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Personal interaction and customer relationship management in project business

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Introduction

Management of project business has been seen to involve two primary levels i.e. management of projects or project portfolios and management of customer relationships (Alajoutsijärvi, 1996; Skaates, Tikkanen & Lindblom, 2002; Tikkanen, Kujala & Arto, 2006). Management at both levels is complex especially because of the uniqueness of projects and discontinuity of relationships inherent in project business (Cova & Hoskins, 1997; Mandjak & Veres, 1998). Uniqueness of projects is result of specific proposals developed to meet the specific requirements of the customers. Further uniqueness is created because of the concrete mobilization of the contractor's own resources and network, as well as non-recurring changes in the buying organization due to the project (Mandjak & Veres, 1998). Uniqueness is strengthened through the technology offered, local specifications and tailored design. The more unique the projects the more likely that intense interaction is required at personal level between many individuals from both organisations.

The role of personal interaction can also be suggested as a central means for managing the discontinuity, i.e. sleeping relationship phase (Hadjikhani, 1996), of project business relationships. When the economic relationship between the business parties ends together with the project completion, the personal relationships often remain and may be to be utilized in the future project bidding (cf. Havila & Wilkinson, 2002). Therefore, social relationships and personal interaction are important determinants of project business management.

Personal interaction has been defined as a key element of interaction between organisations already in the Interaction Approach (Håkansson, 1982). It brings to the fore the interpersonal level of analysis and the social relationships as person level ties between individuals. Organizational relationships are always a result of the actions of the individuals representing the organizations (Granovetter, 1985) and social relationships form the channel for business making (Halinen & Törnroos, 1998). Thus, all the organizational developments are inevitably related to the behavior of the managers over time, i.e. the individual-level actions in temporal contexts (Easton & Araujo, 1994). In discontinuous project business relationships, which concern unique deliveries, personal interaction can be emphasised in relationship management. In the end of a specific project the relationship is always at stake and success and failure at individual level are likely to be reflected in the continuation of the relationship (see Halinen & Salmi, 2001). However, personal interaction and social relationships have received scant attention in research on project business.

In the present study our aim is to examine the role of personal interaction in customer relationship management in project business. We answer the research question: How is the personal interaction intertwined with the management of customer relationships in project business? We take into account both the management of the customer relationship as a whole and the management of single projects.

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We search the essence of personal interaction at both levels of project business management. We connect the extensive knowledge on interactions in business relationships with research on social interaction in particular to enrich our understanding of the customer relationship management in project business. In the empirical part of the study we examine two different kinds of project business firms. One provides highly tailored technological solutions to process industry and the other professional services to process industry. Through comparing these two project business firms we are able to capture the nature and variety of situations where personal interaction is related to the customer relationship management in project business. We illustrate that the essence of personal interaction in project business is being close to the customer despite the sleeping phase in the business relationship and the person-centred expertise in project management.

Customer relationships in project business

Customer-supplier interaction and social relationships

As a basic assumption of the Industrial Marketing and Purchasing (IMP) research can be seen that between organizations exist relationships that are organized patterns of interaction and interdependence (Ford, Håkansson & Johanson, 1986; Håkansson 1982; Johanson & Mattsson 1987; Håkansson & Snehota, 2000). The core of a relationship is the interaction process through which the tasks of exchange are carried out (Möller & Wilson, 1995). The interactions start with short-term episodes of exchanges with business, social or informational content between the firms. As a result of an organization's exchange processes with other actors, relationships develop that link the resources and activities of one party with those of another. When connecting the resources and activities the organizations become interdependent, something that is further strengthened by adaptation processes. The dynamic day-to-day interactions form the basis of relationships of a more long-term and stable nature with economic, technical, legal, informational and social bonds.

The IMP research (e.g. Håkansson, 1982; Håkansson & Snehota, 1995; Ford, 1997) typically describes close, open, mutually trusting and respecting business relationships. These descriptions can be seen intimately related to the person level interactions between the representatives of the companies. Thus, organizational behaviour is always a result of the actions of the individuals representing the organizations (Ford et al., 1986; Granovetter, 1985). The interaction patterns of individuals and norms as indications of expected behaviour at the individual level have an influence on the organizational structures, strategies and routines (Lilljegen, 1988). Personal networks and social structures can actually be the reason why identical economic or technical problems get different solutions (Granovetter, 1992).

Sociologists and anthropologists have long studied the linkages between individuals and how the relationship networks aid in actions and provide order and meaning in social life (Powell & Smith-Doerr, 1994). The interest in social relationships in business context can be seen to have shorter history. Still the IMP research has always acknowledged the social dimension of the business relationships. Already Håkansson (1982) emphasized the individual level interaction that is affected by e.g. the personalities, experience and attitudes of the persons involved and both Ford Håkansson and Johanson (1986) and Håkansson and Snehota (1989) defined relationships as webs of interactive relationships between individuals in the companies.

Halinen and Salmi (2001) have given the social relationships basic and special functions in business relationships and emphasized both their positive and possibly negative influences. Mainela (2007) defined four different levels of social relationships which are needed and activated in different needs. In the end, the social relationships bring forth the person-level interaction required, for example, to form a channel for business dealings, to transfer information and skills, to create power structures, to solve problems, to exchange social values and to demonstrate commitment and credibility (Halinen & Törnroos, 1998; Håkansson, 1982; Uzzi, 1997). This means that social interaction basically

underlies all the more organizational market, technological and political interactions in business relationships (see also Easton & Araujo 1994). The economic exchange is barely able to rid itself of the non-economic exchange baggage, such as social exchange, kinship and friendship networks, altruism and gift giving (Easton & Araujo, 1994). The non-economic aspects of relationships, i.e. the social interactions, have even been noted to serve to downplay the contribution of price in determining the behaviour of the two parties (Uzzi, 1997). The interpersonal interaction is an important basis for relationship development as well as it is a basis for inconsistencies in the business relationships (Ford et al., 1986; Fisher, 2007).

A lot of the importance of social interactions in business is centred on the concept of trust. Granovetter (1973) already emphasized that the ability of a person to trust another is hindered if there are no personal ties between them. In this case, any cooperative effort becomes dependent on the existence of intermediary personal contact that can assure the trustworthiness of the other. Although as the organizational rationale for strong bonding can be seen the trust based on organizational reputation and past performance, trust is especially built by social bonds and friendship, which are established in day-to-day personal interaction (Thorelli, 1986). Also Child (2001) connects trust between organisations directly to quality of the relationships between the people who represent the organisations. He notes trust to rely either on membership in same social group and past experience related to that or on institutions like contracts and guarantees. This is a culture related issue as in so called low-trust contexts the first type of trust that builds directly on personal relationships is emphasised. Mouzas (2007) developed the conceptualization of trust in business relationships further by seeing only individuals able to trust whereas between organizations exist reliance that is non-person based and rationally calculated expectation of proper conduct by the other party.

On the other hand, conflict is an issue related to personal relationships in business. Especially there can emerge a conflict of interest between the firm and an individual representing it (Fisher, 2007) or between two individuals representing different counterparts of a business relationship (Plank & Newell, 2007). Plank and Newell (2007) emphasize that especially sales and support people of a supplier relate personally with the buyer. Therefore, when there emerges a social conflict between the persons the perception of relationship loyalty decreases.

Personal interaction in project marketing

Concerning the management of project business and especially the customer relationships of a project business firm, it has been emphasised that two levels need to be examined, the management of projects and the management of customer relationships (Alajoutsijärvi, 1996, Skaates, Tikkanen & Lindblom, 2002; Tikkanen, Kujala & Arto, 2006). The distinctive features of project marketing, the discontinuity of exchange relationships, uniqueness of projects and high level of complexity terms of the object of exchange and counterparts make the customer interface highly complicated at both levels (Cova & Hoskins, 1997; Mandjak & Veres, 1998). The importance of personal interaction in project business is evident. By definition, the selling and buying projects entails the coordination of buyer and seller activities, as the details of the project are agreed upon during extensive buyer-seller interaction (Skaates, Tikkanen & Lindblom, 2002). Already Jansson (1989) has emphasized that the crucial parts of project business are the personal contact nets. Project business is about selling of ideas, since projects exist only on paper during a large part of the time of marketing the project. The product linkage therefore comes in quite a late stage in the process. The personal interaction is integral part of the exchange especially before the actual project implementation part. In project business, the buying process involves a large number of actors with multiple roles and the distance between the requirements of each actor can be larger than in conventional organizational buying (Bonaccorsi, Pammolli & Tani 1996).

The variety of personal interaction in project business relationships has been recognised in terms of identifying potentially relevant actors in project marketing milieu (Skaates et al., 2002). Cova et al. (1996) have introduced the concept of milieu to illustrate the nature of the environment in which project business firms operate. The milieu has four elements; territory, networks of heterogeneous actors, representation constructed by these actors, as well as set of rules and norms regulating the interactions between these actors. Within the milieu, project business firms have to generate or maintain credibility and to be a part of informational and social networks. Individuals in firms do this mainly through their personal networks. The role of personal interaction can also be suggested as a central means for managing the discontinuous phase, i.e. sleeping relationship (Hadjikhani, 1996), of project business relationships. When the economic relationship between the business parties ends together with the project completion, the personal relationships often remain and may be to be utilized in the future project bidding (Havila & Wilkinson, 2002). Cova and Salle (2000) use the concept of rituals to describe the interaction during the sleeping phase of project business relationships. Actors in project business take part in various types of rituals that are actually instances of personal interaction. For example, taking part in external industry level meetings is a kind of ritual that may help in keeping the relationships alive during non-project periods. In terms of socialization related to these rituals, different milieus often represent small worlds to the persons taking part in it, something that can also be called as circles, tribes or dyads (Cova & Salle, 2000).

All these imply that the personal interaction within the projects as well as at the relationship level is complex and essential part of project business relationships. Although the existence and importance of personal interaction has been recognised in the project marketing literature as discussed, the topic has not gained a more specific research attention. Especially, the personal interaction during a project is often in the literature merely described as complex and intense, but the actual situations and essence of the social interaction during a project has not gained much research focus.

On the basis of previous research we know personal interaction and social relationships to intertwine with customer relationship management through several important ways (see Figure 1). There exist specific social exchanges between individuals from the counterpart organisations that are based on personal acting of people and result in establishment of social bonds. These exchanges, acting and bonds are influenced by the personalities, experience and attitudes of the individuals as representatives of the firms. Personal interaction is also an effective way of showing commitment and initial credibility. Interaction between several individuals is also a reason for inconsistencies in a relationship. Furthermore, personal interaction is intimately related to norms, trust and social conflict in a business relationship. In project marketing, in particular, personal interaction is emphasised in project search when personal contact nets are important for information transfer and in project selling when basically an idea needs to be sold. The business relationships in project business are noted to be kept alive primarily through personal interaction based rituals.



Figure 1. Social aspects of business relationships and project marketing.

Methodology

Case study strategy

With regard to the basic assumptions concerning the nature of reality and knowledge this study adopts the realist epistemological orientation presented by Easton (1995). It is seen that there exists a reality to be discovered and that reality is independent of us. However, reality is cognisable and accessible only through human cognition. Reality is not obvious, self-evident or transparent and therefore the researcher's main project is to discover what causal powers act in what ways in understanding the nature of examined objects. Individuals having experienced the phenomenon under study are seen to be able to tell about the reality by describing the events and their experiences of them. A challenge for a researcher is to analyse the personal accounts to form a coherent picture of the whole. All social phenomena are accepted to be concept dependent and theory-laden, which gives understanding and interpretation a central role in research. Thus, the meanings are seen to be created as an interaction of the researcher's concept system and the concept system of the object of the study.

The study represents a qualitative methodology and includes a multiple case study setting. The aim of this study is to have a holistic understanding of intertwinedness of personal interaction with the management of customer relationships in project business. The major advantage of qualitative case study method can be seen in its ability to provide a basis for acquiring a holistic view of the phenomenon (Gummesson, 1991). Case study method allows one to study the subject in its natural setting without focusing in advance on a limited number of variables. Thus different viewpoints and complex relations can be considered when they occur or if they exist. This results in rich descriptions of the routines, problematic moments and meanings in the social settings (Denzin & Lincoln, 1994).

The empirical part of the research is an explorative case study on two project business firms. One provides highly tailored technological solutions to process industry (hereafter Mining Technology Plc.) and the other professional services to process industry (hereafter Engineering Services Plc.). We chose one case from manufacturing industry and another representing service industry to be able to examine the personal interaction in presumably different project business contexts. The core of the business of the manufacturing firm is its technology and technological knowledge related to a specific production process. The professional service firm competes with its strong expertise in project management and technical engineering. From the viewpoint of the customer both firms may be involved in a same project, one as a technology provider and the other as an engineering firm. In the evaluation of the outcome of a project the customer may evaluate exactly the same result with respect to both suppliers, e.g. the functioning of a new production facility.

Data collection and analysis

The primary empirical material used in the present study consists of interviews of the managers of the selected firms (see Table 1). The key informants in the study have been the managers who deal primarily with customer relationship management in their daily work. For the case of Engineering Services Plc. we have also customer data, i.e. it includes interviews of four representatives of the customers of the project business firm. Mining Technology Plc. has been a case firm in a larger research project that focused on multiple aspects of project based and customer reference driven business. Therefore the first set of interviews analysed in the present study were made in the end of 2006 already and aimed at understanding the primary features of the business and project selling. It was then when the role of personal interaction and social relationships were noted to be a key characteristic of customer relationship management in the firm. The second set of interviews

analysed here aimed at covering the development of specific customer relationships from the viewpoint of the project business firm. As a result there exist narratives of three customer relationships. Altogether there is about eleven hours of interviews that are analysed in the present study. Engineering Services Plc. is a part of another large research project focusing on service business. The interviews have been made during spring 2009 and cover generally the selling, buying and implementation processes of projects. The data related to Engineering Services Plc. consists of altogether about nine hours of interviews.

Table 1. Interviews in the case firms.

Date	Interviewee	Length	Primary themes
Mining Technology Plc.			
6.10.2006	Vice President, one product line	65 min	General characteristics of the business, project selling process
6.10.2006	Vice President, sales & product line	70 min	General characteristics of the business, project selling process
6.10.2006	Vice President, one product line	55 min	General characteristics of the business, project selling process
6.10.2006	Vice President, sales & product line	60 min	General characteristics of the business, project selling process
12.11.2008	Senior Vice President	59 min	Customer relationship management, history and specific features of three customer relationships
12.11.2008	President, one market area	160 min	Customer relationship management, history and specific features of one customer relationships
12.11.2008	Vice President of a Division, business development	108 min	Customer relationship management, history and specific features of two customer relationships
12.11.2008	Senior Manager, marketing development	75 min	Customer relationship management, history and specific features of three customer relationships
Engineering Services Plc.			
21.1.2009	Quality Manager	87 min	General characteristics of business, project selling process
23.2.2009	Department Manager	101 min	General characteristics of business, project selling process
5.2.2009	District Manager	68 min	General characteristics of business, project selling process
13.2.2009	Office Manager	78 min	General characteristics of business, project selling process
27.2.2009	Vice President, Project Management	98 min	General characteristics of business, project selling process
28.1.2009	Factory Service Manager of customer A	76 min	Project buying process, interaction during the project
5.3.2009	Automation Specialist of customer A	79 min	Project buying process, interaction during the project
13.2.2009	Owner representative of a large industry project & Production Manager of customer B	51 min	Project buying process, interaction during the project

Soon after the interviews the recordings were transcribed word-by-word. These transcripts formed the raw data for the analysis. The raw data was imported to NVivo software that is aimed to help the qualitative data analysis. Both cases were firstly analysed separately by two researchers using so called free nodes to initially classify the data. All the instances in which the interviewees talked about personal interaction were identified and given data-based codes. At this phase the researchers came together and compared their initial findings. As a result, the essence of personal interaction at the two levels of project business management was defined; organizing for presence and expertise.

Finally, the original free nodes were classified under these two main themes and that way the specific situations of personal interaction and the contents of the interaction were defined.

Case study on two project business firms

In the following, we will first shortly describe the two case firms in terms of their general business features. Next we present the analysis of the data using the two levels of customer relationship management in project business, i.e. the relationship and the project level. In the analysis we focus on specific situations of personal interactions.

Description of the firms

Mining Technology Plc.

The case company, Mining Technology Plc, provides process technologies for the mining and metals industries worldwide. The technologies offered cover the whole variety of technologies for processing ores into pure metals. The company consists of three divisions, each of which concentrates on a certain part of the process. The company has quite recently undergone a stock listing as an independent company, but as a part of its former group its roots trace back to the first half of the previous century. The company employs some 1800 people in 18 countries.

In 2006, the company generated a turnover of some €740 million, with each division being roughly equal in terms of sales. In three years, the turnover of the company has doubled. The duration of the company's projects ranges from some 10 to 36 months. The nature of projects varies from equipment deliveries worth of some €10 million, to €3–70 million technology packages and large turnkey projects worth up to €200 million. An essential basis for the business is its proprietary technology, in a number of technologies it is a clear market leader, and in others it operates as a niche player. The customer base of the company, which includes mining and metallurgical companies, is undergoing consolidation, with a few global companies owning the vast majority of customer sites. The company does not have fully comparable competitors, but competitors who compete with a part of its portfolio.

Engineering Services Plc.

The second case company is a professional service firm providing engineering and project management services. The company operates worldwide and has operations in 45 countries and personnel about 8000. The company's turnover in 2006 was some 650 million euros and its three main business areas each represent about one third of the turnover. The company's business consists of project assignments covering the entire lifecycle of their customers' investment projects. Company provides both management consulting and technical expertise. There exist a keen global and local competition and the company has strong market position in all of its business areas. The company has a long history especially in one of its business sectors and it can make the most of the expertise generated within it and use it in other business areas.

The project of the company can vary extensively from a simple engineering service to a complex EPCM (Engineering, Procurement, Construction and Management) project and even intense management consulting. The duration of a project varies accordingly from just few weeks up to a couple of years.

Personal interaction on relationship level: organizing for presence

The Engineering Services, Plc. wants to have a strong local presence and be near to its customers. Therefore, it has offices in over 45 countries. This enables the company to operate very flexibly as customer needs start to rise; the local experts can immediately be in contact with the customer where as the large network of experts around the world can be utilised as well to particular customer needs. The company has chosen to use this type of scattered organisation based on the types of professional services it provides. The importance of personal contacts and local presence are essential throughout the project, especially from the initial phases of emerging customer needs. In some cases the local office can be only a one person office even physically located at the customer's premises. This illustrates the high importance of being personally in contact with the customer.

"In fact, the structure of our organization is such that we have a huge amount of small offices around the world. [...] We are able to provide local service there close to the customer and this can mean that we have one or two engineers there sitting at the premises of our customer. This enables us to get insights into the customer processes which allow us to come up with new ideas to improve them." Case company B, Vice President, Business Area X

Being close to the customers who have sites all over the world is an important challenge for Mining Technology Plc. also. In addition to organizing key account type of management through persons having long experience with specific customers, the local salespeople have an important role in keeping contact to local site personnel. When the service firm engineers may even sit in the premises of the customer, the key account managers and salespeople of the Mining Technology Plc. emphasize the challenge of being available and paying attention but at the same time not wearing down the relationship. The higher the level of interaction the more careful the supplier firm managers tell themselves to be. At the highest level, in the personal interaction is often question about intermediation on request as two key account managers describe.

"I need to be careful because I'm not as big a boss as he (the General Manager of customer) to not to wear down the relationship. I'm asked to the meeting when our General Manager meets the General Manager of the customer. [...] Then aim asked to visit the General Manager of the customer when they are not happy with something in our relationship. They trust that I will take the message to our General Manager or Division Heads. [...] It is important that there is a person in-between who gets to the top management of both companies. In a way, when they talk to me they trust to be talking to our General Manager." President, Market Area, Mining Technology Plc.

"In all these projects in which I have been involved it has had a kind of calming effect that the customer has had a direct, project-passing route for discussions if they are worried about something." Vice President of a Division, Business Development, Mining Technology Plc.

A very interesting type of interaction with top managers of some specific customer is the "fatherly talking-to" as illustrated in the following quotation. The fatherly talking-to is always connected to personal interaction with managers at the top level of organisational hierarchies of the customers. The personal relationships providing a channel to this have a history of several years, are based on personal level trust and personal chemistries between the parties, which enable effective trouble shooting also.

"Somehow he [General Director of the customer firm] always finds out when I'm in town. Then he invites me into a kind of fatherly talking-to, he is old man who uses the same kind of liturgy in which he tells me how important customer they are to us and what we could do better. Then if there are any problems he quickly moves to ask me to handle the problem because those kinds of problems are not allowed in our relationship." Senior Vice President, Mining Technology Plc.

On the other hand, the customer relationship management conducted by local sales and maintenance people is of different type and at different level. It can be seen as a kind of lighter interaction with intent to show availability and interest in the customer and get information as illustrated below.

“We keep regular customer contact through salespeople. We have divided the customers to different sales managers. [...] We have people in local offices, like in Mexico [the Division] has own salesman who then reports to me.” Vice President, Sales & product line, Mining Technology Plc.

“Through chat up you get some tips how they [the representatives of customer] think. It may be that it is not the viewpoint of the whole company but it is valuable to know what this person thinks. [...] view about customer’s thinking and focal net, the issues that need to be taken into account in customer’s decision making.” Vice President of a Division, Business Development, Mining Technology Plc.

To conclude, customer relationship is maintained through several types of personal relationships with different interaction contents at different levels of the supplier-customer relationship. In project business the activities of customer relationship management are of course intended to be closely connected with the project marketing and project management. However, the managers also continuously take up the difficulties of winning a deal and implementing fully satisfactory projects with long-term customers also. Therefore, project management can at least to a certain extent be seen as a separate challenge of customer relationships in project business. In the following we approach this issue from the personal interaction point of view.

Personal interaction on project level: expertise of people

Every project can be seen as a single episode in the customer relationship as a whole. Therefore, completed projects are references for further business deals as well as they are the basis for establishment of personal relationships between people at different levels of the firms.

From the customer’s perspective, the business where the Service Engineering Plc. operates is highly characterised by the trust and reliance that the customers experience towards the professional service provider and more particularly the specific experts that are involved in the projects. From the customer’s perspective, the projects can include high level of financial risks and even business secrets which puts a more emphasis on close personal relationships. Customers feel that it is safer and easier to use the service provider and the specific, already-known experts than to start negotiating everything from scratch with a new service provider. This was nicely illustrated in our data.

The cooperation between a customer and a specific expert of the service provider had a very long history. The co-operation had remained regardless of the fact that the original service firm had come in for company buyout by the service provider. The original small engineering office only provided a small part of engineering needed in typical infrastructure projects by the customer and other types of engineering services where bought from other engineering companies. After the acquisition, the small engineering company became a part of the case company which was able to offer a full range of engineering services. However, due to strong personal contacts and need to rely on good previous experiences the customer continued to buy only the specific part of engineering from this particular expert now a part of the case company.

“People don’t change even though they change the badge in their overalls. It is the same people who continue the work. [...] Yet, it the particular engineer gets sick it doesn’t help that there exist some 6000 engineers at the service provider, if they don’t know anything about our project. During a project, everything is very person centered.” Head of maintenance services at the customer organization

The need to have reliance in the project firm was also present in the way the changes in the personnel highlighted the importance of personal contacts. It is typical for a specific industry in a business-to-business context, that the circles in these are quite small; there does not exist that much organizations and persons that operate in a specific industry setting. In case of changes in personnel within these small circles, the role of personal contacts can be great as following quotation nicely illustrates. The same issue of person based experience and knowledge of the customer industry is emphasized by the

manager of Mining Technology Plc. in the second quotation. Thus, the expertise as well as customer perception of expertise is strongly person based.

“We actually have here working with us quite a lot of people who originally worked in our customer companies. Many of these people of course bring in personal relationships to us. People in our customer organizations feel that it is easy to phone your ex-colleague and ask him to provide certain services as you can rely that he knows what you need.” Case company B, Vice President, Business Area X

“Another issue is that our personnel have been hired from the plants. They have industry experience, planning experience, sales experience and project experience. So [our strength in the eyes of the customer] is sum of these two things: We have a lot of completed projects and the experience and expertise of our personnel thoroughly covers everything that is needed in a project.” Vice President, Sales & product line, Mining Technology Plc.

Separation and connectedness of the two levels of customer relationship management

Furthermore, the issue of expertise can be seen as one reason for the possible separation of the customer relationship management from the actual project management. Because of the magnitude and significant financial value of the projects of the case firms, the decisions on the projects are done carefully utilizing all the available expertise. This means that different people handle different phases or topics of negotiation and different people may be responsible of selling and then implementing the project.

“Technical people talk about technology, project managers talk about the conduction of the project, those who are responsible of investments talk about profitability and when we come to the highest level the only issues discussed is trust.” Vice President of a Division, Business Development, Mining Technology Plc.

An interesting issue where the customer relationship or key account management concretely intertwine with project management is trouble shooting in the projects. It may be either in the project selling phase or later in project implementation when specific persons are asked to solve the problems as illustrated below.

“There was a local CEO as a main negotiator with respect to price and even with my benevolence we could not agree about the price. The negotiations were in deadlock. [...] Knowing that I had made a deal with [the manager of another subsidiary of the customer] and we get well along, they [the customer] suggested that I should continue the negotiations with that manager. And we found a solution.” President, Market Area, Mining Technology Plc.

“We made a project with [a customer] in Mexico for which all the planning was made in Chile. I worked basically for the maintenance of the relationship between the companies. However, I was involved in the project when there were some problems. Then I took part in the negotiations about continuation.” Senior Vice President, Mining Technology Plc.

Figure 2 summarizes the empirical analysis. At the relationship level, the customer relationship management is focused on organizing for presence by the project business firm. In practice, in our empirical data four different ways of being close and available to the customer through personal interaction emerged. In the most intense case the representatives of the project business firm can physically be located in the customer’s premises. This allows constant information exchange regardless of the existence of on-going project activities. More occasional but regular situations for personal interaction are created through salespeople visits and customer initiated talking-to and requests for intermediations.

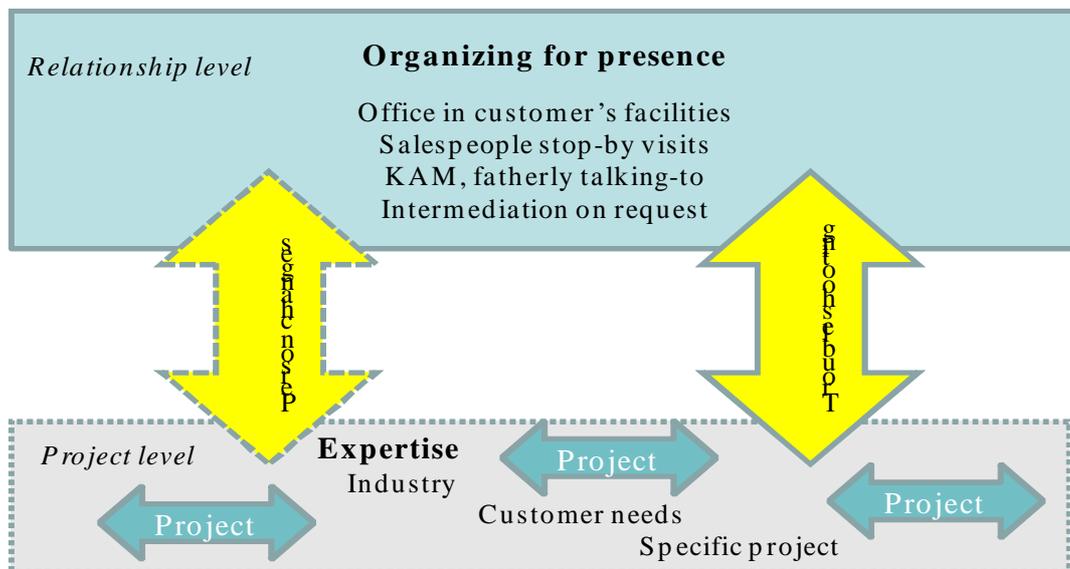


Figure 2. Essence and specific situations of personal interaction in project business management.

At the project level, the personal interaction is centred on the expertise of single individuals with respect to the project at hand. The type of expertise can be specific industry expertise valued by the customer or common history based expertise on the needs of the specific customer or the specific project. For coherent customer relationship management it is important to notice the two personal interaction-based forces that separate or connect these two levels. It seems to be typical to divide responsibilities during a project cycle to several different individuals. Although this allows for utilizing their expertise it also easily creates inconsistencies in the customer relationship as a whole. On the hand, the existence of key account manager type of persons who are specially trusted by both parties allows for effective trouble shooting with respect to single projects.

Conclusions

In the present research our aim was to find out how the personal interaction is intertwined with the management of customer relationships in project business. Relying on the previous research on interactions in business relationships, in general, and on social interaction and project business, in particular, we created an initial understanding of the social aspects of customer relationship management in project business. By empirically examining two different kinds of project business firms we aimed to capture the nature and variety of situations where personal interaction is related to the customer relationship management in project business.

As a result, we conclude that the personal interaction is intertwined with the customer relationship management primarily through two things. Firstly, the project business firm is able to be close to its customer and be present when needed both during and between projects only through individuals representing it. To be present the company can organize its units so that they are near to important customers or utilize specific situations for personal interaction (cf. rituals in Cova & Salle, 2000). Secondly, the project business is intimately centred on the expertise that is inevitably person-based. The willingness of the customer to outsource the project to a specialized supplier has been seen as the basic requirement for the existence of a project (Cova & Salle, 2005). However, the concept of expertise and its influence on customer relationship management has not been emphasised in previous research on project business. After all, already Jansson (1989) took up the lengthy phase of idea selling in project business. The idea selling can be successful only if the customer trusts on the expertise of the project business firm. In practice, the buyer typically evaluates the expertise of the individuals representing the supplier. Furthermore, the customer learns to trust on the competence of

certain experts and this may be effective in carrying over the sleeping phase between projects towards long-term relationship.

In this paper, we have opened up the concept of personal interaction and its specificities in relation to customer relationship management in project business. Although personal interaction has been touched upon in the previous research there exist only few attempts for deeply understanding its different dimensions. Although personal interaction and social relationships are hardly manageable assets for a firm the acknowledgement of the variety of situations where business and social life intertwine helps in organizing for making most of them. From the managerial point of view, the importance of these social aspects emphasises the selection of key persons for specific projects and specific tasks. It also creates a need for the firm to take care of the continuity in the relationships at the personal level and, therefore, to avoid high turnover of workers.

For further research, the present research opens up several interesting research paths. A longitudinal research approach with continuing access to certain project business firms would allow for examining the influences of person changes on both management of projects and project business relationships. Of interest would also be to compare social interactions in customer relationships that are managed through formal key account management systems and the ones that have emerged through informal personal relationships.

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