, manufacturing consumer goods. One of the trading companies is a state-owned energetic company, and the other is a micro-enterprise dealing with the export trade of agricultural products. All the service companies work in the field of business services. Three of them deal with different forms of management consulting, one of the other two companies is the Hungarian division of an international communication agency, and the last one the Hungarian member of an international network of lawyer offices.

In total, out of the nine companies forming our sample, four are international, and five are in Hungarian ownership. All of the companies are private-owned except one Hungarian company. As far as the size of the companies, we have five big companies and four small and micro-enterprises in the group of the interviewed. It follows from the logic of the qualitative research that these nine companies cannot be considered as statistically representative. In the same time, they do dispose of the particularities of the theoretical samples (Brannen 1992); those enable the recognition and the comparison of the different forms of appearance of the studied notion. In our case, it is the value of a relationship.

Before analysing what our ten interviewees think about the value of a business relationship and of some related questions, we need to do a little technical by-pass. During the study, in order to secure the anonymity of the respondents, we use numbers instead of names, and the first nine letters of the alphabet to denote the companies. The below table (table 1) shows the interviewees and their companies figuring in the theoretical sample.

Inter-viewee	Company	Activity	Size	Ownership	Market position in Hungary
1	A	Service Communication	Big	International	In the first five
2	B	Service Counselling	Small	Hungarian	Market Leader
3	C	Manufacturing Pharmaceutics	Big	International	In the first six (medication)
4	D	Trade Agriculture	Micro	Hungarian	In the first three

5	E	Service Counselling	Small	International	In the firsts
6	F	Service Counselling	Big	Hungarian	In the middle
7	G	Service Lawyer	Small	International	Third
8	H	Trade Energetic	Big	Hungarian	Monopoly
9	I	Manufacturing Customer's goods	Big	International	Market leader
10	J	Manufacturing Pharmaceutics	Big	International	In the first five (OTC products)

Table 1: Some characteristics of the theoretical sample.

All interviews had an absolutely open, sincere and constructive atmosphere. The interviewees were responsive and confident in answering the questions. In the course of our interviews we approached with our discussion partners the problematic of the value of business relationships from various directions. The processing of the data has been performed in two steps. In consideration of the complexity and the difficulty of the question, we first compared the ideas and statements about the value of a business relationship within each interview. By doing this, we got ten “pictures”, descriptions about the value of business relationships. In the second step, we compared these ten different interpretations. This method allowed us to use as many elements of each interpretation – or we may even say of each perception – as possible; on the other hand, it also made it easier to synthesise the very rich and colourful database. Hereinafter we will summarise the ideas related to the elements of a business relationship. After clarifying what is actually the value of a business relationship, the next question is why it is good to know this value. The third problem is how could one measure the value of a business relationship.

What does the value of business relationship mean?

The definition of the value of a business relationship was not an easy task even for the executives participating in our interviews and having serious business experiences. Let us see two quotations. The CEO of company (B) has summarised his ideas about the value of a business relationship in the following way: “the most important in a relationship for me are the revenues.... (this) is the most important, and then follow those we like to work with and we are having a good relationship with, and with whom we even have consultative conversations, business is not the only essential”. Company (B) works in personnel consulting. The opinion of the executive of company (D) dealing with the export trade of agricultural products was that "I deem the personal relationship for very important for me this is the most important. Some say that friendship does not exist in business; I say this is not true, friendship does exist in business and it is very good when it works out. It helps to solve the problem and is important on both sides.” There are two quite divergent opinions about the same question. However a deeper study shows, that in fact, rather the accents diverge from each other, then the essence, since during the interview both quoted executive have emphasised the importance of the other side as well. Company (4D) executive has underlined that in a business relationship “business” and “human” points of view are present together, the personal relationship and the profit need to be combined because “the two hang together. They are in direct relationship, principally the personal relationship; the bigger the flexibility, the longer you work together, the more secure the profit that follows. In my opinion they cannot even be separated (the two components)”.

The interviewees have sometimes with full particulars to tell us what they consider for the value of a business relationship, why a relationship, existing with a buyer or a supplier, is important and valuable for them. For (1A) (A being the Hungarian division of an international agency) the four most important elements of a business relationship are the respect, the potential of a recurrent business, the quality of the professional preparedness of the buyer, and the possibility for international professional recognition of the service offered to the buyer. In his interpretation respect means that the partner “understands what you can offer and is ready to scarify, pay and call back for it.” As it emerges from the interview, the accent is more on the approval of the service than on the esteem for it. The callback does not simply denote the communication but also the repeated charge of the service provider, which is conceived of the expectation of the possibility of the recurrent business. The quality of the professional preparedness of the partner is also related to the approval of the service, considering that the

agency works essentially in accordance to the international, principally American market habits. The fourth element of the value of a business relationship is the reflection of a specific motivation system internal to the given organisation. Within the international agency, the appreciation of the specific divisions is influenced by not only the turnover, but also by the quality of their professional work, which are qualified by their performance on various advertisement contests. That is why in the words of the interviewee “sometimes we keep a customer not because of the money but because of the possibility of winning an award in Cannes with him”.

The executive of company (B), who considered the revenues as the most important value of a business relationship has also emphasised that to hold a relationship it is necessary that the relationship contributes to the adequate capacity usage of the company. Beside the personal relationships, he thinks that the value of a business relationship is also affected if it heightens the competitive edge of the company. For example, when in a relationship “we do something only for not having it done by a competitor”. For (2B) the importance of personal relationships is also emphasised by a characteristic of the industry (personal consulting). According to which “the price competition is not that big on the market, there is much more a relationship contest, who is friendly with whom, who can sell where. There are companies where it is impossible to break into even with the best product, because there the contact person is the sister of the daughter of the cousin, and then it is very difficult to break down this barrier. Even with a cheaper offer”.

According to (3C) working in the pharmaceutical industry, the personal relationship, the history, complexity and the potential future of the relationship determine the value of a relationship. He emphasises the importance of the personal sympathy, since in his mind “what we mutually see in the other, what the hidden intentions are, how complex or singular (the relationship) can be – all these depend on the personal sympathy”. He told us during the interview how a business relationship developed with an opinion-leader. The main value of this business relationship depends on the field of influence of the buyer and on the quality of the personal relationships.

Further to the above said, (4D) in the agricultural export trade, emphasised the mutual adequacy of the partner’s expectation vis-à-vis each other. The relationship represents also a value when it lowers the trading costs, as it actually was the case for a British partner of the interviewee. “This develops involuntarily, we have a very good relationship with this

Englishman. It is enough if we talk twice a month, but I am not bombarding him any more with presents, samples, because I know that there is no reason for it. If he needs something, he will get in touch with me anyway.”

The CEO of the company (E) doing consulting gave us a precise description of the value of a business relationship. In his opinion the value of a business relationship depends on: the income potential of a relationship (the size of the expected returns from the relationship), the life expectancy of the relationship, what the nature and the size of the risk in the relationship is, and how the evolution of other businesses is obtainable by the relationship. In his interpretation, “it is important whether he recommends you elsewhere too, because if he buys from you others will buy from you as well.”

For the lawyer office (7G), the main components of the value of a business relationship can be characterised by the durability of the relationship, by the mutual adequacy of the partners, by the solvency. The value of a business relationship varies also in function of “the stage of a relationship”, i.e. the development stage the relationship is in.

The chief executive of company (I) dealing with the production of consumer’s goods thinks that the value of the business relationship depends principally on the revenues realised in the relationship. He used the expression of the “revenue proportional relationship”. However, the more complex and very important elements of the value are trustiness, the reliability of the partner and the routines developed in the relationship that make “smoother” the partner's co-operation. The basis for the co-operation is the “level of mutual acceptance, because there are people behind every business relationship, because both of them will sign the name of a company on the contract; yet in fact confidence in the relationship does not come into existence between the two companies, but more between the two people.”

For the companies in the public services like company (H), the value of business relationships is represented by the security of the supply and the possibility for mutual problem solving.

By summarising the above said we can state that the notion of the value of a business relationship is complicated, and the professionals interpret it in various ways. The value of a business relationship has several components. One group of components is clearly of economic nature, and the other group is not so much of economic but more of social nature. The two group of elements are strongly related to each other, to quote (4D) the “business” and the “human”

points of view appear together, and it is difficult, according to (4D) even impossible, to separate them.

Among the “business”, i.e. economic elements, the main issues are the acceptance, the “appreciation “ (1A) by the buyer of the product or service offered in the relationship, and the production circumstances, the security of the capacity-usage or of the fully employed-activity, as it was reported by (2B). (7G) emphasised the solvability of the partner as one of the determinative elements of the value of a business relationship. Essential questions are the profitability, the profit-generating ability of the relationship, i.e. the “revenue proportional relationship” character as per the definition of (9I). The profitability of the relationship can be determined only on a yearly basis, by analysing the entirety of the relationship. The relationship can contribute to the lowering of the trading costs, as in the examples of the British businessman (4D), or in the “smooth” relationships mentioned by (9I). Important is the size of the income potential of the relationship (5E). There is a value to the business relationship also when it contributes to the development and realisation of the competitive edge of the company (2B).

The “human”, i.e. social elements can also affect the value of business relationships. In case of satisfaction with the goods or services, the personal relationship can substantiate the “call-back” (1A) of the supplier. Personal relationships, based essentially on mutual sympathy (3C), help to work out the mutual conformity to each other (4D). In the words of (7G), they contribute to that in a relationship, “the two parties find each other, they will be each other’s better half”. By considering the entirety of the relationship, the important elements of the value are the history of the relationship (3C), the nature of the relationship or to use the expression of (5E) ”the style” of the relationship that can be friendly, constructive or complex, and the routines developed in the relationship (9I). The relationship represents also a value if it contributes to the security of the supply (8H) and lowers the risk of the partners' (5E). Further important elements of the value of a business relationship are reliability (9I), computability (6F, 9I) and durability (7G). The value of a business relationship is also increased by the “reference value of the business relationship” (5E) that can actually be functional in case the buyer is recommending his own supplier to others.

The relationship can contribute, or enable the supplier to reach through this some other professional goals, like this were the case for (1A) and the international advertisement contests. The value of the relationship is considerably increased also if the relationship has any irradiation

on other partners of the supplier, or on other important, non-economic members of the network. The relationship of (3C) with the important opinion-leader was of such nature. It is worthwhile to express that in the two cases we could observe two considerably divergent types of the network effect. The business relationship developed with the opinion-leader is probably a most well-know type; there the effect diffuses between the members of the same network. In the case of advertisement contests however, we are talking about something else. The network effect appears in a different network. Namely for the professional public and the jury who evaluates from a professional point of view the manifestation of what had really occurred in the business relationship between the supplier and the buyer. More precisely the exchange episode of this, the advertising film or the advertising campaign.

The levels of the relationship	The elements of the value of a business relationship	
	Economic ("business") elements	Social ("human") elements
Level of exchange episodes	"Appreciation" of the product, (accepted) by the buyer Feasibility of the product by the supplier (capacity, how busy they are) Solvability of the partner	Personal relationship Satisfaction with the product (supplier's "call-back") Mutual sympathy
Relationship level	Profitability of the relationship ("revenue proportional relationship") Lowering of the transaction costs Income potential	Mutual conformity to each other Style of the relationship (friendly, constructive, complex) Reliability Computability Durability
Network level	Development of a competitive edge	Reference value (active, passive) Relationship irradiation in the same network (buyers, potential buyers) Relationship irradiation in other network (advertisement award)

Table 2: Components of the value of business relationships based on the opinion of company executives

In the above we analysed the elements of the value of a business relationship through the glasses of practical professionals. Hereinafter we will see -- still based on the opinion of our interviewees -- why the knowledge of the value of business relationships is (would be) useful.

Why the knowledge of the value of business relationships is interesting?

The chief executive of company (B), for whom the profitability is the main value of a relationship, thinks that the knowledge of the value of a relationship would be useful because the relationship “that generates a big revenue is more important, it has to be treated much better”. According to his experience and practice, in the case of high value, relationships the investments required for the sustenance and development (time, money, and expertise) are done naturally, and the insurance of the resources is easier. In his opinion, the knowledge of the value of business relationships is particularly important for companies with a big clientele. (Company (B) does not belong to them.) (2B) said, that “if I think in the most rational possible way, then I try to choose the relationships having the highest business values and to configure the organisation so that it will care of, operate and serve these relationships. And probably this is the way (for the organisation) to reach the highest possible profit per investment ratio.” However because of the “growth and size constraint” the organisation does not have a choice but to develop and care of business relationships that “are not the most profitable, and not the most long run ones”, i.e. the value of which is lower.

During the interview one of the interviewees (company A, communication agency) shared with us that he has had business relationships that he developed only to equilibrate the clientele system of a division. “I got in touch with the company in question because I needed him in my portfolio” said (1A). The opinion of an executive at one of the consulting companies (5E) was that for them, the knowledge of the value of business relationships would be fundamentally important. “In the consulting business the value of business relationships gives the value of the whole company,” said him.

The executive of the company dealing with the export trade of agricultural product (4D) worked – before founding his own company – for another company also dealing with export business. In relation to the founding of the present company he told us that “when I made the company change I left everything behind and started to build this (the present D company) one, and I said to myself: if I look deep inside me, the most valuable I got are my business relationships. How much money they represent I could not tell, this would be determined by the future. I must have been right, because there is no such an (old) customer ... who would not have come back, whom we would not have sold this year either”.

(7G) – lawyer office – holds or would hold for important the knowledge a business relationship because “it would be good to consider it during planning”.

During the interview, the vice chief executive of company (H) explained that in the field of energy the knowledge of the value of business relationships is very important. In this closed industry the relationships, their extent and tightness form the most important relationship capital of the organisations. The size of these determines the force and the place of an organisation within the given industry.

According to the CEO of the company, working in the pharmaceuticals industry (C) the knowledge of the value of the business relationship is important for the decisions related to the establishment, sustenance and development of the relationship. However, the problem is in the complexity of the value of the business relationship. The decision-makers do not know in detail the elements building the value of the relationship, so “they are certainly not analysed by anybody, the decision is absolutely unconscious. There is an image of the whole that is the succession of these (elements), but we do not analyse the details of it” – so says the executive during the interview.

To summarise the experiences, responses and remarks of managers about why the knowledge of the value of business relationships would be important, we could say that the knowledge of the value of business relationships would be useful or even necessary for different decision-making. However, the group of the decisions is large.

The knowledge of the value of a business relationship is necessary for the decisions related to the relationship itself, on one hand for the treatment (2B, 3C), on the other hand for the development (3C) of the relationship, and regarding the investments into the relationship (2B). Important point is the evolution of the structure of the relationship system (the decision of (1A),

the equilibration of the portfolio). The knowledge of the value of business relationships facilitates the customer segmentation especially if the company has a lot of customers (2B). It facilitates also the planning (7G) and the adequacy to the constraints for growing, coming from the economic environment (2B).

The knowledge of the value of business relationships is particularly useful for the determination of the network position of the company (8H). It is necessary to determine the value of the company (4D, 5E). In the next table (Table 3), we will summarise the opinion of the company executives.

Fields of decision		
Relationship Management	Strategic Management	Essential resource
Treatment of the relationship (operative)	Relationship system (portfolio)	Network position
Development of the relationship (strategic)	Buyer segmentation Planning	Company value

Table 3: Fields of decision, based on the opinion of company executives about where is (would be) necessary to know the value of business relationships

The above table summarises the most important decision fields where the knowledge of the value of business relationships would be necessary. Yet, this knowledge becomes really necessary and useful in the process of decision-making. Related to this, the chief executive of the pharmaceutical factory drew our attention on the intuitive nature of the decision process that leans more on the foreboding and intuition of the value than on the actual knowledge of it (3C). In order to integrate the value of a business relationship it is necessary to try to measure somehow, or at least to appreciate this value. Let us see the opinion of the managers about this question.

How to measure the value of business relationships?

According to the division-executive of the business communication agency (1A) it would be definitely important to measure the value of a business relationship. There is actually a system implemented in the company that measures the time-demand of the activities performed for different customers. The essence of the system is that it contrasts the yearly time-input and the costs of the customer visits with the yearly revenue from the relationship. "This way we could have indeed an idea about the value of a business relationship. Yet, the problem is that we do not really use this system. Since we are in the dilemma, should the employees run a time register or should they rather look after new businesses" – as this was expressed by the division executive in the interview. He believes that the ways of measuring the value of a business relationship would be to measure "in the given relationship what the possibility of doing creative work is", to measure the financial characteristics of the relationship, i.e. what the revenue generated by the relationship in a year is, and to measure the duration of the relationship. For him the length of the duration of a business relationship is very important because this substantiates the repeated orders. In this context the "length of the relationship substantiates the reputation". (The logic of the approach is that if I am working with an important member of the network on the long run, the other members of the network also perceive this, and they will have a bigger confidence in me. This however also means that the length of a relationship has an importance not only on the relationship level but also on the network level.)

According to the executive of company (D), export of agricultural products, "to some extent the business relationships can be measured with numbers, a good system should be invented that would show how much one can gain on a buyer". This "good system" could incorporate the measurement of the length, nature and flexibility of the relationship, and of the profit realised in the relationship.

In the case of the energetic public services company (H), the right tool to measure the value of a business relationship "is not really the profit, but more the reliable functioning. The relationships help to solve the occurring problems threatening the security of the supply in a fast, efficient and smooth way." – so has said the vice CEO of the company. Our interviewee summarised his opinion by saying that a possible way to determine the value of a relationship could be to calculate the costs of a break in the given service, "and of the related consequences. We always end up with astronomical numbers, and the further we analyse, the more astronomical these numbers."

Theoretically, the value of business relationships can be measured in two ways – said the CEO of the pharmaceutical factory (3C). This is possible either by decomposing the elements of the value of a business relationship and then by measuring these, or by measuring the effect, the effects of the value of a business relationship. He argued principally for the decomposition, the “dismantling” of the value of a business relationship into its components. The specific factors could be measured on different scales. “For example one could apply a scale of the mutual personal understanding, the intensity could also be measured on a scale”. For him the specific scale values would be less important than the totality of these, “naturally the multiplication of the values” as results. He said during the interview “if the value of a business relationship can be decomposed into its parts, then the utility of it is probably rather the fact that we are able to consciously handle or even develop the specific parts. At the same time, if we consider the technique of the measurement with scales then it is much easier to measure the effect of the value of a business relationship; it can even be “converted in monetary value”.

To summarise what the interviewees said we could establish that the measurement of the value of a business relationship is a difficult task and there is no developed methodology for it. Based on the interviews it seems that none of the nine companies actually measures this value. The majority of the interviewees consider the measurement of the value of a business relationship theoretically possible. Some have even formulated various suggestions, conceptions about the realisation of the measurement.

The profitability, the gains of the business relationship could be measured by the difference between the input (time and cost) of the relationship and the income realised in the relationship (1A, 4D). However, this is only one parts of the value of a business relationship, namely the economic part.

Besides the profitability it would be necessary to measure as influencing factors of the value of a business relationship also the quality (here the creativity) of the products sold in the relationship, and the length of the relationship (1A). On the other hand, the nature and the flexibility of the relationship (4D) could be measured. The value of a business relationship would be some kind of a sum of these.

The value of a business relationship could also be measured in an indirect way. This would be possible by estimating the direct and additional consequences of a break in the supply

in the frames of the relationship (8H), or by measuring on scales the effects of the value of business relationships and by expressing the results in a monetary value (3C).

It would also be possible to decompose the value of a business relationship into its elements. The specific elements would be measured on different, adequate scales and the value of a business relationship would then be given by the multiplication of these scale values (3C). In the same time, this procedure would enable the one by one, more efficient handling and the consideration of the mutual interactions of the elements. In other words, it would enable not only the measurement of the value of a business relationship but also the management of it.

After a survey of the opinions and possibilities regarding the measurement of the value of a business relationship, it is probably useful to make some conclusions about the interviews.

Conclusions

It is interesting to see what the similarities of the ten different “pictures” of the value of a business relationship are. All interviewees agreed that the value of business relationships is some kind of a combination of economic (“business”) and social (“human”) factors. They all emphasised the profitability (gains) of the given relationship as an important essential component of the value. They also agreed in the fact that the durability of a relationship is an important parameter that contributes to the value of a business relationship. They all also mentioned the personal relationships of those concerned in the relationship as one of the components of the business relationship.

However there are also some discrepancies, sometimes fairly significant differences among the “pictures”. The opinions of the interviewees were far from being uniform about the definition of the economic (“business”) and the social (“human”) factors, about the appreciation of their role and about their proportions correlated to each other. The ten executives had also divergent opinions regarding the question of whether a business relationship can be measured, and if yes whether it is necessary to measure it.

All interviewees found it interesting and important to raise the problem related to the value of a business relationship, even those who for the moment do not see exactly why it would be good to know this value. We would like to take the opportunity and thank our interviewees for their thoughts, opinions they shared with us during the interviews.

Our findings correlate quite well with the idea that business relationships are opportunity driven processes (Hakansson and Snehota 2002) where economic and social elements interact. Economic value is the expression of incomes and expenses. Concerning the business relationship value it means the presence of the "economic logic" (Hakansson and Snehota 2002). On the other hand, social value is the expression of motivation for social interactions related to business relationship. This strong presence of social components could help us to emphasize the role of social dimensions and to imagine the existence of a social logic as well. The value of business relationships seems to be constructed by both, the logic economic and social, at the same time.

REFERENCES

- Anderson, J.C. - Narus, J.A. (1999) *Business market management, Understanding, creating and delivering value*, New Jersey, Prentice Hall
- Anderson, J.C. (1995) Relationships in business markets: Exchange episodes, value creation, and their empirical assessment In: *Journal of the Academy of Marketing Science* Volume 23, No.4, pp.346-350
- Babbie, E. (1996) *A társadalomtudományi kutatás gyakorlata*, Budapest, Balassi Kiadó (Babbie, E. (1989) *The practice of social research*, Wadsworth Publishing Company)
- Brannen, J. (1992) (ed) *Mixing methods: qualitative and quantitative research*, Aldershot, Ashgate Publishing Ltd.
- Crimp, M. - Wright, L.T. (1995) *The marketing research process*, Fourth edition, London, Prentice Hall
- Flint, D.J. - Woodruff, R.B. - Gardial, S.F. (1997) Customer value change in industrial marketing relationships, A call for new strategies and research In: *Industrial Marketing Management* Volume 26, No.2, pp.163-175
- Flint, D.J. - Woodruff, R.B. (2001) The indicators of changes in customer's desired value: Results from a theory building study, In: *Industrial Marketing Management*, Vol. 30. No. 4. pp.321-337
- Ford, D. - Gadde, L.E. - Hakansson, H. - Lundgren, A. - Snehota, I. - Turnbull, P. - Wilson, D. (1998) *Managing business relationships*, Chichester, John Wiley
- Ford, D. (1980) The development of buyer-seller relationships in industrial markets In: *European Journal of Marketing* Volume 14, No.5/6, pp.339-354
- Ford, D. (ed.) (1990) *Understanding business markets: Interaction, relationships and networks*, First edition, London, Academic Press
- Gassenheimer J.B., - Houston F.S. - Davis J.C. (1998) The role of economic value, social value, and perception of fairness in interorganizational relationship retention decision, In: *Journal of the Academy of Marketing Science*, Volume 26, No 4, pp.322-337.
- Grabher, G. (ed.) (1993) *The embedded firm, On the socioeconomics of industrial networks*, London and New York, Routledge
- Hakansson, H. - Johansson, J. (1993) The network as a governance structure, Interfirm cooperation beyond markets and hierarchies In: Grabher, G. (ed.) (1993) *The embedded firm, On the socioeconomics of industrial networks*, London and New York, Routledge, pp.35-51
- Hakansson, H. - Snehota I. (eds.) (1995) *Developing relationships in business networks*, London, Routledge
- Hakansson, H. - Snehota, I. (2002) Marketing in business markets In: Weitz, B. - Wensley, R. (2002) (eds.) *Handbook of marketing*, London, Sage Publications
- Hakansson, H. (ed.) (1982) *International Marketing and Purchasing of Industrial Goods: An Interaction Approach*, Chichester, John Wiley & Sons
- Jantrania, S. - Wilson D.T. (1999), An exploratory study of value relationship, In: McLoughlin D. - Horan C. (eds.), (1999) *Proceedings of the 15th Annual IMP Conference*, University of Dublin
- Knight, P.T. (2002) *Small-scale research, Pragmatic inquiry in social science and the caring professions*, London, Sage Publications
- Lambin, J.-J. (1999) *Le marketing stratégique, Du marketing à l'orientation-marché*, 4e édition, Paris, Ediscience international
- Mandják Tibor - Durrieu, François (2000) Understanding the non-economic value of business relationships In: Ford, D. - Naudé, P. - Ritter, T. - Turnbull, P.W. - Leek, S. (eds.) (2000) *16th Annual IMP Conference*, Proceeding, CD Rom, Bath, pp.1-16
- Mandják, T. (2002) *The value of business relationship*, Ph.D. Thesis, Department of Marketing, Budapest University of Economic Sciences and Public Administration
- Reddy, M.N. (1991) Defining product value in industrial markets, In: *Management Decisions* Volume 29, No.1., pp.14-19
- Reid, D.A. - Plank, R.E. (2000) Business marketing comes of age: A comprehensive review of the literature, In: *Journal of Business-to-Business Marketing*, Vol. 7. No. 2/3. pp.9-185

- Turnbull, P.W. - Ford, D. - Cunningham, M. (1996) Interaction, relationships and networks in business markets: an evolving perspective In: *Journal of Business & Industrial Marketing*, Volume 11, No.3/4, pp.44-62
- Uлага, W. (2001) Customer value in business markets, An agenda for inquiry, In: *Industrial Marketing Management*, Vol. 30. No. 4. pp.315-319
- Valla, J-P. (1986) The French approach to Europe In: Turnbull, P. - Valla, J.P. (eds.) (1986) *Strategies for international industrial marketing*, London, Croom Helm, pp.11-78
- Walter, A. - Ritter, T. - Gemünden, H.-G. (2001) Value creation in buyer-seller relationships: Theoretical considerations and empirical results from a supplier's perspective In: *Industrial Marketing Management*, Vol. 30. No. 4. pp.365-377
- Werani, T. (1999) The value of cooperative business relationships: Theory and measurement, In: McLoughlin, D. - Horan, D. (1999) (eds.) *Proceedings of the 15th annual IMP conference*, Dublin, University College, pp.1-2.
- Wilson, D. - Möller, K. (1995) *Business marketing: an interaction and network perspective*, Boston, Kluwer Academic Publishers
- Wilson, D.T. - Jantrania, S. (1996) Understanding the value of a relationship In: *Asia - Australia Marketing Journal* Volume 2, No.1, pp.55-66