

IMPROVING SUPPLIER AND CUSTOMER RELATIONSHIP MANAGEMENT THROUGH ORGANIZATIONAL LEARNING

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Abstract – Competitive

In our case study of a MNC we arranged internal benchmarking of purchasing and selling. Our research question is: "How organizational learning can improve supplier relationship management (SRM) and customer relationship management (CRM) of the focal organization?"

With SRM a company manages suppliers, finds new ones whilst reducing costs, making procurement repeatable, pooling buyer experience and exploiting partnerships. With CRM companies try by maximizing customer information to increase customer value and loyalty plus to retain customers. SRM and CRM are symmetrical and they can be benchmarked as strategies, processes and value creators. We see organizational learning as an outcome of sense making, knowledge creation and decision-making. Sense making brings into focus learning possibilities while knowledge creation is a conversion of different types of knowledge. Created knowledge should then be used in decision-making to improve their SRM and CRM activities.

The study showed several learning possibilities were identified through benchmarking SRM and CRM as strategies, processes and value creators at different organizational levels. Knowledge creation requires similar kind of business understanding, learning drivers to support cross-learning, and carefully designed learning environment. Shared practices (mentoring and training programs) support transforming created knowledge into decision-making.

1. Introduction

Nowadays, especially in large corporations, cooperation between buyers' buying department and suppliers' sales department may be stronger than between these departments in the same company (Wendelin 2004, p. 304). When practicing business activities in this way, it is obvious that companies are not able to benefit from all of their internal capabilities and knowledge resources that can be gained by enhancing internal cooperation between different departments (for instance between purchasing and sales departments) inside the company.

This paper examines the whether it is possible to benefit from close co-operation between purchasing and sales department within the same company. In this case the experiences and knowledge that a company has gained as a buyer in managing supplier relationships can be used to improve customer relationship management practices as a seller and vice versa.

In our case company, KONE Corporation, supplier relationship management (SRM) and customer relationship management (CRM) are practiced both at global and local level. Global sourcing organization manages and coordinates sourcing activities through combining global spend category management with regional, unit and country efforts. In addition, SRM is practiced in supply and local front-line units. CRM is practiced in global customer management organization, which is responsible for improving customer focus throughout the organization. In addition, CRM is practiced in local front-line units. Within our case company we have arranged benchmarking for both selling and purchasing sides. Our research question is: "How organizational learning can improve supplier relationship management (SRM) and customer relationship management (CRM) of the focal organization?"

This paper can be roughly divided to theoretical and empirical part. At the beginning of the theoretical part (in Chapter 2), we focus on literature review on SRM, CRM and organizational learning. In SRM and CRM we build on several authors, while in organizational learning we base on Choo's (2006) the knowing cube. At the end of the Chapter 2, we combine the key concepts of the studied literature by developing framework for organizational learning process between SRM and CRM. In literature review we use conceptual research approach. In Chapter 3 we illustrated our research method. We use both deductive and inductive reasoning. We employ the single-case study using both action-oriented and constructive research approaches, where multiple sources of evidence are utilized. The role of thematic interviews (inductive reasoning) as sources of evidence is essential: they were conducted at the beginning of the study to provide understanding of the research phenomenon. Our case, organizational learning between SRM and CRM in the focal corporation is illustrated in Chapter 4. Finally in Chapter 5, we draw conclusions, and discuss both managerial and theoretical implications plus present further research topics.

2. SRM, CRM and organizational learning

The literature review will focus on understanding key concepts of SRM and CRM and organizational learning.

Key concepts of SRM and CRM

Existing research on SRM deals with different kinds of methods and activities to manage suppliers: for example supplier selection methods (Bhutta & Huq 2002; Masella & Rangone 2000; Tracey & Tan 2001) and supplier development practices (Johnsen & Ford 2006; Krause & Ellram 1997; Sánchez-Rodriquéz et al. 2005; Wagner 2006, Wagner & Hoegl 2006) have been studied. The role of procurement and purchasing in supply chain context has also been discussed (Gundlach et al. 2006). In addition, supplier relationship management and its future development have been studied (Future Purchasing 2006a, 2006b, 2006c; Hartmann et al. 2001; Lehtonen & Salonen 2005).

CRM research deals for example with key and strategic account management (Arantola, 2006; Björn & Pardo 2006; Lane & Piercy 2004), CRM methodologies and practices (Chalmeta 2006; Madill et al.

2005), customer value creation and value drivers (Golfetto & Gibbert 2006; Richards & Jones 2006) and customer segmentation practices (Jonker et al. 2004; Kim et al. 2006). The concept of CRM has also been discussed quite broadly (Choy et al. 2004; InJazz & Popovich 2003; Richards & Jones 2006).

According to Herrmann and Hodgson (Choy et al. 2002, p. 2), SRM can be seen as a process by which a company manages preferred suppliers and finds new ones whilst reducing costs, making procurement repeatable and predictable, pooling buyer experience and exploiting partnerships. SRM can be also understood as a process that can both capture and create value in the organization. Instead of seeing SRM as the realm of procurement, business executives should be committed to implement SRM strategy into practice by being responsible for key supplier relationships. (Future Purchasing 2006c, p. 2)

CRM can be described as a process involving people and technology. The purpose of CRM is to maximize the customer information and to use it to increase loyalty of the customer and to retain customers' business over their lifetimes. It is an integrated approach of focusing on customer retention and relationship development. (Choy et al. 2002 p. 2; InJazz & Popovich 2003, p. 672) CRM is a customer-focused business strategy that dynamically integrates sales, marketing and customer care service. The purpose of CRM strategy is to create and add value both to the company and its customers. (Chalmeta 2006, p. 1015) Richards and Jones (2006, p. 3) define CRM as a set of business activities supported by both technology and processes directed by strategy in order to improve business performance in the area of customer management.

According to Future Purchasing (2006b, p. 2), supplier management is by its absence in most organizations: vast majority of organizations possesses neither the necessary leadership, business focus, governance, organization structures, capabilities or resources to create, capture and control value at strategic and operational level. There exists a huge gap between espoused statements regarding supply chain integration, partnering and lean supply, and SRM practice (ibid.). However, in recent years, the importance of SRM has increased a lot in business life, and it also has been studied more. For example, Choy et al. (2002, p. 2) have recognized SRM as a new competitive opportunity.

CRM has become very important in the competitive industry since late 1990s and customer satisfaction – producing high-quality products and providing high-quality customer service – has become a vital corporate objective (Choy et al. 2004, p. 191). In addition, CRM can be already understood as core competence of the company (Kim et al. 2006, p. 107). Thus, it seems that customer orientation and CRM is already under focus in many organizations.

In the context of this study, SRM and CRM are defined as follows:

Supplier relationship management (SRM) is a value capture and creation process based on strategic planning by which a company manages its suppliers to gain competitive advantage through increasing supplier knowledge, benefiting from supplier relationships and improving supplier management business practices.

Customer relationship management (CRM) is a people- and technology-driven value creation process based on strategic planning by which a company manages its customers to gain competitive advantage through increasing understanding of customer behavior, benefiting from customer relationships and improving customer management business practices.

Lately, the integration of SRM and CRM has been discussed. For example, Choy et al. (2004, p. 194) argue that the integration of SRM and CRM through SCM can provide competitive advantage in the forms of 1) dramatic cost savings, 2) increased flexibility and responsiveness to customer requirements and 3) substantially faster cycle times. Insights of Choy et al. (2004) emphasize that SCM is operating as an integrating factor between SRM and CRM. This outlook is very compatible with Ward's (2006) arguments on the new role of SCM as the glue that holds the extended enterprise together and improves the agility and responsiveness of an organization.

In addition to above-mentioned integration approach, it has been suggested that SRM and CRM can be seen as mirror images. Arantola (2006, p. 93) suggests that discussion related to CRM is analogous with discussion related to SRM. In addition, Choy et al. (2002, pp. 2-3) argue that there exists satisfying and interesting symmetry between the role of SRM and CRM in the manufacturing environment.

Organizational learning

Organizational learning is a complex and elusive concept due to variety of perspectives, and that's why a widely accepted definition hasn't still emerged (Daves et al. 2005, p. 2; Skerlavaj et al. 2007, p. 348). According to Garvin (1993, pp. 78-79), the discussions concerning learning organizations have been filled with mystical and philosophical terminology including frameworks far away from practice. Garvin (1993, p. 80) defines learning organization as "an organization skilled at creating, acquiring, and transferring knowledge, and at modifying its behavior to reflect new knowledge and insights". Dawes et. al. (2005, p. 2) suggest that organizational learning is a process containing information acquisition, information dissemination and shared interpretation. According to Jiménez- Jiménez and Cegarra-Navarro (2006, p. 2) organizational learning includes four primary constructs that are information acquisition, distribution, interpretation and memory. Organizational learning can be also seen as the ability of an organization to learn from itself, its mistakes, its inefficiency and its employees and to harness and use the knowledge for competitive advantage. (Appelbaum & Callagher 2000, p. 46)

Strategic planning can be seen as the roots of organizational learning. In order to create organizational structure to implement the strategy for organizational learning, managers must identify the gaps between what they have and what they need to have. It is impossible to know what organization needs to learn, if the strategic intent of organization haven't been defined. If the implementation of strategy isn't supported beforehand, there won't probably be enough willpower to create a learning organization. In addition, it is important to understand that creating a learning organization is not a quick fix to the problems of the organization. (Appelbaum & Callagher 2000, pp. 45-46) From strategic point of view, it has also been recognized that organizational learning is a means to attain sustainable competitive advantage (Jiménez- Jiménez & Cegarra-Navarro 2006, p. 3).

Choo has developed a model – the knowing cube - that describes how organizations learn and use information to adapt to external change and to foster internal growth. The knowing cube includes information-use activities that support learning and it also provides a language and a structure that can be used to analyze organizational learning. The knowing cube is a descriptive model that suggests that organizational learning is the outcome of a set of distributed but connected information activities: sense making, knowledge creation and decision-making. Each activity can be also understood as a process involving information needs definition, information seeking and information use. These activities are influenced by cognitive, affective and situational factors, which exist at the individual, group and organizational levels. Cognitive factors can be described as anomalous stages of knowledge, sense making gaps and cognitive styles. Affective factors can be uncertainty, stress and self-maintenance. Situational factors are task complexity, situational complexity and information use environment. The knowing cube is illustrated in Figure 1. (Choo 2006, pp. 27, 43, 314-316)

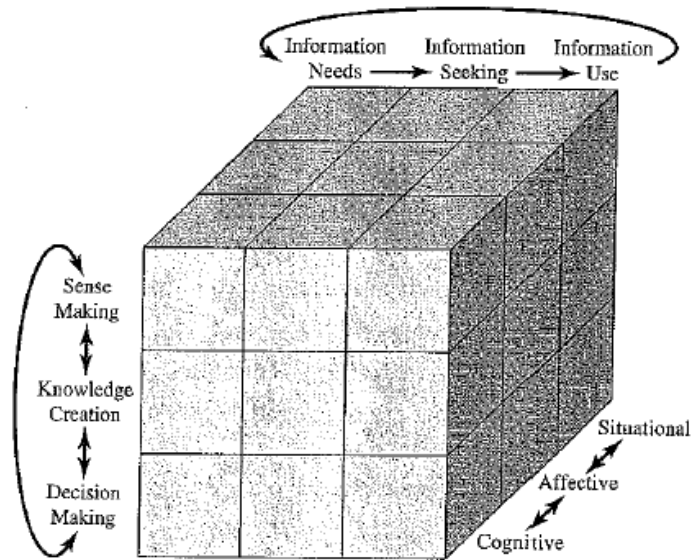


Figure 1. The knowing cube. (Choo 2006, p. 314)

Sense making means that people in an organization actively construct their environment based on their actions and beliefs creating a shared context for action. Sense making brings into focus problems, opportunities and other issues that the organization should develop. It should be noted that sense making is “a way of seeing but also a way of not seeing”: people don’t necessarily notice things, which are not categorized, part of their expectations or which are contradictory to their beliefs or actions. Knowledge creation occurs when an organization converts between and combines its different types of knowledge to develop innovations and capabilities. Knowledge creation may introduce more options for decision-making than there are available or other options that require new sense making. Decision-making is a course of action that is committed to an organization. Decision-making is structured by rules, premises and routines. Decision-making is “a way of learning but also a way of not learning”: decision premises and rules apply learning from past experience but they may also block new learning. (Choo 2006, pp. 27-28)

Choo’s knowing cube supports Garvin’s definition of learning organization, because both of these concepts emphasize continuity in organizational learning practices. Choo’s knowing cube is a continuous process including sense making, knowledge creation and decision-making alike Garvin’s definition of learning organization including systematic problem solving, experimentation, learning from past experience, learning from others and transferring knowledge is a continuum of different organizational learning activities. Garvin also emphasizes in his definition of learning organization the ability to modify organizational behavior to reflect new insights. These kinds of actions can be also understood as decision-making based on created knowledge in Choo’s model of the knowing cube. Hofstede argues that organizational culture consists mainly of practices rather than values. People form their basic value perceptions of mental software already in the childhood. Organizational (or corporate) culture is acquired when people enter a work organization as (young) adults with values that are firmly in place. Organizational culture mainly consists of organization’s practices, which are more superficial than values. (Hofstede G & Hofstede G.J 2005, pp. 284-285) Thus, it is possible to change and develop organizational culture by creating practices that are utilized and accepted everywhere in the organization. These shared practices can be as well seen as a method to develop and improve the learning culture of the organization. However, because learning is a delicate and difficult undertaking, there can exist many barriers that prohibit learning: it is far easier to accept current practices than to question prevailing outlooks with untried approaches (Garvin 2000, p. 43).

Developing framework for organizational learning between SRM and CRM

Literature review revealed three approaches that can be distinguished as unifying factors between SRM and CRM. Both SRM and CRM are 1) strategies, 2) processes and 3) value creators. SRM and CRM are not only technical solutions, but also strategies including core business planning and development of organizational culture. They both are also processes that aim to assert supplier and customer oriented business practices throughout the organization. In addition, value can be created through SRM and CRM by creating win-win purchasing situations that both suppliers and customers benefit from.

When we combine Choo's (2006) outlook on organizational learning as an outcome of sense making, knowledge creation and decision-making and joint dimensions of SRM and CRM as strategies, processes and value creators, we can define organizational learning as a continuous process of identifying learning possibilities, creating knowledge and improving SRM and CRM based on created knowledge. Organizational learning process between SRM and CRM is illustrated in Figure 2.

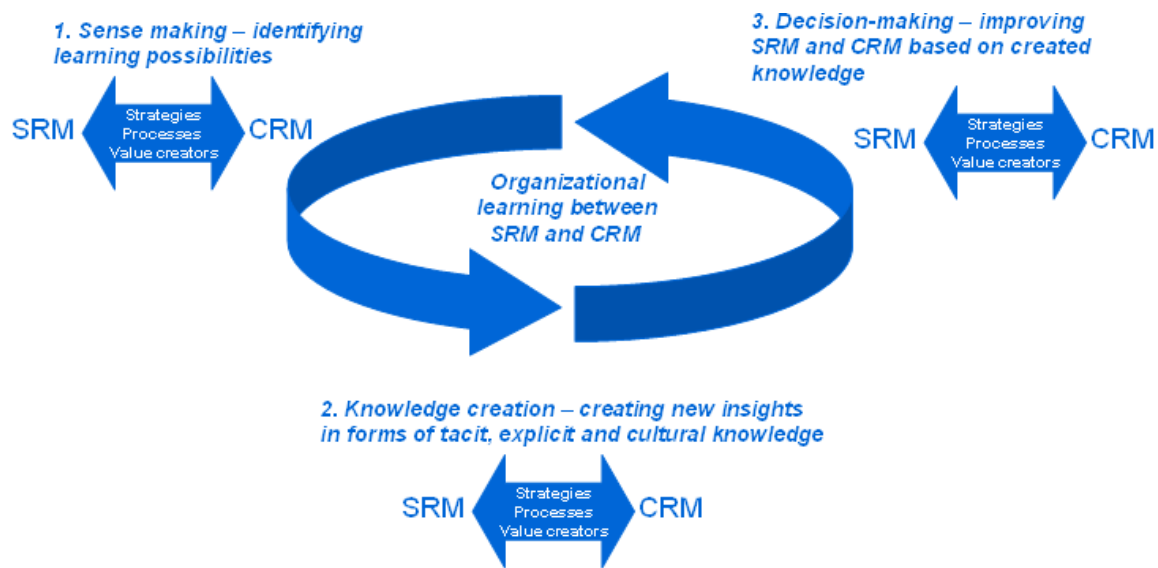


Figure 2. Organizational learning process between SRM and CRM.

Sense making brings into focus learning possibilities between SRM and CRM. The role of sense making is very important, because without seeing learning possibilities between SRM and CRM, organizations can't develop them further through knowledge creation and decision-making. In order to facilitate organizational learning between SRM and CRM, organizations should remove barriers (e.g. contradictory or uncategorized things) that hinder reorganization of learning possibilities between SRM and CRM. Therefore, sense making can be seen as an enabler of organizational learning.

Knowledge creation is a conversion of different types of knowledge and using these new insights to develop for example innovations or new organizational capabilities. Knowledge creation is an essential part of organizational learning, because it is a critical phase of learning process that results to creation of new insights and outlooks and development of a new mindset.

In order to benefit from the results of knowledge creation between SRM and CRM, organizations should use created knowledge in decision-making to improve their SRM and CRM. Without having abilities to put created insights and developed mindset into practice, organizations may fail to get the full benefit

from sense making and knowledge creation. That's why it is important to develop shared practices that support organizational learning culture.

3. Research methodology

This paper can be divided to theoretical and empirical parts, which are further discussed. Our study uses both inductive (to get insight to the empirical phenomenon) and deductive (to have theoretical insight) reasoning.

Theoretical part

The purpose of theoretical part of this study was to construct framework for organizational learning between SRM and CRM. It was done by reviewing, comparing and analyzing scientific literature and other publications. Because the framework and the empirical part of the study were worked on (at least partly) simultaneously, the important issues that were discussed in thematic interviews guided the selection and utilization of the reference literature. Round 1 interviews (the inductive part) that were conducted at the beginning of this study and before the literature review can be understood also as preliminary interviews that defined and directed material retrieval during the deductive part.

Organizational learning between SRM and CRM is a fairly new field of research. That's why the essential part in conceptual analysis of the theoretical framework was to combine existing research results of SRM, CRM and organizational learning and explore their similarities and interdependencies. Finally, framework for organizational learning between SRM and CRM was created based on gained theoretical understanding of the research phenomenon.

Empirical part

Empirical part of the research was conducted as a single-case study in a multinational company. According to Yin (1989, p. 23), a case study has the following characteristics: 1) investigation of a contemporary phenomenon within real-life context, 2) not clearly defined boundaries between phenomenon and context and 3) usage of multiple sources of evidence. All of the above-mentioned characteristics of a case study are present in this research.

A single case study design has certain advantages compared with multiple cases. The most important is the depth of the analysis, both in terms of the number of factors studied and sources of information used (Yin, 1989). A single case analysis is the best way to get a holistic picture and understanding of the research problem. Patton (1990: 95) has argued that "qualitative inquiry is highly appropriate in studying processes because depicting a process requires detailed description."

The unique strength of the case study research strategy is its ability to deal with a full variety of evidence (Yin 1989, p. 20). Internal validity can be enhanced by seeing evidence through multiple lenses (Eisenhardt, 1989). Versatile sources of evidence, such as administrative documents, organizational charts, thematic interviews, observation and SRM and CRM tools, were used to create multiple lenses. The role of thematic interviews as sources of evidence was essential: they were conducted at the beginning of the study to improve understanding of the research phenomenon and at final stage to explore how SRM and CRM can learn from each other.

As was mentioned we have two interview rounds (1 and 2) in this study. Interviews were conducted as semi-structured thematic interviews, where the themes, topic matters and possibly some guideline questions have been planned in advance. The aim of the round 1 (the inductive part before the literature review) individual interviews was to improve understanding of SRM, CRM and organizational learning in the case organization. Round 2 group interviews were deeper and focused around selected three

learning possibilities containing discussions between employees from different organizational levels. Interviews were more like discussions rather than formal interviews between SRM and CRM representatives. Some themes were planned in advance, but the structure of interviews was more open than in round 1, which created an environment that supported exchange of experiences between SRM and CRM representatives. Table 1 sums up the number of interviewed key people in round 1 and round 2, their positions at different organizational levels and interview themes.

Table 1. Interviewed employees of the case company, their positions at different organizational levels and interview themes.

Round 1: Individual interviews	<u>Number of interviewees</u>	<u>Organizational level</u>	<u>Interview theme</u>
	12	Global functions	SRM, CRM and organizational learning in the case company
Round 2: Group interviews	4	Global functions	Creating joint SRM and CRM strategy
	4	Category management & key account management	Building partnerships
	4	Purchasing management & sales management	Negotiation skills
In total	24		

In this research, benchmarking was selected as a method to compare SRM and CRM in the case company. According to Marr (2004, p. 559), benchmarking is a tool to for identifying, understanding and adopting best practices that aim to increase operational performance. The greatest results from benchmarking can be achieved from studying practices (a.k.a the way the work gets done) rather than results (Garvin 1993, p. 86). Benchmarking is also a way to gain outside perspective (ibid.). However, there is still confusion about the requirements for successful benchmarking especially when conducting benchmarking practices related to intellectual capital as it has been done in this study (Garvin 1993, p. 86; Marr 2004, p. 559). That's why, it is important to understand benchmarking as a disciplined process including a thorough search to identify best practices, careful study of own practices and performance, systematic site visits and interviews, an analysis of results, development of recommendations and their implementation (Garvin 1993, p. 86).

4. Organizational learning between SRM and CRM in KONE Corporation

Empirical part of the study will identify learning possibilities, creating knowledge and using gained knowledge in decision-making in a multinational case organization, KONE Corporation.

KONE Corporation

KONE is one of the world's leading elevator and escalator companies. It was founded in 1910 in Finland and listed on the Helsinki stock exchange since 1967. KONE produces industry-leading elevators and escalators, innovative solutions for their installation, maintenance and modernization and maintenance of automatic building doors. Customers include building owners, construction and facility management companies, architects, elevator consultants and designers. KONE delivers 40 000 new elevators and escalators per year and has approximately 600 000 elevators and escalators under maintenance contract. KONE's net sales were in 2006 EUR 3.6 billion, where 59% represent services and 41% new equipment. The number of personnel is approximately 29 000. 15 000 employees of KONE meet customers on the field on daily basis. KONE operates in all major continents having global presence in 50 countries and some 800 service centers worldwide. KONE's market share in the global market is approximately 11 percent. (KONE Annual Report 2006, pp. 4-5; KONE Profile 2007)

KONE is the industry's technological leader thanks to its innovative products such as machine-room-less elevators, environmentally friendly solutions, innovative autowalks and double-deck elevators and destination control systems. KONE has global R&D activities with centers in Finland, Italy, Germany, United States, China and India. Product development expenditures represent 1,4% of net sales. KONE has also 2600 patents related to elevator and escalator technology. (KONE Profile 2007)

KONE has a multidimensional matrix organizational structure, where different functions of KONE have been divided according to geographical areas, business lines and activities. Areas have been divided to Central and North Europe, West and South Europe, Asia Pacific and North America. Business lines have been divided to service business and new equipment business. In addition, major project business organization is managing big and complex projects mostly related to new equipment and modernization business. Activities have been divided to supply lines (producing and purchasing different kind of equipment and ensuring logistics) and front-line units (country specific sales units dealing with operational business activities).

SRM and CRM in KONE Corporation

SRM and CRM are practiced both at global and local level of the case organization. Global sourcing organization manages and coordinates sourcing activities through combining global spend category management with regional, unit and country efforts. In addition, SRM is practiced in supply and local front-line units. CRM is practiced in global customer management organization, which is responsible for improving customer focus throughout the organization. In addition, CRM is practiced in local front-line units.

The focus of SRM is to create global and harmonized supplier processes while improving sourcing maturity level. In the similar way, the focus of CRM is to create global harmonized processes while improving customer focus maturity level. For example, sourcing and customer focus maturity levels are improved through implementing supplier and customer segmentation models in the front-line and supply units. The overall objective of both SRM and CRM is to improve customer value through working in the best possible way with different kinds of customers while creating supplier and customer value for the case company.

Sense making

SRM and CRM learning possibilities are arising from various settings and situations at different organizational levels of the case company. Next, some examples of identified learning possibilities at different organizational levels are given.

Between global functions (sourcing and customer management organizations), learning possibilities are related to strategic and fundamental development initiatives such as:

- Benchmarking supplier/customer management models
- Understanding better supplier management and customer management development trends of the industry
- Benchmarking how to support suppliers/customers to expand their business into new markets
- Communicating and spreading awareness related to new SRM and CRM practices and methodologies
- Developing SRM and CRM tools and implementing them successfully

Between category and account management, learning possibilities are arising from specific cases in managing key supplier and customer relationships:

- Building partnerships with suppliers/customers
- Understanding who are decision-makers and influencers in supplier/customer organizations
- Suppliers'/customers' expectations in contracts
- Understanding pricing logic of suppliers/customers
- Understanding motivation factors for global deals with suppliers/customers

Between purchasing and sales, learning possibilities are bound to operational purchasing and selling work:

- Developing negotiation skills
- Looking beyond the price; what other factors affect buying decisions and closing the deals from customer's/supplier's perspective?
- Understand better the way of thinking and motives of the other party in a supplier-customer relationship

In order to enable identification of learning possibilities between SRM and CRM, communication network needs to be created. When SRM and CRM representatives start to gain more profound understanding of each other, more learning possibilities will surely arise. In addition, it is important to utilize facilitators who are posing questions and providing feedback to encourage SRM and CRM representatives to joint discussion. Sense making can be also supported through enabling free exchange of ideas and experiences both formally and informally. Formal sense making can happen in forms of presentations and workshops and informal by joint coffee table discussions, free time activities etc.

Knowledge creation

To create knowledge based on identified learning possibilities, there should exist enough similarities between SRM and CRM learning topics. Prerequisites for knowledge creation are the following:

- SRM and CRM representatives should have similar kind of dancing experiences,
- there should exist learning drivers to support learning between SRM and CRM,
- learning environment settings should be carefully designed, and
- organizational culture should support reflection and creation of new insights.

Learning drivers are also needed to get the full benefit from learning between SRM and CRM. They can be for example 1) excellence in certain learning topic, 2) time maturity or 3) favourable "mirror image" setting. Excellence in certain learning topic means that some SRM or CRM activities have been implemented exceptionally well by achieving great results. Time maturity means that some SRM or CRM activities have been created or implemented before in time, which creates understanding of learned lessons that can be transferred to support learning. Favourable "mirror image" setting represents essential learning topics where there is a need to understand better the other party in a supplier-customer relationship.

There also exists a need to design learning environment settings carefully. Organizational learning between SRM and CRM is the most abstract and comprehensive between global functions. This kind of mature learning environment encourages SRM and CRM challenge each other by benefiting from fundamental learning possibilities. On the contrary, learning should be tied around concrete and operational cases at lower organizational levels.

It is also important that organizational culture supports reflection and creation of new insights. There should be enough time and silence to reflect new ideas. Interruption of daily routines in a hectic working environment might be required to support knowledge creation process.

Decision-making

Key SRM and CRM decision-makers should be identified and engaged to joint discussion to ensure that created knowledge is utilized to improve SRM and CRM. SRM and CRM management board could be created and continuous joint meeting routines established. It is also important to support decision-making by defining and establishing cross-functional roles and responsibilities to support organizational learning between SRM and CRM. Employees with cross-functional roles would make decisions aiming to develop both SRM and CRM. Change management has an important role when shared practices are implemented in the organizational culture. Change management practices can include spreading awareness through internal communication, and creating motivation and interest towards SRM and CRM learning initiative. Top management support is also essentially important from change management perspective to encourage SRM and CRM representatives to transform gained understanding from learning into action.

The study showed that SRM and CRM learning possibilities are arising from various settings and situations at different organizational levels. They can be related to strategic and fundamental development initiatives such as supplier and customer management and segmentation models, different kinds of processes and developing and implementing supporting tools. Learning possibilities can be also arising from specific cases in managing key supplier and customer relationships such as how to deal with suppliers and customers when price increases should be justified. In addition, learning potential can be bound to operational purchasing and selling work to gain benefits from understanding better the behavior of the other party for example in different kinds of negotiation situations.

To create knowledge based on identified learning possibilities, there should exist enough similarities between SRM and CRM learning topics. Prerequisites for knowledge creation are the following: 1) SRM and CRM representatives should have similar kind of business understanding, 2) there should exist learning drivers to support cross-learning, and 3) learning environment settings should be carefully designed. Creating shared practices (e.g. establishing mentoring and training programs) supports transforming created knowledge into decision-making.

5. Conclusion

Theoretical implications

The study first combined the purchasing side, that is SRM, with the selling side, that is CRM of a company. Moreover, it added organizational learning into the concept. Theoretical framework was also partly validated in this research. It seems that results can be generalized with the support of further research. This paper suggests that there exist a lot of potential to improve SRM and CRM through organizational learning, which can also function as an essential source of competitive advantage.

Literature review revealed that there exist many similarities and links between SRM and CRM as they both are strategies, processes and value creators. First, SRM and CRM are strategies, as they both focus on developing organizational culture through planning and proactive management approach

aiming to create competitive advantage. Secondly, SRM and CRM are processes focusing on supporting the adoption of supplier and customer focused business practices. Thirdly, SRM and CRM are value creators to establish win-win purchasing situation where both parties are benefiting from the relationship.

This paper suggests that organizational learning between SRM and CRM is a continuous process of identifying learning possibilities, creating knowledge and improving SRM and CRM based on created knowledge. Sense making can be executed by enabling and encouraging the identification of learning possibilities. It can be supported by removing barriers hindering organizations to open their eyes to learning possibilities. Knowledge creation is the phase where new insights and outlooks are developed. Knowledge creation may bring into focus new learning possibilities that require more sense making. To benefit from created knowledge, organizations should develop capabilities to utilize it to improve their decision-making.

Managerial implications

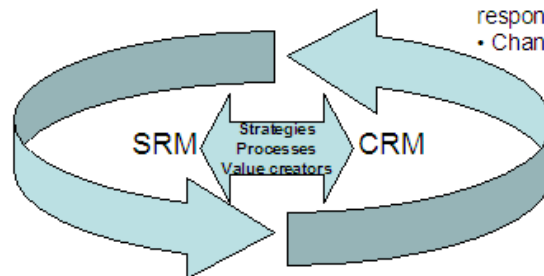
Based on our study of a multinational company we suggest that benchmarking SRM and CRM is a challenging task. However, several learning possibilities were identified through benchmarking SRM and CRM as strategies, processes and value creators at different organizational levels. There one has to pay attention to sense making, knowledge creation and decision-making. Organizational learning process between CRM and SRM is described in Figure 3.

1. Sense making – identifying learning possibilities:

- Creating communication network
- Designing the learning environment settings
- Utilizing facilitators
- Formal and informal activities

3. Decision-making – improving SRM and CRM based on created knowledge:

- Proceeding with selected learning possibilities
- Engaging key SRM and CRM decision-makers to joint discussion
- Establishing cross-functional roles and responsibilities with learning process ownership
- Change management



2. Knowledge creation – creating new insights in forms of tacit, explicit and cultural knowledge:

- Evaluating & analyzing identified learning possibilities
- Organizational culture to support reflection and creation of new insights
- Advancing knowledge creation process through different modes (socialization, externalization, combination and internalization) supported by various practices

Figure 3. Organizational learning process between SRM and CRM.

In addition to describing organizational learning process between SRM and CRM, Figure 3 suggests how cross-learning can be supported in practice through identifying learning possibilities, creating knowledge and transforming this knowledge into decision-making.

Between global functions, joint brainstorming sessions, benchmarking practices, creation of joint SRM and CRM strategy and sharing information in different forums can support learning. Between category and account management, creating a contact network, establishing mentoring programs and workshops, organizing joint training programs and sharing information in different forums can be good

ways of improving both SRM and CRM. Between purchasing and sales, creating a contact network, organizing joint training programs and enabling job rotation are examples that can support and facilitate learning process between SRM and CRM.

Further research

Further research topics could also cover benchmarking activities with other industries. The study could be expanded to explore how organizational learning between SRM and CRM has been implemented in other companies.

The study could be also expanded from internal learning between SRM and CRM to external learning with suppliers and customers. After establishing internal learning capabilities, they could be transformed to improve learning with suppliers and customers, as external learning with them can offer many benefits both for the organization and for its interest groups. The study could be expanded to cover overall value creation network from organizational learning perspective.

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