

**Revisiting the key success factors of project marketing – Case
multinational construction company**

J. Hietanen, H. Tikkanen, P. Parvinen, J. Rokka, E. Pöntiskoski, J. Aspara

**Helsinki School of Economics
Department of Marketing and Management
P. O. 1210, FI-00101 Helsinki, Finland
Tel: (+358) 50 312 0927
Fax: (+358) 9-43138660**

e-mail: joel.hietanen@hse.fi

**Revisiting the key success factors of project marketing – Case
multinational construction company**

This paper partakes in the recent attempts to further the discourse in the project marketing literature. Even as a myriad of case studies have enriched the field, an underlying theoretical corpus still awaits to be uncovered. Recently Cova & Salle (2007) presented the key success factors of project marketing collected from the literature. This study brings these postulated key success factors under scrutiny through a case-based analysis in the construction industry. Our findings suggest that the milieu where the project business exchanges occur (Cova et al. 1996) can have such a powerful effect regarding firm performance that it may supersede the lack of the fulfillment of the key success factors. Instead, we argue that the key success factors are prerequisites for a project marketer pursuing strategic development in the industry network given a deliberated fit with the industry milieu.

Keywords: Project marketing, Key success factors, Milieu effects, Construction industry

INTRODUCTION

Even though project marketing as an academic discipline is certainly not novel, it has received curiously little attention in the academic literature. This has been seen as a somewhat curious outcome, especially considering the dominance of project business in international b-to-b exchanges (Günter & Bonaccorsi, 1996; Hadjikhani, 1996). As the literature in project marketing has developed throughout the years, efforts to form a uniform and more generalizable theoretical corpus have been called for in the research (Tikkanen & Skaates, 2003). This was suggested to be achieved by examining case studies in their real life contexts (Tikkanen, 1998; Gunter & Bonaccorsi, 1996; Welch et al., 1996; Skaates & Tikkanen, 2003; Owusu, 2003). Thereafter the pursuit of mechanisms behind such complex phenomena project business literature has been enriched by a myriad of case studies with qualitative and descriptive data sets. Project marketing phenomena have been understood to consist of complex, unique and discontinuous exchanges (Mandjak & Veres, 1998) and

additionally the outcomes of project business are highly dependent on the socio-economic and cultural effects of any particular marketplace, referred to as the milieu (Cova et al., 1996).

Yet, project marketing scholars have been notably unable to derive a common theoretical basis from the data. Recently, Alajoutsijärvi et al. (2007) called for the reexamination of the discourse in project marketing is needed if effective attempt to breach this theoretical gap are to be made. In this study we argue, that it has been the very complexity and milieu-dependence of any particular project itself that has effectively limited the usefulness of any case study data for theoretical formalizing or generalizing. Recently, however, Cova & Salle (2007) collected various factors arising from several studies that have been described as generic key success factors in project business. This study, while openly admitting to case-specificity itself, assesses these success factors and proposes some new ones from a more generalizable perspective. Put succinctly it asks: Do the postulated key success factors explain and predict a project marketing firm's performance? As we described the limitations of closely case based studies above, it is paramount that we attempt to address the issue ourselves. Therefore our level of analysis attempts to describe the success factors as they apply to construction industry from a more general standpoint. In so doing, I attempt to be sensitive to any case specific complexity issues and the challenges the particular milieu excerpts on the phenomena and so our analysis seeks to capture the "bigger picture" of the mechanisms how the proposed success factors affect the project business exchanges. Embracing such a "bigger picture" inevitably brought the socio-economic distinctions of the case industry milieus into the perimeter of the study. It will also lead into a discussion about the explanatory and predictive power of the postulated success factors themselves.

The long-term goal of this and future research is to create a taxonomy of success factors in the field of project marketing. Such a listing, however, must be augmented by leaving considerations that allow for the operational fluctuations between specific projects and the effects between changing project milieus. In a more short-term perspective, the key success factors have to further be brought under scrutiny in the actual marketplaces. Additionally, the moderating and mediating effects of the milieus need further investigation in order to distinguish the general applicability of any normative project marketing implications from the happenstance effects of the milieu itself. The bottom line remains: the inherent complexity of project business itself interacts with the characteristics of the milieu, characteristics which may influence project marketing success to a overpowering degree, no matter how the project marketing activities are managed, no matter what resource constellations are at the disposal of the project marketer, and no matter what effort the marketer puts into the management of actor bonds in the milieu dependent industry networks.

Through a case analysis consisting of two different partial projects in two different construction industry milieus (but still within the same corporation) it is our finding that the milieu may have such far-reaching effects that it may dictate the success of the project marketer in the short term virtually independently of the presence of the key success factors for a project marketer. However, even as this may be the case, it was additionally uncovered that short-term performance aside, the lack of the key success factors resulted in a lack of long-term and consistent strategic direction, offering development, and network position development for the case company in one of the milieus under investigation. In this case study we examine the powers of the complex nature of project marketing at work.

LITERATURE REVIEW

The growth of project marketing as an academic discourse

The definition of a project has undergone extensive conceptual altercations as the literature of project marketing has developed. Today, a majority of the research seems to resonate well with the definition set forth by Owusu (2003):

“A project consists of interactions and relationships that are carried out over a specified period of time, to achieve specified goals for the actors involved. The interactions and relations cover, in general, the use of resources for activities to achieve set goals.”

In this study, this definition is adopted, as it sufficiently covers the relational elements of network activities where projects are created, sold and purchased in a business continuum. Projects differ also in terms of their scope and can be categorized as partial projects, turnkey projects or turnkey plus projects (Skaates, 2001 as cited in Owusu, 2003). A partial project refers to the delivery of a functioning whole (such as the façade of a building) into a more comprehensive project (the building in its entirety). A company delivering a turnkey project is under contract to deliver the entire finished product (the building). Turnkey plus projects add levels of additional service functions into the project delivery (such as the continuous maintenance service for the building after its completion).

To further explain the concepts of the discourse, a concise review of the history of the project marketing literature is in order. Definitions, such as the one provided by Owusu (2003) which encompass wide arrays of phenomena took their time to arise from the literature. The discourse of project marketing grew from such ideas initially. It opened the assessment into both the company marketing a project offering and other stakeholders in the surrounding environment. The underlying discontinuous, unique and complex nature of such project business is on a fundamental level captured in the D-U-C framework by Mandjak & Veres (1998):

1. *Discontinuity* – as briefly mentioned above, the management of discontinuity is a considerable challenge for firms engaging in project marketing. The exchange of physical resources and work end when the project is completed, and the business relationship enters into a “sleeping relationship”, which deteriorates over time if not actively maintained. During the “sleeping relationship” the mobility of the project buyer is high. This renders project business as an inherently insecure activity the management of which can lead to success, in project business being the sales of further projects (Mandjak & Veres, 1998; Hadjikhani, 1996; Skaates & Tikkanen, 2003)
2. *Uniqueness* – an ongoing project is inherently a unique process, because of the sheer amount of variables which can not be completely accounted for in the planning phases. Closely linked to the following “complexity” characteristic by Owusu (2003), the physical resources of the project transaction may however be standardized to a substantial extent. The extensive standardization of physical products can actually be used as a means to lessen the uniqueness of project business (Dubois and Gadde, 2000) However, the “technological, managerial and economical solutions” required in the completion of a project vary on a case by case basis and it is not possible to foresee and pre-empt critical events from occurring during the various project stages (Owusu, 2003).
3. *Complexity* – complexity arises from the amount of actors in a project network, and that the actor of a project network may vary to a great degree between projects. Also

external factors such as the industrial cultures respective of the project locale (Owusu, 2003)

As the impending discontinuous nature of the project business became under scrutiny, the discourse entered into more strategic considerations. The network view of Håkansson & Snehota (1995) became very influential. Their ARA-model describes the industrial networks where projects are exchanged. In this model the *actors* in the network exchange *resources* via *activities* that link the actors within an industry network. Additionally, from a more cultural perspectives the effects of the surrounding industry milieu were incorporated into the literature. The milieu describes the conventions of business practice within a given industry in a socio-economically similar area i.e. “the rules of the game”.

Hitherto in this study, the research in project marketing has been of a descriptive nature. Projects as concepts have been theoretically described along with the contexts they occur in to constitute project marketing. Now that the basic conceptual foundations of project business have been considered, it was the initiative of Cova et al. (1994) to develop a normative framework of what activities a network actor could embark in to strategically affect its network position. With the fundamental challenges of project business now described and conceptualized, he presented two network philosophies of what could be done about them. The early concept was how to avoid competitive bidding for project offerings (Cova et al., 1994; Cova & Hoskins, 1997; Cova et al., 2002), but naturally the effects for the concepts of project discontinuity, uniqueness and complexity were to be addressed also. These concepts of project business are not separated from each other in project marketing activities and can all be addressed by better controlling the project network as follows.

The *Twin-Track approach* of Cova & Hoskins (1997) furthers the discussion about what opportunities are present for a firm when assessing the management of its relationships between actors in a network milieu. In this view, the company can adopt two different approaches in the management of the firm’s on-going projects, the *deterministic* and the *constructivist* approaches. In the deterministic approach a company anticipates the competitive arena and acts appropriately by aligning the offering of the company to respond in the most advantageous ways in the tendering process. Adopting the constructivist approach refers to being actively involved in shaping the competitive arena and the rules of the game, essentially leading the tendering process by initiating or creating the project that affects the formation of the project network setting. A company carrying out operations with multiple simultaneous projects is often involved with both approaches regarding the various actors in its network. Cova and Hoskins (1997) also introduce the concept of developing “creative offers” in terms of the project when pursuing the constructivist approach toward the network. However, “creative offers” often begin from the initial deterministic anticipation of a customer requirement, but from that point onwards the requirement is cooperatively specified to better adhere to the offerings of the company.

Network constructivism, if approached by an attitude of co-development and partnering can, however, be greatly hindered by adversarial forces within the operating cultures of the network actors. The openness, willingness and commitment of both the customer and the contractor and the existing level or initial level of trust between the actors play a major role relating to the antecedents of the opportunities for project partnering and co-creation (Crespin-Mazet & Ghauri, 2007). Equally, it is obvious that in order for an actor to pursue constructivist activities it must have superior resources and power relative to other network actors. The network can be assessed in terms of the “central actors”, which are defined as the individuals and institutions around which network interaction is most highly concentrated (Cova & Hoskins, 1997).

Key success factors in project business

More recent studies have extended the concepts of successful project business even further. Tikkanen et al. (2007) call for the focus to be lifted even further to encompass the performance of the entire project portfolio of the company, and Cova & Salle (2007) go as far as to describe the contemporary state of affairs in project marketing as characterized by: 1.) no pre-fixed offer, and 2.) no systematic demand to take literally but a possibility for such due to intimate relationships with the customer for co-creating an project.

However, as we will soon present, the project business cultures of the construction industry generally seem to not have developed into such states of co-development and cooperative activities between the actors involved in project exchanges and instead operate in a more traditional contract-based and arms-length vein.

After the overview of the evolution of the discourse in project marketing, it is appropriate to focus on the prominent issues this study attempts to address. Cova & Salle (2007) provide a collection of the fundamental success factors for project marketers as identified in the literature. In this study, the presented success factors are separated and presented as follows:

1. Structural efficacy including capacity for financial arrangements and capacity to develop local presence (Cova & Holstius, 1993)
2. Entrepreneurial culture with risk management: personnel capacity capable of setting up relations and strategic cooperation (Huemer, 2004)
3. References of prominent projects (Salminen & Möller, 2004)

In the following, the key success factors are explained further:

Structural efficacy including capacity for financial arrangements and capacity to develop local presence

Cova & Holstius (1993) state, that as the very nature of project business entails complex and unique exchanges commonly involving substantial levels of inherent risk, a successful project marketer must have expertise in planning and organizing the relevant processes and exchanges. Ability to mobilize the relevant resources and adequate financing in order to embark on sizable projects requiring up-front investment must be available to reduce uncertainty and enable project business activities in general.

Entrepreneurial culture with risk management: personnel capacity capable of setting up relations and strategic cooperation

What Huemer (2004) purports, is that projects as combinations of resources require entrepreneurial activities by the supplier. These activities can overcome the complexity and uniqueness that are, by nature, characteristics of every project creation and delivery undertaken by a project marketer. Risk arises from the discontinuous, unique and complex nature of projects, but can be mitigated to a degree by being able to carry out trusting and predictable relationships with other network actors. From these arise possibilities for strategic cooperation which can be seen as the attempt to remodel the industry network in such ways that the project marketer's position relative to the entire industry network can be improved. Via these activities, the project marketer can attempt to pursue both strategically determinist or constructivist network approaches more effectively. These activities are obviously paramount in attempts to create and manage project networks consisting of a

myriad of actors that offer turnkey projects. If the network position is powerful enough relative to competing actors, a project marketer may be able to also escape the tendering processes and become selected by the customer before the bidding processes are initiated.

References of prominent projects

Salminen & Möller (2004) conclude, that suppliers of projects i.e. project marketers internal decision processes vary substantially depending on the presence of references. For example, when entering a bidding situation, it was always a priority for the sales managers to identify an availability of a reference before making the final decision. Because a project marketer can not enter every bidding situation due to the expenses associated with the creation of a bid offer, it is in their best interest to bid when the project is in alignment with their corporate strategy and when they have high confidence in winning the tendering process. References are an obvious way of displaying the competence of the project marketer in the business area. If the pursuit of bidding is aborted by a project marketer when it uncovers that competitors have more prominent references, it can certainly be argued to constitute a competitive advantage.

To add to the key success factor of referential prominence, the views of Skaates & Tikkanen (2002) can be taken into consideration also. They also note (in their context of architectural projects) the importance of prominent references, but also find that the references must be endogenous to the milieu, i.e. the reference value is very difficult to transfer between different industry milieus. This can be argued to display the powerful effects the specific milieu asserts on actors carrying out project marketing activities.

Bringing the success factors into further scrutiny: The power of the milieu

As project marketing emerged from a discussion of the internal resource bundling to encompass the relationships and exchanges between companies in real-life business scenarios, the context in which such exchanges were carried out soon began to receive attention. The seminal study of Cova et al. (1996) forever removed the discourse of project marketing from the purely economic to the socio-economic level. He postulates, that success in project marketing has much more to do with the firm's relational ties to the context of its milieu than merely the superficial project opportunity and so necessarily steers the entirety of the discourse beyond management sciences. Succinctly, a milieu is conceptualized as a socio-economic microcosm where networks of actors carry out exchanges according to spatial and cultural proximity – the tacit laws of the milieu.

Cova et al. (1996) also anticipate the problem of generalizability in situations where the milieu exerts substantial moderating effects to the industry network, as the milieu is always specific to the social and cultural elements of specific locations. This study, as we will show, is well in line with this early assumption.

What still remains to be addressed are the project marketing performance effects of different kinds of milieus and the effects of milieus when the project marketing activities of firms take place in multiple milieus.

Construction industry

Importantly in this study, the milieu effects of the cases under scrutiny must be brought under consideration in order to assess the amount of influence the key success factors have in project marketing success. However, before the specific examination of the cases of this study, it will be of interest to first introduce the basic underlying cultural implications

of the construction industry in general. Within the discourse of project marketing, these have been most prominently described by Dubois & Gadde (2000) who performed a seminal descriptive study about the relationships between construction industry actors.

They state as one of their main findings the observation of the transactional nature of construction business. Additionally, in accordance with Cox and Thompson (1997) that relationships are often arms-length rather than partnerships and that competitive bidding of projects is the common apparatus used in purchasing. Customary to the competitive bidding, it at its foremost aimed at the minimization of price and entailed little promise of further project sales for the project marketer. The embedded ways of competitive bidding had led to the industry-wide standardization of products and prices in what can be described as a "collective adaptation" (Dubois & Gadde, 2000). It can be argued that, according to the literature in construction, partnering, co-development or other utilizations of the theories of project marketing network strategies (Cova & Hoskins, 1997) were not generally highly developed in the construction industry. Additionally, Thompson et al. (1998) reported that the customary and traditional forms of contracts in the construction business actively encourage non-collaboration, as they are primary crafted and utilized as means of conflict resolution as in laying blame. Finally, however, a gradual change toward more strategic collaboration was reported by many studies (Cox & Thompson, 1997; Baden-Helland, 1995; Bennet & Jayes, 1995; Cox, 1996; Dorée, 1997). These observations, however, generally refer to more developed markets.

METHODOLOGY

This study was carried out by using two product brands which were to be marketed as projects in the case studies. Even though the case study format was chosen by the firm this study was conducted for, its validity is well supported by the literature. Additionally, it was our attempt to further enrich the data by combining the two case assessments under this single study in order to achieve the possibility for comparing and contrasting at least regarding the industry milieus where the two case products were researched in. The case study method draws substantial recommendations in the literature due to the relatively small amount of studies conducted in project marketing (Tikkanen, 1998; Gunter & Bonaccorsi, 1996; Welch et al., 1996). This was even more true in the field of project marketing specifically in the construction industry (Skaates & Tikkanen, 2003; Owusu, 2003). Therefore, as noted by Skaates & Tikkanen (2003) there is still a need in the field for case studies to enrich the understanding of the phenomena related to project marketing and project business in general.

A case study format is suitable in the context of this study also because it studies a business setting and its mechanisms in an open format between two industry marketplace contexts. This makes drawing conceptual lines between the phenomenon and the context it is occurring in implausible and is therefore best studied in its context as a case (Yin, 1994). For the purposes of this study, it would not be possible to engage in any other research avenue, because it is the effects of the context itself relative to the key success factors that we wish to explore.

The study is a qualitative exploration and consists of 19 in-depth interviews of middle to high management of construction companies and other network affiliates in the North European, Baltic and CEE area among others. The interviews were of semi-structured nature and consisted 1-3 hours in duration. The semi-structured nature of the interviews was intended to reveal more qualitative and subtle opinions and insights of the functioning

of the project networks and construction milieus. All interviews were recorded (except the more casual settings spent with the personnel of the Czech subsidiary).

For close analysis of the case milieu, the lead author visited and interviewed the management of the case firm's subsidiary with a research fellow in the Czech Republic. The visit into the subsidiary consisted of 4 higher-management interviews and also visits to construction sites (both completed and under construction) and a meeting with an architect and designer company where the case firm's representative promoted the case products. Additionally, the visit into the Czech construction milieu provided for very useful casual setting with the local managers where they proved to be very open about the challenges they felt to obstruct their efforts on both individual and organizational levels.

The interview tapes and notes were reviewed to uncover patterns and shared meanings of the managers. A special interest was the analysis of the differences of the mindsets between the Finnish and the Czech managers. There was no formal coding in place due to the eclectic nature of the data sources, but generally the interviews were conducted until the point where the central themes had been established to the point of no more information surfacing in the interviews.

As described above, the qualitative approach in observing and recording phenomena is, in this study, understood as a holistic approach to obtain rich data in a local context (Miles & Huberman, 1994). In this study the aim is exactly this, to obtain more descriptions and explanations of phenomena and enrich the data in project marketing research case-specifically but also as contributions to more general theory in project marketing.

FINDINGS

Our empirical research, conducted in both the headquarters (Finland, in operation for 46 years, employing some 7000 personnel) and a small subsidiary (Czech Republic, in operation for 11 years, employing some 130 personnel) of a globally operating project marketer provides for some informative insights. As the research was conducted during a time when the entire organization was undergoing a restructuring from a steel product seller into a construction industry and machine engineering project marketer, it was interesting to uncover how the different stage of the restructuring process affected the company in different contexts. The corporate headquarters in Finland had completed many of the needed changes in the organization, and was comprehensively directing its engagements into more complete projects and turnkey project opportunities. It had internalized much of the needed capabilities by acquiring companies in the network and was now leveraging these capabilities to deliver entire turnkey projects.

Same was not true for the small subsidiary in the Czech milieu, however. At best, the Czech subsidiary was approaching the capabilities for the delivery of partial projects with low functional challenge. The Czech subsidiary was struggling with every perspective of the key project success factors, and there was notable interplay between the lack of the key success factors that seemed to create vicious cycles in terms of learning and improving as a project business operator. Next, we will describe the state of the key success factors in the Czech subsidiary and describe the effects of the aforementioned interplay between them. The powerful effect of the milieu will also be described. The Czech construction industry marketplace was at the time experiencing booming growth, and with less supply than demand, attributed by the lack of skilled construction workforce, the marketplace had become substantially overheated.

Structural efficacy including capacity for financial arrangements and capability to develop local presence

It became quickly evident, that the Czech subsidiary was struggling with all the aspects of this key success factor. The high-level management complained that they had insufficient knowhow about how to both organize and deliver even partial projects (such as facades for commercial buildings). They felt to have been left in the dark in how to grow in to a project marketer altogether. It was said:

“One thing I’ve learned to trust is to not expect anything from the headquarters”

This “anything” implied not only sufficient knowledge of the details and specifications about project materials, but also management knowhow, and financing. In fact, it turned out that the Czech subsidiary had even run out of a budget to produce brochures of their offerings in the local language. Additionally, the Finnish headquarters had even failed to send them specifications of the other case project (the wall element), but had anyway established a sales quota for the subsidiary. A project manager said:

“If a potential customer will ask me questions about the project, I will answer that your guess is as good as mine.”

This all goes to describe the miniscule nature of the Czech subsidiary. Whereas in the Finnish milieu the corporation had an established and historical presence and brand image, the same was certainly not true in the Czech milieu. In fact, the Czech managers noted that the company brand was meaningless in the Czech milieu unless “the customer is going after something exotic”.

These conversations illuminate a history of insufficient communications between the subsidiary and the Finnish headquarters. It was made obvious in the interviews, that there were no established programs for development and none were expected. Neither were there any incentive systems in place that would encourage the development of the subsidiary into a more proficient project marketer. At the time of the interviews the Czech subsidiary had only cursory project marketing capabilities and were not actively developing new ones. One reason was the tradition of insufficient communications and ineffective incentives, the other was more structural. In terms of the façade project, for example, the façade elements delivered from the Finnish factory to the Czech subsidiary were commonly late and even damaged. As described by the Finnish headquarters, the key selling point of the façade system was that the architect could design “elaborate and colorful façade solutions (with various colors and panel sizes)” and that “there is no possible reason to design monotonic facades [with the façade system in question]”. However, due to lack of initial project delivery knowhow and the fear of contractual penalties due to late delivery, the Czech subsidiary pursued to make the project deliveries as simple as possible. This meant the selling of single color facades where all panels were of the same size. Obviously, such project offering effectively curtailed their learning of how to deliver the façade project in a more complicated and value adding forms.

Entrepreneurial culture with risk management: personnel capacity capable of setting up relations and strategic cooperation

Due to many of the reasons mentioned in the descriptions above, the entrepreneurial culture of the Czech subsidiary was effectively nonexistent. Without the perceptions of knowhow, support or finances the management felt forced to engage in simple and low

value projects while the overheated state of the marketplace seemed to reward such behavior. In other words, profitable operations were possible even with a low value project offering. A project manager stated:

“They do not pay me to do anything more, so why should I worry about tomorrow.”

In other words, with all the organizational deficits in place, the managers felt no compelling need to develop their project offering capabilities or improve their network positions. There was a notion of helplessness accompanied with acceptance of the status quo. Additionally, the managers boldly stated, that due to the high demand for skilled workforce in the marketplace, they would always be employed by other companies. The milieu, which actualized short-term performance with a modest offering, accompanied with the lack of incentives to develop as a company in the long-term had created a standstill in organizational learning and aspiring. This was further fueled with the inadequacies of communications between the Finnish headquarters and the Czech subsidiary. The Finnish managers seemed quite unaware of the challenges the Czech managers actively reported, only referring to the constant profits the Czech organization was creating.

Additional reasons for the lack of perspective in activities for setting up strategic cooperation in the networks can be drawn back to the traditions of the construction industry itself as described in the literature review. The managers commonly concluded, that the Czech construction industry marketplace can be described as entrenched into the adversarial and contract-based arms-length actor relationships as described by Dubois & Gadde (2000). For them, every project seemed to entail the following steps: Stringent contract negotiations, project delivery processes, and the assignment of blame in adverse outcomes. These adverse outcomes seemed to be a commonplace occurrence, as a project manager described:

“In every project something will go wrong...every project is a pain in the ass.”

Clearly, project business was not something artfully mastered by the Czech subsidiary.

References of prominent projects

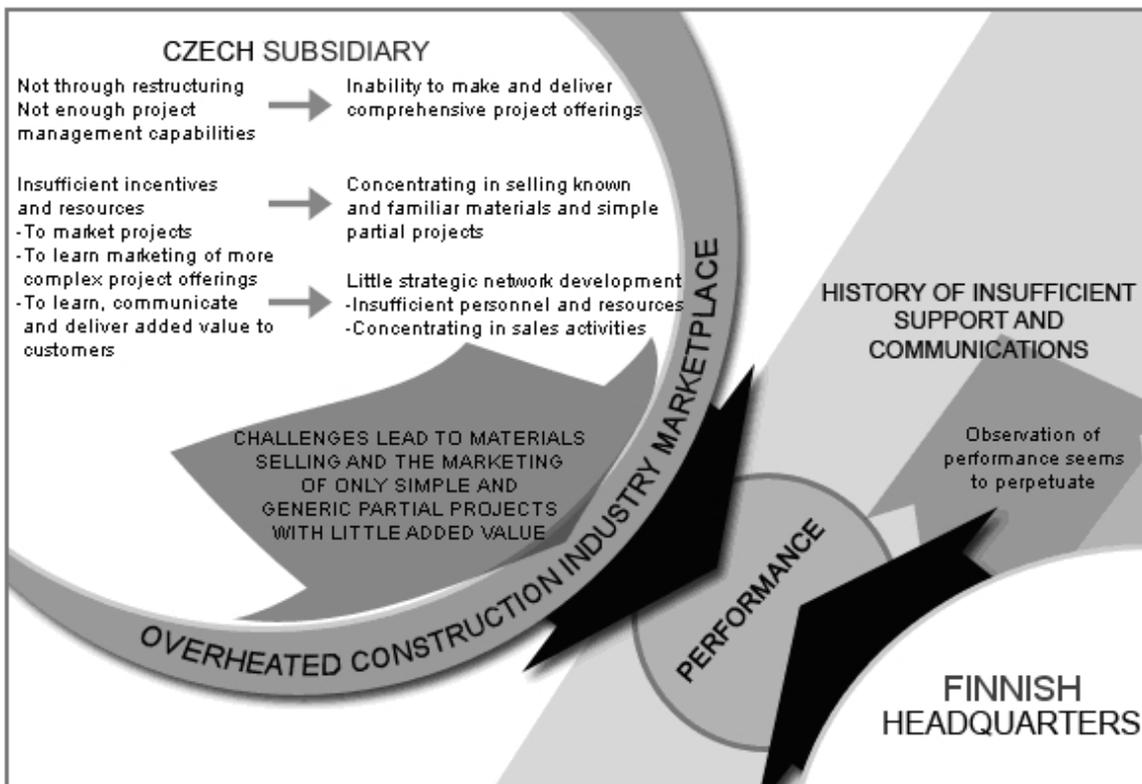
Formidable local references, as stated by Salminen & Möller (2004) and Skaates & Tikkanen (2003) are of substantial importance in carrying out ongoing project business. The Czech subsidiary, however, due to their lack of knowhow and incentives to commit, perceived pilot projects and the delivery of standout references as too risky to attempt. This is hardly surprising, as at the time of the study they barely seemed to master the delivery of simple low-value partial projects. With the perception of even basic and not functionally challenging projects often ending in adverse outcomes, pilot projects were considered “potentially disastrous”. Due to the lack of incentives and aspirations for learning and development they were not engaged to further their capabilities for producing representative references either. This again was partly due to the corporation’s global policy, which stated that no project can be delivered without a potential profit. This, in addition to the other internal reasons, effectively restricted the Czech subsidiary in potentially attempting to develop local references. Because project marketing was inherently a new mode of business for them, virtually all elaborate references would have required a pilot project – something that, at the time of the study would have been impossible to undertake in terms of capabilities, incentives and corporate investment orders.

Interplay between the success factors

The description of the key success factors in the case of the Czech subsidiary suggest certain codependences and interplay between them. A lack of structural efficacy in terms of organizational capabilities (or the future development of such) and finances will thwart all attempts of developing and furthering a local presence in the marketplace. If such potential development is further curtailed by a lack of incentives to engage in such activities the barriers for development can become too formidable to overcome. Furthermore, the furthering of local presence was hindered to corporate policy, which made the pursuits to deliver pilot projects virtually impossible. Finally, the overheated state of the marketplace rewarded the current lack of development, as business performance was possible even with a mediocre offering.

Adherence to the perceived adverse and arms-length nature of contracting and the lack of incentives to develop network position effectively hindered outlooks for entrepreneurial activity and attempts for strategic cooperation. When conversating with project managers of such possibilities, they actually responded by commenting that such activities, albeit interesting, were completely utopian with regard to the current state of affairs.

All these descriptions seem to contribute into a situation where the marketing and delivery of pilot projects for reference value seem exceedingly challenging. What we are describing here is a vicious cycle of stagnation fueled with the short-term rewards yielded by the overheated marketplace while a tradition of poor communication between the Finnish headquarters and the Czech subsidiary only recognizes the performance of the project business, but disregards the long term implications of such behavior. It can be argued to be painfully obvious, that when the construction industry marketplace cools down in the milieu, the Czech subsidiary will have developed no added-value project delivery capabilities, no prominent references and no strategic positional advantage in the project network. The vicious cycle is summarized in the following image where the upper left corner represents the Czech subsidiary and its challenges and the bottom right the Finnish headquarters:



The power of the milieu effects of the different contexts the headquarters and the subsidiary operated in – the formidable distance between the two industry milieus

How could the phenomenon explained above be allowed to continue? The answer resides in the overwhelming effect imposed on the actors by their relative industry milieu contexts and the inadequacy of a perceived need to uncover and solve the situation. Even as none of the key success factors of project marketing were in place for the Czech subsidiary, the power of the overheated marketplace still yielded them profitable business performance. Due to the history of poor communications between the Czech subsidiary and the Finnish headquarters the business performance of the former became the most observable metric. Additionally, it must be mentioned, that both actors were still undergoing significant restructuring efforts which may have engulfed the attention of managers. A vicious cycle of incumbent adherence to a status quo of not developing in-house capabilities or network positions arose from this setting. In the case of this study, therefore, the power of the milieu overcame the key success factors from the project marketing literature – from a short term perspective at least (or as long as the marketplace retains its characteristics).

DISCUSSION

This study described the key success factors of project business identified in the project marketing literature (Cova & Salle, 2007). The findings suggest that the power of the milieu can by themselves thoroughly supersede the presence of the key success factor in the firm. The power of the influence of the milieu suggests that further considerations into the theoretical assumptions of project marketing are in order to capture the mechanisms of the project business phenomena in its entirety. This is in line with Alajoutsijärvi et al. (2007) who call for the reassessment of the underlying, often taken-for-granted theoretical assumptions of the project marketing discourse. The theoretical concepts, as they state, are ambiguous and may not adequately capture different forms of project business in their respective contexts. Our study suggests similar notions. However, in this study we further postulate that the key success factors and their interplay mechanisms may describe the functional capabilities of the project marketer itself, as it was evident that the lack of the key success factors in the subsidiary also deprived it from a long-term strategic outlook of the industry.

On the basis of this study it could be tentatively argued that the key success factors as such do not represent special competence areas that lead to competitive advantages in project business. Rather, they could be considered as fundamental antecedents for strategic attempts to further the project marketer's position in the industry network. This strengthening of the network position, if strategically aligned with the project marketers offering may then lead into better competitive positions contra the competition. However, all such activities must be sensitive to the effects of the industry milieu, as the specific milieu characteristics may be of such substantial nature, that if not addressed, other project marketing competencies may become jeopardized. This was described in the interplay between the key success factors for project marketers, which represent areas of project marketing capabilities linked to each other and in a higher context the ability of a firm to undertake strategic activities in project business in a specific milieu. In other words, the key success factors proposed in the project marketing literature seem not to provide advantage in vacuums, but they do form a platform for the strategic development of the project marketer when present simultaneously and utilized systematically given a deliberated fit with the contextual milieu.

The discourse in project marketing has long since echoed a lack of sufficient knowledge and understanding of the phenomena for the establishing of a theoretical corpus (Cova & Holstius, 1993; Skaates & Tikkanen, 2003). This state, however, has become a somewhat persistent state of affairs. Myriads of case studies have not been able to uncover solid consistencies in the phenomena, and at present this study consists of a humble addition to that list. However, further analysis of how the currently identified key success factors shape the case horizons may shed better light in how project marketers actually operate in different contexts. The notion of the varying contexts, here milieus, in project marketing is highly challenging. Also in this study, it was found that the effects of the particular milieu may be stronger in determining (at least the short-term) the performance of the firm even if it was devoid of practically every one of the key success factor presented in the project marketing literature. Perhaps this is what makes finding common themes in the case studies in project marketing difficult. Further measures may need to be taken to uncover the actual phenomena related to the project marketing activities of any particular firm – to same time both understand but still separate it from the effects of the milieu at the same time. We need understanding about the most substantial effects of particular industry milieu scenarios and how project marketers need to build competencies (key success factors) in accordance to both the most relevant macro-effects of the milieu (such as overheated market states) and the cultural “milieu effects” (small tacit laws of the milieu which may have substantial implications if left without attention).

Recommendations for further research

This was a case in the construction industry where milieu effects may be more formidable than in other project business industries that are not as traditional and established. To further uncover the applicability and interplay of the key success factors in project marketing, they must also be examined in different contexts. Project marketing takes highly different and potentially incomparable forms depending on the industries and milieus (Alajoutsijärvi et al. 2007). Additionally, such research must be very sensitive to the power of the milieu, as it may be the milieu itself that dictates the ways the project marketer is forced to operate. A potential interesting avenue of study would be the categorization of the most prominent characteristics in different project marketing milieus and also further considering “milieu exceptions” small cultural details that carry substantial implications for business performance (f. ex. certain wall element materials are not exchanged in the Czech construction marketplace because there existed an embedded cultural deterrence from utilizing them).

Additionally, this study raises interest for further evaluating the incentives project business corporations have implemented. This study suggests that incentives for the achievement of the key success factors must be carefully planned, or the outcome may constitute of a vicious cycle where inadequacies in specific key success factors affect the potential for the development of other ones.

REFERENCES

Alajoutsijärvi K., Mainela T., Salminen R., Ulkuniemi P. 2007. Ambiguous Nature of Project Business – How the Project Business Companies Try to Deal with Project Business Characteristics, 23rd annual IMP-conference proceedings.

Cova, B., Holstius, K. 1993. How to Create Competitive Advantage in Project Business. ***Journal of Marketing Management***. Vol. 9, Pages 105-121.

Cova B., Mazet F., Salle R. 1994. From competitive tendering to strategic marketing: An inductive approach for theory-building. ***Journal of Strategic Marketing***. Vol 2, Pages 29-47.

Cova B., Mazet F., Salle R. 1996. Milieu as the pertinent unit of analysis in project marketing. ***International Business Review***. Vol 5, Issue 6, Pages 647-664.

Cova B., Hoskins S. 1997. A Twin-Track Networking Approach to Project Marketing, ***European Management Journal***. Vol 15, No. 5, Pages 546-556.

Cova B., Ghauri P.N., Salle R. 2002. Project marketing: beyond competitive bidding, John Wiley, Chichester.

Cova B., Salle R. 2007. Introduction to the IMM special issue on 'Project marketing and the marketing of solutions' A comprehensive approach to project marketing and the marketing of solutions. ***Industrial Marketing Management***. Vol. 36, Issue 2, February 2007, Pages 138-146.

Cox A., Thompson I. (1997) 'Fit for purpose' contractual relations: determining a theoretical framework for construction projects. ***European Journal of Purchasing and Supply Management***. Vol 3, 127-135.

Crespin-Mazet F., Ghauri P. 2007. Co-development as a marketing strategy in the construction industry. ***Industrial Marketing Management***. Vol 36, Issue 2, February 2007, Pages 158-172.

Dorée A. 1997. Construction procurement by Dutch Municipalities. ***Journal of Construction Management***. Vol. 3, Issue 3, Pages 78-88.

Dubois A., Gadde L-E. (2000) Supply strategy and network effects – purchasing behaviour in the construction industry. ***European Journal of Purchasing & Supply Management***. Vol. 6, April 2000, Pages 207-215.

Gunter B., Bonaccorsi A. 1996. Project Marketing and Systems Selling – In Search of Frameworks and Insights. ***International Business Review***. Vol. 5, No. 6, Pages 531-536.

Hadjikhani A. 1996. Project Marketing and the Management of Discontinuity. ***International Business Review***. Vol. 5, No. 3, Pages 319-336.

Huemer, L. 2004. Activating trust: The redefinition of roles and relationships in an international construction project. ***International Marketing Review***. Vol. 21, Pages 187-201.

Håkansson H., Snehota I. 1995. *Developing Relationships in Business Networks*. Routledge, London.

Mandjak T., Verež Z. 1998. The D-U-C Model and the stages of the project marketing process. In: Halinen A, Nummela N, editors. *Proceedings of the 14th IMP annual conference*, Turku, Finland; 1998. Pages 471-490.

Miles M., Huberman M. 1994. *Qualitative Data Analysis*. Thousand Oaks, California, Sage Publications.

Owusu R. 2003. *Collective Network Capability in International Project Business Networks – A Case Study of the Network for the Ashanti Electrification Project in Ghana*. Doctoral dissertation. Helsinki: Swedish School of Economics and Business Administration.

Salminen, R. T., Möller, K. E. 2004. Use of References in Industrial Bidding – A Decision Process Analysis. *Journal of Marketing Management*. Vol. 20, Pages 133-155.

Skaates M., Tikkanen H. 2003. International project marketing: an introduction to the INPM approach. *International Journal of Project Management*. Vol. 21, Issue 7, October 2003, Pages 503-510.

Thompson I., Cox A., Anderson L. 1998. Contracting strategies for the project environment. *European Journal of Purchasing and Supply Management*. Vol. 4, Pages 31-41.

Tikkanen, H., Kujala, J., Artto, K. 2007. The marketing strategy of a project-based firm: The Four Portfolios Framework. *Industrial Marketing Management*. Vol. 36, Pages 194-205.

Welch D., Welch L., Wilkinson I., Young L. 1996. Network Development in International Project Marketing and the Impact of External Facilitation. *International Business Review*. Vol. 5, No. 6, Pages 579-602.

Yin R. 1994. *Case Study Research: Designs and Methods*. Newbury Park, CA, USA: Sage.