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From industrial friendship to two year in court

The design of a comprehensive case study

In 1994 the American oil company *Esso/Exxon* bought a new, advanced oil production vessel, named *Balder*, from the Norwegian *Smedvig*-group for their operations in the North Sea. After delivery, *Esso/Exxon* claimed that there were severe flaws and deficiencies with the vessel and terminated the contract. *Smedvig* claimed unlawful breach of contract and sued *Esso/Exxon* for half a billion Euros. *Esso/Exxon* filed a cross action and claimed gross negligence by *Smedvig*. Two interdependent "industrial friends" had thereby created one of the most complex, expensive and lengthy court cases in European history. Based on this case we want to develop a theoretical framework, a conceptual model and a research design in order to answer the following questions:

Based on an extensive review of business relationship theory, we have identified *four important research questions* for our investigation of the *Esso/Exxon-Smedvig* case study: First, which events were crucial for the escalation of the conflict? Second, how did the events escalate and why? Third, which resolution options were available at the different stages of the conflict escalation? And finally, what types of resolution strategies were employed during the conflict escalation?

The aim of this paper is to suggest a proper theoretical framework, a conceptual model and research design for the planned study. The framework will be based on a combination of IMP relationship approach and conflict theory. The conceptual model will be based on a recent review of the literature on the determinants of industrial conflict, conflict management and resolution strategies in industrial business relationships.

The *practical usefulness* of the study is that these new insights will provide useful steps for companies to reduce the risk and cost of future disputes and prevent harmful and damaging breakdowns in business relationships. The *theoretical usefulness* is that existing theoretical frameworks within conflict determinants and exit strategies can be tested and be improved. Secondly, there is a need for a supplement to existing studies of B2B-conflict, which have a Northern American context and thus may not be applicable in a Scandinavian context. Hence the paper will be used as the first stage of a comprehensive empirical case study with considerable practical application.