

# **Towards Relational Customer Orientation – Analysis on Internal Relationship Marketing in an Industrial Professional Organization**

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## **Abstract**

This paper presents a theoretical introduction and preliminary empirical results based on a study, the purpose of which is to analyze and further understanding on the management of relational customer orientation in an industrial professional organization. Management of relational customer orientation within an organization is called internal relationship marketing in this study.

Increased focus on close customer relationships poses new challenges for the management of customer orientation within a complex environment of industrial professional organizations. One challenge is how to design the internal organization in order to make it responsive to specific customer needs.

Theoretical basis in this study is literature of relationship marketing, internal marketing, customer orientation discourse as well as organizational studies. Empirically this study is based on a case study of an industrial professional organization.

Preliminary empirical results show that e.g. mental models of people, mainly deeply rooted technology orientation in industrial professional organization and internal fragmentation, mostly due to organizational arrangements – may cause barriers to relational customer orientation. Solutions to advance relational customer orientation are e.g. building customer oriented organizational structures where the boundaries between different expertise, functions and units are lowered. Moreover, relational customer orientation requires also strategic shift away from technology and product orientation.

## **Keywords**

relational customer orientation, internal relationship marketing, industrial professional organization.

## **Introduction**

### **Background of the study**

In the era of close customer relationships, the ability to create customer value has become the focal point of business (e.g. Jones et al. 2003). This affects the meaning of a true customer orientation in industrial professional organizations. As the business potential of installed base and close customer relationships is clearly seen (e.g. Lemon et al. 2001; Storbacka 2004) –

requires a truly customer oriented way to operate much more than beautiful expressions in an annual review. The organization – its field of know-how, processes, offering and the earning logic has to be set to support customers' value creation (e.g. Korkman 2004). In the marketing literature the discussion on the significance of close customer relationships to industrial organizations has been labeled under the notion of relationship marketing.

Relationship marketing, characterized by long-term customer relationships between producers and customers, has dominated much of the managerial and academic discussion in industrial marketing during the 1990's and the beginning of new millennium (e.g. Ford et al. 1998; Grönroos 1994; Gummesson 1999). Following changing company practices, a considerable amount of research has been carried out focusing on the relationships themselves as being the unit of analysis. There has been plenty of studies e.g. on the development of customer relationships (e.g. Dwyer et al. 1987; Ford 1982; Halinen 1997), building relationship infrastructures (e.g. Cunningham & Thurnbull 1982; Halinen 1997), customer portfolio analysis (e.g. Campbell & Cunningham 1983; Fiocca 1982), relationship profitability (e.g. Storbacka 1998), relationship value (e.g. Ravalid & Grönroos 1996), and ending relationships (e.g. Tähtinen 1998; Alajoutsijärvi et al. 2000) just to mention few of the topics in the theoretical discourse of relationship marketing. Much less attention has been paid to an issue that has equal importance for successful and customer oriented industrial marketing: the development and management of efficient intra-organizational solutions for carrying out these relationship marketing activities. "Research on relationship marketing has only made a passing reference to organizing marketing activities. The discussion concerning Key Account Management is one positive exception, but this only covers one limited aspect of it" (Möller & Rajala 1999, 523). To the rareness of the studies of relationship marketing looking into the seller organization (Kothandaraman & Wilson 2000, 340), many authors have presented supportive arguments for this type of research. Brady (2004) points out that there is little empirical evidence on executing relationship marketing strategies inside a supplier company. Workmann (2003) argues that the industrial relationship marketing research has far taken the relationship as the unit of analysis, but has not yet explicitly studied how firms internally structure to manage relationship marketing. Also Tuominen et al. (2001, 1-2) point out that "recent academic interplay between intra- and inter-firm relationship management has been limited. Hence, there exists scant prior research covering explicitly the question: what kinds of organizational forms and managerial systems sustain close customer relationships".

Several authors (e.g. Ahmed & Rafiq 2003; Ballantyne 2003 & 2004; Brady 2004; Rajala & Möller 1999; Tuominen et al. 2001; Varey & Lewis 1999; Voima 2001) have called this development and management of efficient intra-organizational solutions for carrying out relationship marketing – internal marketing, as part of relationship marketing discourse. This gives a whole new meaning to the term that has been under study in marketing discourse since the beginning of 1980's. Internal relationship marketing emphasizes that internal marketing gains legitimacy through external market relevance. In this study, internal relationship marketing is understood from the angle of managing relational customer orientation within a supplier company. Although the focus of this study is clearly inside an industrial professional organization, the external market relevance comes out from the case organization's goal towards increased relational customer orientation.

A specific context of industrial professional organization gives a special nuance to this study. Because of inherent complexity, marketing tasks in many industrial companies are becoming

very knowledge intensive. They demand highly differentiated professional skills and capabilities. This means that both the suppliers and customer companies are increasingly taking the role of professional organizations (e.g. Möller & Rajala 1999). Characteristic to professional organization is that there are flat hierarchies with a small number of managers and office staff, whereupon expert workers form the operating core and therefore the majority of the personnel. There is high horizontal job specialization among experts, organized either formally or informally into specific competence areas needed in business (Kolehmainen 2004, 89-91). A large part of the personnel of industrial professional organizations works in the customer interface. This is supported also by the fact that the expanding proportion of total offer of industrial companies nowadays is built on services, as e.g. Gummesson (2002) has pointed out. This makes the management of relational customer orientation a challenge.

This era of relationship marketing poses new challenges for the management of relational customer orientation. The key challenge is how to design the internal organization in order to make it responsive to customer needs (Homburg et al. 2002, 38). In order to meet this need, an organization's internal strategic and operational practices should be constantly developed, including its solutions and services, the organizational structure, culture and communication network, for example. Möller & Rajala (1999) point out that in industrial markets, the more complex the product or system to be exchanged, the more it is essential to find personnel with a variety of skills and competencies to ensure the development of the system, as well as selling and implementation. This tends to increase the number of organizational units involved in interactive situations within both the supplier and the buyer companies. E.g. Ojasalo (2001) argues that the coordination and management of long-term customer relationships requires support from the entire organization. In practice this means for example that participation by functions other than sales and marketing is also needed. In the coordination process, the ability to open up access to, and gain the commitment of those cross-functional resources seem to play a critical role in the success of many relationships.

### **Purpose and methodology**

The purpose of this study is to analyze and further understanding on management of relational customer orientation in an industrial professional organization. Management of relational customer orientation within an organization is called internal relationship marketing in this study.

The objective will be pursued by investigating the case organization's strategy implementation process towards increased relational customer orientation. The period examined is approximately three and a half years - from September 2002 to December 2005. Focus of the investigation won't be in the strategy implementation process as such, but on the inhibitors of relational customer orientation that the organization has or has had before the new strategy implementation, and more importantly on those solutions that have and will be made during the implementation process.

Usually in qualitative research the final and exact research questions shape up along the data analysis. Therefore, the following research questions are preliminary:

How can an industrial professional organization manage its relational customer orientation?

Two sub questions are formed in order to answer the main question:

- What kind of inhibitors is there for relational customer orientation in industrial professional organization?
- What kind of solutions can advance relational customer orientation in industrial professional organization?

The aim is to answer to both subquestions using both theoretical and empirical material, however the main emphasis will be in the empiry. The aim is to get the reality speak for itself without constraining the examination. The study utilizes abductive logic. In the research process data collection and data analysis are intertwined with literature review. The empirical research approach is an embedded single case study utilizing participant observation strategy. Although there won't be comparisons made in this study between different organizations, comparisons will be made inside the host case between different subunits of analysis. Participant observation is a field strategy that combines document analysis, interviewing, direct participation, observation and introspection (Denzin 1978 in Patton 2002). The main source of data in this study will be theme interviews with key persons in a case organization. Observation, meeting memos and data reports are used as secondary data.

The case organization is an industrial professional organization that has during the past three and a half years been systematically implementing a strategy where customer relationship management and relational customer orientation are the number one goals. During the implementation, changes in the organizational culture, structure, and operational practices has been taking place in order to support the customer orientation and long term customer relationship management.

This paper presents preliminary empirical results based on a pilot study composing of seven in-depth theme interviews that were conducted during January 2005. The transcribed data was analyzed and classified by qualitative methods with the aim of NVivo software program.

### **Defining key concepts**

In this study the key concepts are defined as follows:

#### *Relational customer orientation*

The organization – its total offering, processes, earning logic and mental models are set to support specific customers' value creation. The aim for long-term business relationship with selected customers is focal to customer orientation.

#### *Internal relationship marketing*

Managing and coordinating relational customer orientation within a supplier organization.

#### *Industrial professional organization*

Industrial knowledge intensive organization characterized by features of professional organization – flat hierarchies whereupon expert workers form the operating core and therefore the majority of the personnel. There is high horizontal job specialization among

experts organized either formally or informally into specific competence areas needed in business. A large part of personnel works in the customer interface.

### **Structure of the paper**

After introduction the paper discusses in its literature review different aspects to customer orientation, the challenges and solutions for the management of relational customer orientation in the context of industrial professional organization. After literature review the paper presents preliminary empirical results and draws conclusions.

### **Literature review**

As this research utilizes abductive research logic and aims at the increased understanding of the research phenomenon by building greatly on the empirical data, in the beginning of the research process there hasn't been a set theoretical framework. After the preliminary analyses of the first set of data, I made a decision to position this study in the industrial relationship marketing discourse. Long-term business relationships seemed to play a critical role in relation to what customer orientation means in the case organization, therefore the scantily studied aspect in the field of relationship marketing – meaning the phenomenon of managing relational customer orientation within an organization – seemed worth while a more thorough investigation. To give aspects to the phenomenon studied, other branches of theories seem relevant as well. The latest studies in the field of internal marketing are one of these, in addition to the customer orientation studies. Also organization studies, especially the ones concentrating on the phenomenon of managing professional organization are relevant to this study.

In the next sub-chapters there will be a brief introduction to the phenomenon studied in the specific context of an industrial professional organization.

### **Relational customer orientation in industrial professional organization**

Conceptualization of customer orientation has evolved from definitions of both marketing concept and market orientation. McKitterick (1957) pronounced the first widely known statement of customer orientation: "So the principal task of marketing function in a management concept is ... to be skilful in conceiving and then making the business do what suits the interest of the customer". Later King (1965) proposed in his definition of the marketing concept that the purpose of the total corporate effort should be helping consumers solve selected problems (Haijatt 2002, 428). Consistent with these early conceptualizations, customer orientation has been considered to be focal element of market orientation (e.g. Narver & Slater 1990). Narver & Slater (1990) suggest that customer orientation may play the biggest role in market orientation.

According to Helfelt et al. (2002) studies in the area of market orientation has far neglected the long-term relationship perspective. The writers point out that market orientation is always measured with reference to customers but not related to the individual customers. But in order to gain valuable, insightful and important information from the actors (i.e. customers and competitors as in market orientation), mutually beneficial relationships must be built which

are long-term oriented (Anderson 1995). With this long-term orientation, a relationship perspective is needed which is a move away from a transactional approach (Day 2000). The relationship perspective is closer to managerial level (Helfelt et al. 2002, 1123).

The links between relationship management tasks and the dimensions of market orientation are manifold. A customer orientation of a firm can be seen as an enabler for relationship activities because the firm sets focus on understanding customer's needs and is prepared to commit itself to customers. Also, employees are motivated to fulfill the relationship management tasks in order to satisfy the customer (Helfelt et al. 2002, 1123). Finally, as most relationships are handled by teams within industrial organizations (e.g. Narus & Anderson 1995) and require complex exchange, inter-functional coordination is a key to serve customers. Supporting this, Ritter (1999) argued that only an integrated communication structure in the organization (i.e. high degree of inter-functional coordination) is the key for a firm to manage its relationships (Helfelt et al. 2002, 1124).

In traditional, transactional exchanges, different functional groups could work near premise, functional goals. In contrast, relational exchanges may require more flexibility and commitment in accessing wider variety of internal organizational knowledge resources to benefit the customer. This means that an ability to conduct inter-functional cooperation may be critical in implementing relational strategy, for example (Kothandaraman & Wilson 2000, 340).

Organizing marketing in industrial companies differs from that in consumer goods companies. Due to the complexity of industrial products, a large number of people representing different types of special expertise are involved in marketing activities (Möller & Rajala 1999). Moreover, the expanding proportion of total offer of industrial companies nowadays is built on services, as e.g. Gummesson (2002) has pointed out. Due to both the complexity of industrial products and expanding proportion of services out of the total offering, intensive personal interaction is needed for carrying out business. Because of inherent complexity, marketing tasks in many industrial companies are becoming very knowledge intensive. They demand highly differentiated professional skills and capabilities. This means that both the suppliers and customer companies are increasingly taking the role of professional organizations. The more complex the solution to be exchanged, the more it is essential to find personnel with a variety of skills and competencies. This tends to increase the number of organizational units involved in interaction within both the producer and the buyer companies (Möller & Rajala 1999).

As marketing is increasingly being spread out among several organizational units, places this challenges for managing customer relationships and therefore relational customer orientation. One of the key challenges is organizing cooperation between groups of functional experts within both the supplier and the customer organization and between these organizations. According to Möller & Rajala (1999) the coordination of cooperation between different functions in an organization is a prerequisite for the efficient management of customer relationships. Also according to e.g. Brady (2004) and Narver & Slater (1990) successful implementation of marketing strategies is contingent upon the effective integration of functional units within the supplier organization. This means that coordination of interfaces between the units in the customer interface, between them and e.g. R&D, and between them and the corresponding units of customers, constitutes a key challenge in today's industrial

professional organizations, who recognize the importance of close customer relationships and where the ability to create customer value has become the focal point of business (e.g. Jones et al. 2003).

Figure 1 (compare Möller & Rajala 1999, 530) is an example of a simplified description of industrial professional organization's interactions between different units in the customer interface (Sales, Project and Service) and between them and other functions in an organization. When looking at the simplified figure, it is easy to understand the challenge of creating customer value to answer to unique customer needs. The challenge can easily be the management of customer oriented activities in business relationships.

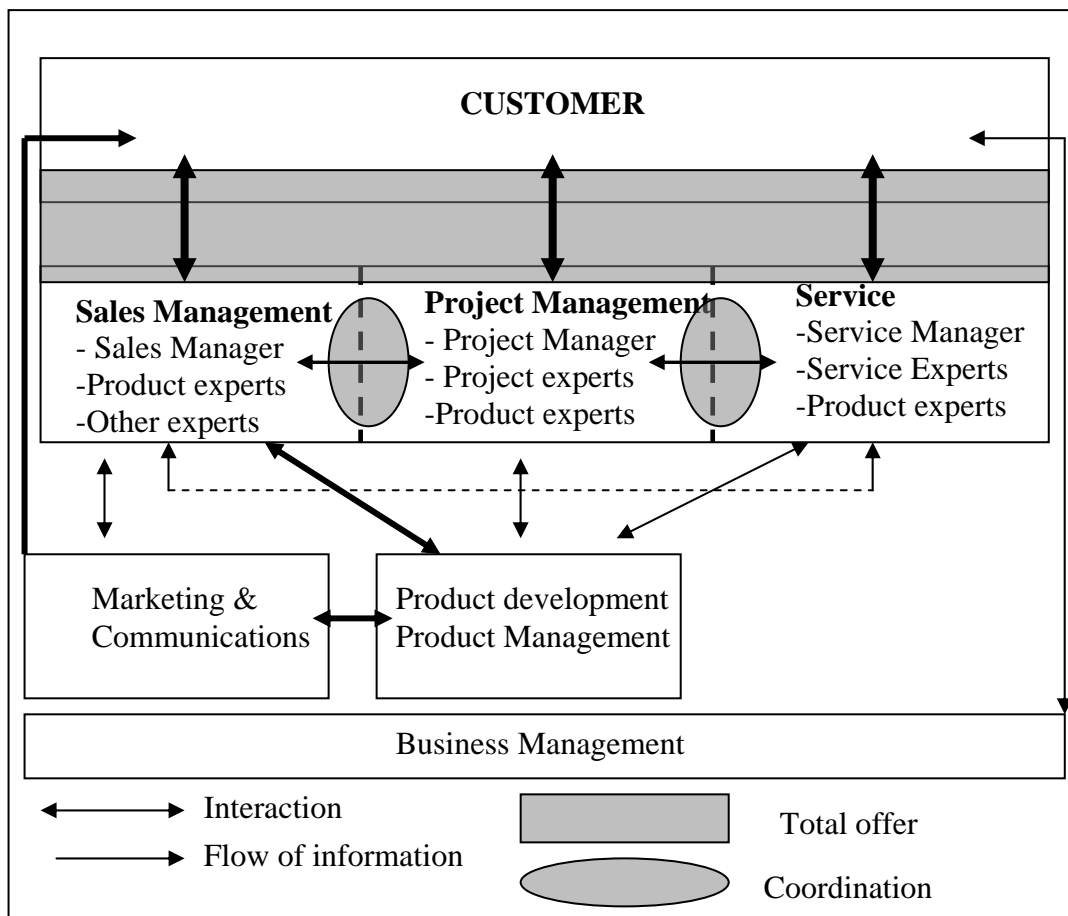


Figure 1. Interactions between different functions in an industrial organization.

### Challenges and solutions for the management of relational customer orientation within industrial professional organizations

In professional organizations, there are flat hierarchies with a small number of managers and office staff, whereupon expert workers form the operating core and therefore the majority of the personnel. There is high horizontal job specialization among experts, organized either formally or informally into specific competence areas needed in business. Behind the formal organization of business, the work of experts is many times group work or teamwork, which

is carried out within temporary projects based on client commissions. Expert work within professional organizations can be characterized by theoretical knowledge of the expertise area, with the need for contextual knowledge and experience due to high level client orientation of the services (Kolehmainen 2004, 89-91).

Professional organizations typically take the form of loosely coupled systems. The parts of such system influence each other and react to each other whilst retaining their separateness and their own characteristics. Loose coupling may appear among individuals, sub-units, and between hierarchical levels, for example (Orton & Weick 1990).

### *Challenges*

The greater the technological complexity and knowledge intensity of the solution delivered, the higher the level of tacit knowledge involved in product development, marketing and the implementation of the system. This tends to impede the communication between actors having a different knowledge basis or logic. Communication barriers exist both within the organization and between suppliers and buyers (Möller & Rajala 1999). Also Nätti & Hanttu (2003) argue that in professional organizations there are barriers to knowledge transfer. This happens because everyday activities are focused on the customer interface and it is often hard to understand the significance of this knowledge to the whole organization. E.g. Day (1994) and Starbuck (1992) point out that for professionals it may be hard to understand the significance of institutionalizing knowledge for purposes of the whole organization. Consequently, the organization's common knowledge stock may remain weak. There is no commonly shared customer knowledge, but plenty of individual-bound knowledge in its tacit form. As a result, the customer might be the only one with a complete picture of the customer relationship and customer needs

Brady (2004) argues also that there are internal barriers to efficient inter-functional coordination of customer orientation such as cultural barriers, organizational barriers, barriers at shop level, barriers at top management level. Brady's study also reveals the power of these internal barriers as inhibitors of implementing relationship marketing strategy. He argues that inter-departmental rivalry is one of the main barriers to successful inter-functional coordination. Further, Nätti & Hanttu (2003) point out in their article that biggest challenges in effective inter-functional coordination are the seller's organizational structure, organizational culture and working habits. Functionally organized expert groups might be competent in providing specific services, but lack the ability to combine expertise in order to create added value to the customer. Especially in the knowledge-intensive context, the added value produced by combining different types of expertise might be far more valuable to the customer than cost savings, for instance (Kirjavainen 1997 in Nätti & Hanttu 2003, 2).

Cooperation between experts in a professional organization may be inhibited also because of hidden status and power structures, which affect e.g. knowledge sharing and cause incoherence in the organization (e.g. Agrylis 1999). Moreover, there might be competition between professional or task-oriented groups (e.g. Thomas-Hunt et al. 2003). Also human feelings such as ambition and jealousy might inhibit the cooperation between experts (e.g. Agrylis 1999, 70). Experts in the same organization might even act competitively (e.g. Starbuck 1992).

A professional organization is a socially complex environment and in addition to physical distance in the working routines the distance may be mental as well. This supports the emergence of individualism and strong collegial subgroups. Individual experts from different functional areas are likely to diverge into their own expertise and collegial group with people they see as having similar views to themselves (Thomas-Hunt et al. 2003).

### *Solutions*

Because of knowledge intensity involved in professional organization's Möller & Rajala (1999) expect to find non-hierarchical groups such as project teams, key communicators, and teams within a business process setting in organizations. They expect teams to be the primary mode of conveying the supplier-customer relationship. If there is only a limited number of customers in business organizations, each one can be generally handled by a team containing a complete set of actors, meaning all the actors whose special competencies are needed in carrying out the business transactions and then maintaining the relationship.

According to Kolehmainen (2004, 90-91) project teams within professional organizations are not permanent organizations but based on changing client commissions. They have a clearly defined beginning, aim, implementation process and end. There are usually several separate projects going on simultaneously within a project organization. One project may also consist of several internal or external co-projects with at least some collaboration. According to Lehtinen and Palonen 1997 in Kolehmainen (2004, 90) a project group usually consists of experts from different competence areas and from different business units, depending of the demand of each commission. Project work indicates functional interdependency and requires both formal and informal interaction and mutual learning among experts and between the supplier and client as well. Expert work is based on shared expertise and responsibility for attaining the goal. A project group can include experts from one organization only, but can also cross the organizational boundaries to clients and other contractors. After finishing the commission, the project group eventually dissolves and the expert composition of the next project will usually be totally different.

Knowledge intensive work organizations challenge the traditional conceptions of control as well as of organizational commitment in many ways. The key relationships of work are no longer only those between the employer and the employee, but those between the client and the contractor, and those among the members of the project team in particular. On the one hand, knowledge-intensive expert work calls for autonomy and opportunities to influence one's own performance. On the other hand, the outcome of the work defined according to client commission is highly dependent on the work effort of the whole project group instead of that of a single worker. Work in knowledge intensive business organizations requires close and continuous co-operation both with the clients and among members of the project group. Further, experts do not take action because they are told to do so, to satisfy their superiors or for the benefit of reward only. New motivators are goals, innovation and being part of creating something significant (Tappscott 1998; Frenkel et al. 1999; Alvesson 2000 in Kolehmainen 2004, 92). The features of project work emphasize both spontaneous, communicative co-operation among experts and the need for formally organized coordination (Kolehmainen 2004, 91).

The main focus of the industrial marketing studies covering the solutions for coordinating customer relationship management has been suggesting Key Account Management (KAM)

solutions as the answer to the coordination challenge. Key account managers have coordination tasks at a higher strategic level involving the co-ordination of dispersed value-adding activities, and at the operational level involving the co-ordination of internal resources (Millman 1996, 638). In the professional organization, this means combining different types of expertise in order to create the best possible solution for a key account's need, for example. Thus, managing internal networks in the expert organization is a critical task from the value-creation point of view (Nätti & Hanttu 2003). In these KAM studies the most cases studied have had a key account management systems already in use, so the focus of the study has zoomed directly to KAM. E.g. Möller & Rajala (1999) have pointed out that KAM is only one limited way of coordinating the relational customer orientation.

Brady's (2004) study had a Key Account Management (KAM) perspective only to the coordination of market orientation and relationship marketing in a company. But the results indicate that there is much more to the management of relational customer orientation than just KAM, although KAM is one important aspect:

- Significance of board and management level commitment - Top management has to affirm the importance of this KAM/ internal marketing.
- The dissemination of intelligence - Effective collection and dissemination of vital information on the state of the customer relationship.
- Strategy formulation - Substantial and continuous joint planning need to take place. The synchronization of planning across large organization is an enormous task.
- Organizational culture - The achievement of market orientation is a cultural problem, which reaches beyond issues related to organizational structures and planning.

Also according to e.g. Bollinger & Smith (2001, 14, 16) organizational culture may have an important role in the likelihood that experts will work together. Moreover, issues of control and power shape the social interaction within an organization (Roberts 2000, 439). Behavior changes as well as change in the mental models that people use is needed in order to create organizational customer orientation (Argyris 1999, 67). Building relational customer orientation, might mean renewed systems, organizational and management structures, as well as new mindset and supporting norms, for example (Day 2000). Moreover, Organization's capability to share customer specific knowledge requires internal communication channels that encourage knowledge sharing and collaboration in the organization (Grant 1997).

## **Preliminary results of the study**

In this research the most important task from the theoretical point of view is the development of theory, not the testing of it. Moreover, the specific context of industrial professional organization is in a remarkable role. The phenomenon of managing relational customer orientation within an organization might lose its depth and richness without contextual interrelation to the characteristics of organization studied.

As a main result in this study there will be a conceptual framework of managing relational customer orientation in an industrial professional organization. This conceptual framework includes possible inhibitors and solutions for relational customer orientation.

The results will be interrelated to the chosen case organization, including a case description of a process of implementing relational customer oriented strategy, inhibitors for relational customer orientation that has been in an organization as well as solutions or suggested solutions to increase relational customer orientation that have partly been implemented during the period followed.

As a results of the analyses of the first round of interviews – the pilot – and going then back to the literature, which is characteristic to abductive research logic, I chose at this point three aspects of industrial professional organization which may both inhibit or facilitate relational customer orientation of an industrial professional organization. These aspects are structure, mindset and operational practices. These aspects are intertwined and overlapping, therefore not easily separated.

Preliminary empirical show that e.g. mental models of people, mainly deeply rooted technology orientation in industrial professional organization; product oriented offer; and internal fragmentation, mostly due to organizational arrangements such as functional organizations – may cause barriers to relational customer orientation. Also individualism and strong collegial subgroups of experts may cause fragmented internal reality which is reflected to customers. This might cause e.g. multiple selling efforts to the same customer by several people and subgroups within and organization. Organizational barriers between different functions as well as e.g. individualism of experts inhibit also communication between functions. This leads to the situations where the experts working in the customer interface have individual customer specific knowledge as opposed to organization's shared customer specific knowledge.

Solutions to advance relational customer orientation are e.g. building total offer that stems from the customer needs in order to create value for the customer; and customer oriented organizational structures where the boundaries between different expertise, functions and units are lowered. This includes e.g. organizing different functions officially closer together, creating moderating operational practices such as cross-functional customer specific teams for cooperative working practices. One important factor for diminished internal fragmentation seems to be similarizing the measurement of results among different functions. Moreover, relational customer orientation requires also strategic shift away from transactional customer orientation and technology and product orientation. This means developing organizational culture as well as structure and operational practices that support cooperation among the experts. In the development and implementation of a new strategy, the engagement of personnel to strategy formulation and implementation is focal. Also the support and attitudes of the management and uniformity of messages given seem to be important as well. Preliminary results are summarized in the following tables 1 and 2.

Table 1. Inhibitors for relational customer orientation

<p><b>Structure</b></p> <ul style="list-style-type: none"> <li>- Functional organization structure <ul style="list-style-type: none"> <li>Barriers</li> <li>Competition</li> <li>Inter-departmental and inter-functional rivalry</li> <li>Incoherent control and power</li> </ul> </li> <li>- Hidden power structures</li> </ul>
<p><b>Mindset</b></p> <ul style="list-style-type: none"> <li>- Product/ technology oriented strategy and mindset <ul style="list-style-type: none"> <li>Working habits deeply rooted</li> <li>Catching customers as opposed to maintaining long term customer relationships</li> </ul> </li> <li>- Total offer <ul style="list-style-type: none"> <li>Selling technological attributes</li> <li>Services seen separately</li> </ul> </li> <li>- Fragmented organizational culture <ul style="list-style-type: none"> <li>Incoherence among views prevailing</li> </ul> </li> </ul>
<p><b>Operational practices</b></p> <ul style="list-style-type: none"> <li>- Fragmented internal reality to customer <ul style="list-style-type: none"> <li>Emergence of individualism and strong collegial subgroups</li> <li>Multiple selling efforts simultaneously by experts of the same organization</li> <li>Lack of communication between functions: <ul style="list-style-type: none"> <li>Customer specific individual knowledge as opposed to customer specific organizational knowledge</li> <li>Customer might be the only one with complete picture of customer relationship and customer needs</li> </ul> </li> </ul> </li> </ul>

Table 2. Solutions to advance relational customer orientation

<p><b>Structure</b></p> <ul style="list-style-type: none"> <li>- Customer oriented organizational structure <ul style="list-style-type: none"> <li>Boundaries between experts, units and functions lowered by official org. structures</li> <li>"Unofficial" organizational arrangements (cross-functional teams)</li> <li>Structure supporting the total offer</li> </ul> </li> <li>- Similarized measurement of results</li> </ul>
<p><b>Mindset</b></p> <ul style="list-style-type: none"> <li>- Total offer stemming from customer needs <ul style="list-style-type: none"> <li>Selling value</li> <li>Services as essential part of total offer</li> </ul> </li> <li>- Customer oriented strategy - long-term customer relationships focal <ul style="list-style-type: none"> <li>Engagement of personnel to strategy formulation and implementation</li> </ul> </li> <li>- Building customer oriented culture <ul style="list-style-type: none"> <li>Support cooperation among the experts</li> <li>Management support essential</li> </ul> </li> </ul>
<p><b>Operational practices</b></p> <ul style="list-style-type: none"> <li>- Cooperative working practices <ul style="list-style-type: none"> <li>Cross-functional customer specific teams</li> <li>Customer specific knowledge transfer - organizations knowledge stock</li> <li>Team leader selected based on closest relationship with the customer</li> </ul> </li> </ul>

## Conclusions

The era of close customer relationships within industrial business environment has made the ability to create value for specific customers the focal point of business. Customer orientation is confronted with the challenges of building long-term customer relationships where this creation of value for the customer is essential. In the industrial marketing discourse, the studies about the mentioned era are labeled under relationship marketing school of thought. The research in industrial relationship marketing has far concentrated to relationships themselves as the unit of analysis. To answer to a challenge of creating value for specific customers, means challenges within industrial organizations. However, little attention has been paid – in the industrial relationship marketing discourse – inside a supplier organization in managing relationship marketing strategies and therefore relational customer orientation. To the rareness of the studies of relationship marketing looking into the seller organization, many authors have presented supportive arguments for this type of research. Some studies that are done in this field – mainly in the service sector – have recently been named internal relationship marketing. Industrial organizations have increasingly taken the role of professional organizations. This makes the management of relational customer orientation more challenging, as in industrial professional organization a large part of the personnel works in the customer interface. Therefore it is important to e.g. organize cooperation between experts, units and functions within an organization.

The purpose of this study is to further understanding on management of relational customer orientation in an industrial professional organization. Management of relational customer orientation within an organization is called internal relationship marketing in this study. Theoretical basis in this study is literature of relationship marketing, internal marketing, customer orientation discourse as well as organizational studies. Empirically this study is based on a case study of an industrial professional organization in the field of process automation solutions. In the case company, organization's strategy implementation process towards increased relational customer orientation is followed in order to investigate the phenomenon.

This paper presents preliminary empirical results based on first round of interviews. These results show that e.g. mental models of people, mainly deeply rooted technology orientation in industrial professional organization; product-oriented offer; and internal fragmentation, mostly due to organizational arrangements – may cause barriers to relational customer orientation. Solutions to advance relational customer orientation are e.g. building total offer that stems from the customer needs in order to create value for the customer; and customer oriented organizational structures where the boundaries between different expertise, functions and units are lowered. This includes e.g. organizing different functions officially closer together, creating moderating operational practices such as cross-functional customer specific teams for cooperative working practices. One important factor for diminished internal fragmentation seems to be similarizing the measurement of results among different functions. Moreover, relational customer orientation requires also strategic shift away from technology and product orientation and transactional customer orientation. This means e.g. supporting cooperation among the experts by means of developing organizational culture as well as structure and operational practices.

The results presented in this paper are a part of an ongoing dissertation project. The first round of interviews revealed interesting aspects to the phenomenon and helped focusing attention to those aspects in the second round of interviews starting September 2005. In the second round of data collection, there has been altogether 15 theme interviews done with people working in the customer interface, R&D and product management. The main themes covered are the interviewee, total offering, customer orientation, and cooperation between functions. As secondary data, observations are done and organization's memos and official documents are analyzed.

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