



STRATHCLYDE BUSINESS SCHOOL

ON THE NATURE OF STRATEGIC
BUSINESS NETWORKS OF SWISS
SMALL AND MEDIUM
ENTERPRISES

by

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of Doctor of Business Administration

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ABSTRACT

This research aims to explore whether business networks perform the same or a similar strategic role for Small and Medium Enterprises (SME) belonging to the same context. Particularly, this research aims to explore whether such a strategic role emerges in the form of context-dependent inter-company patterns. For this purpose, two contexts were researched: the Swiss SME Finance Industry and the Swiss SME NON-Finance Industry. The Swiss SME Finance Industry represents the major context researched, with the Swiss SME NON-Finance Industry being researched to help confirm and debate the findings concerning the Swiss SME Finance Industry and so to reveal the sought-after context-dependent inter-company patterns. Thus, this research interprets the context as the combination of country (Switzerland), enterprise size (SME), and industry (Finance, NON-Finance). Therefore, the sought-after context-dependent inter-company patterns refer to the same country and enterprise size, but separate industry-related data.

This research was motivated by the researcher's personal, professional experience with SME business networks. This experience has shown to the researcher the importance of knowing contextual conditions when strategizing with business networks. Particularly, the researcher has experience that understanding contextual needs can significantly reduce 'unexpected' outcomes when implementing business network strategies. Thus, this study took place to further deepen the contextual knowledge about business networks.

This study identifies two context-related inter-company patterns—that is, two strategic networks. On the one hand, both contexts know a 'People Business Network'. On the other hand, a 'Customer Centricity Network' emerged only within the Swiss SME Finance Industry. Along with these findings, which refer to the main research aim, two major strategic activities, which connect these networks, were identified and further analysed. These strategic activities are business relationship (management) and collaboration.

Thus, this research confirms the importance of researching context-related business network strategies. This study further provides significant details, which SME executives or SME networkers should consider when developing and implementing business network strategies.

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れみちやんどうもありがとう！

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1 INTRODUCTION

1.1 About the research

This study aims to make a valuable contribution to academia and practice with regard to the strategic role of SME¹ business networks. This study endeavours to discover, first, if within a specific context SMEs follow the same or similar business network strategies and, second, if these strategies differ from context to context. Hence, this study aims to explore if SME business networks perform a strategic role for these enterprises and if this role is dependent on the context to which these SMEs belong. This research is based *a priori* on the assumption that SMEs pursue business network strategies. Last, this study expects to identify the sought-after strategic role of networks in the form of context-related inter-company patterns, as explained subsequently.

This strategic role is interpreted as an intended way these SMEs manage their business networks. Further, for the purpose of this research, *managing* means these enterprises conduct specific networking activities. This interpretation follows *inter alia* a statement by Eden and Ackermann: *'the organisation (however small) will, deliberately or not, be patterning a strategic future. This future is not random or accidental, but is rather a consequence of particular ways of working and ways of thinking that belong uniquely to that organization.'* (1998, p. 21). By mapping this definition to network strategies, such particular *patterning of a strategic future* is seen as conducting strategic networking activities. Further, such strategic networking activities connect strategic networks with the scope of achieving strategic goals. Accordingly, the sought-after strategic role of networks is seen as a conjunction of strategic networking activities, the resulting strategic networks, and the aimed-at strategic goals. So, by using again the cited definition of Eden and Ackermann (1998, p. 21), but by switching the focus from the organization to the context, this research aims to discover such *patterning of a strategic future* emerges in form of inter-company patterns that **belong uniquely to the context under research**.

The researcher's expectation to discover such context-related inter-company patterns was based on the assumption that **enterprises within a specific context face similar business challenges**. Hence, **due to these context-related business challenges, enterprises might give the same importance to specific strategic goals** (Steiner 1979, Eden and Ackermann 1998). Therefore, a shared importance of goals could lead SMEs of the same context to follow the sought-after same or similar business network strategies.

¹ SME: Small and Medium Enterprises

This study is about discovery. Further, if this study does find context-related inter-company patterns with regard to the subject of research, a general statement can be provided to academia and practice: strategic networks need always be related to the context to which they belong.

This research is based on a grounded theory approach with the goal to develop an inductively derived grounded theory about a phenomenon (Corbin and Strauss 2008, p. 24). The phenomenon under research is the strategic role of business networks. The Swiss SME Finance Industry represents the major context researched, with the Swiss SME NON-Finance Industry being researched to help confirm and debate the findings concerning the Swiss SME Finance Industry. For this purpose, two case studies (Eisenhardt 1989, Yin 2003, Eisenhardt and Graebner 2007), one for each context researched, were conducted, allowing the building of a context-related theory.

1.2 The roots of the research project

The research project has its roots with the researcher's personal but professional experience. Two ventures in particular motivated the researcher to conduct doctoral research in the area of business networks. The first venture was the researcher's opportunity to co-found a small-sized IT consulting company. In this founding the researcher was, jointly with the other co-founders, in charge of defining business development strategies. As is subsequently explained in more detail, these strategies considered business networks with independent third-party companies as essential for the creation of revenues. After this first entrepreneurial experience, the researcher became an executive partner of a small-sized management consulting company. This new position again deeply involved the researcher in the company's business development strategies. Furthermore, the executive board of this company also interpreted business networks with independent third-party companies as essential for the creation of revenues.

Now, beside similarities between the company sizes and business network strategies defined, both ventures also saw similarities in the outcome of these strategies. According to the researcher, by measuring success solely on the expected creation of revenues, these business network strategies were unsuccessful—that is, failures. The business network strategies defined did not create revenues as expected. After these experiences, the researcher could not explain the rationales of these failures. Therefore, to better understand business networks and to find reasons for the failures experienced, this research took place.

The following subsections summarise the business network strategy model and governance chosen by these two companies. Thereafter, the researcher's personal experience with these strategies, and so the motivation to conduct this doctoral study, are illustrated. The last subsection outlines the potential audience of this research.

1.2.1 The business network strategy model

Both focal companies—the IT and the Management consulting companies—primarily aimed to develop a business network for the distribution of their products and services. This network of distribution channels (network partners) was to benefit not only the focal companies but also the network partners.

First, for their own advantage, the focal companies identified a major benefit when defining this strategy. Basically, with each new network partner the focal companies could incrementally increase their customer base and, by doing so, incrementally increase their sales opportunities. Therefore, this strategy mainly aimed to benefit the focal companies' expansion strategy. The resources required (such as people or infrastructure) to expand were automatically provided by each network partner. Accordingly, costs for these resources were held by the network partners. So, this expansion strategy aimed to create higher revenues through an increased customer base combined with low expansion costs.

Second, the focal companies were convinced that offering unique products and services to network partners would benefit their differentiation. Through this differentiation, the focal companies strongly believed they were offering a major opportunity to the network partners to gain competitive advantages. Further, investments and therefore costs required for the development and maintenance of these products and services were held by the focal companies. So, the focal companies' value proposition was to offer high competitive advantages combined with low investment costs to their network partners.

1.2.2 The network governance

Both focal companies aimed to keep the network governance as simple as possible. Particularly, neither focal company intended to have unnecessary obligations towards its network partners. The focal companies especially aimed to eliminate any legal obligation towards their network partners. Therefore, both focal companies opted to follow informal business relationships, or loose connections, with their network partners. These loose connections were based on letters of intent which described general but not mandatory expectations of the partnership. Thus, the parties involved in the partnership did not respond to any legal obligation. Further, following loose connections ensured the independence of the network partners. Hence, the network partners could benefit by

keeping their power of decision. The focal companies saw ensuring such independence and power of decision as key to eliminating hesitations which could hinder companies from participation in the partnership.

However, both focal companies, and particularly the management consulting company, interpreted these loose connections as too weak to make such a network work. So, from their perspective, a dilemma emerged. On the one hand, the focal companies did not want to respond to any obligations because of the partnership. On the other hand, the focal companies aimed to ensure independence, but with *strong* loose connections. To handle this dilemma the focal companies, and again particularly the management company, invested significant time and effort in networking activities with their network partners. These networking activities consisted *inter alia* of keeping regular contact with network partners, organising personal meetings and private events such as weekend trips, and ensuring regular advice and guidance on products and services offered. With these networking activities, the focal companies believed they would strengthen the loose connections with their network partners and so facilitate the selling of the focal companies' products and services.

1.2.3 Experiences with the network

When implementing this business network strategy, two particular attitudes of potential and participating network partners attracted the attention of the researcher. First, a vast number of the potential network partners contacted showed a dismissive attitude towards the network model proposed. Basically, when presenting the network model, the focal companies found only a very limited response. Specifically, most companies contacted did not see any added value the network model could bring to their business. Consequently, numerous companies contacted could not be convinced to join the partnership.

Second, a majority of network partners which joined the partnership did not show any commitment after joining. Further, the networking activities conducted were unable to change this attitude. Therefore, because of this lack of commitment, the expectations of the focal companies were not met. Furthermore, the network partners seemed to expect major effort from the focal companies to create new business opportunities for them. Thus, as explained in the previous section, both situations led to the same result: the focal companies' business network strategies did not create the expected revenues.

During and following these experiences, the researcher started to analyse and eliminate possible sources of failure. These analyses led the researcher to eliminate a particular source immediately—namely, the quality of products and services offered. Specifically,

the researcher eliminated the option that these products and services were of poor quality and hence third-party companies were not interested in them. The rationale for this elimination was based on the fact that both focal companies could generate business with these products and services. Thus, demand was generally available and so turnover and profits could be created. Hence, a market for these products and services existed. Therefore, the researcher particularly began to analyse the business network strategy and governance proposed.

Both focal companies were extensively focussed on developing their own ideas and expectations. Market needs, particularly those of potential network partners, were not analysed at all. Therefore, a possible mismatch between the business network strategy proposed and the potential partners' needs was never analysed. So, the researcher identified a possible source of failure, which was followed by a major question: how could the focal companies know if their defined business network strategy was of interest to other companies or not? Furthermore, the focal companies represented two different industries, one IT and one management consulting. So, the researcher raised a further question: why should a similar network strategy fit within two different contexts?

Based on these two initial questions and according to the details in the introduction, the researcher developed two further questions which led this study. First, do SMEs follow business network strategies at all? Second, if such business network strategies exist, do they vary between different contexts? This last question implicitly includes a further question: if such business network strategies exist, do SMEs within the same context share the same or similar strategies?

Before starting this study, the researcher was convinced that answers to these research questions would help SME executives in analysing and developing promising business network strategies. Furthermore, the results of this research could also prevent SME executives from repeating the same experience of the researcher and so prevent them from investing time and effort in unpromising initiatives with business networks.

1.3 The starting position of the research project

The researcher's experience with business networks represents the starting position and first set of knowledge that the researcher considered to structure this study. This particular knowledge is interpreted as the researcher's personal understanding of business networks. Now, this personal understanding was used to build a conceptual model that could support the researcher in identifying areas seen as relevant to this research. The base of this

conceptual model is a *seed*, which illustrates areas to be researched, according to Figure 1 below:

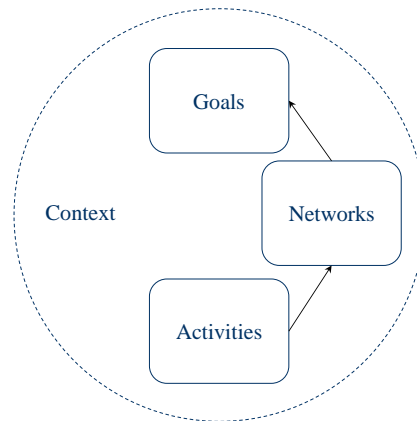


Figure 1: The 'seed' of the conceptual model development

Figure 1 (The 'seed' of the conceptual model development) contains a group comprising three areas, specifically *activities*, *networks* and *goals*.) contains a group comprising three areas, specifically activities, networks, and goals. The dotted circle illustrates the context to which these areas belong. Thus, based on this first figure, **the researcher aims to identify context-related networking activities** (conducted by the researched companies) which connect **context-related networks** required to achieve **context-related goals**.

Based on the constellation of this seed and the initial questions provided in the previous section, the researcher started a personal sense-making process. Through this process, the researcher particularly aimed to

- › structure his personal thoughts and understanding about the subject under research, and so
- › identify and prioritise areas of interest and therefore first questions which could be considered to start this research.

This sense-making process was done in form of a monologue, which led a pre-research conceptual development, as presented in detail in chapter 3 (Pre-research conceptual development). A first and pre-research literature review, as presented in chapter 4 (Pre-Research Literature Review), further supported the researcher in identifying additional questions to be considered for this research. As explained in detail in chapter 2 (Research Methodology), both the pre-research conceptual development and literature review represent the research preparation essential in order to start the intended grounded theory research. Further details concerning structure and content of this research are presented in following section.

1.4 Document structure and content

The document structure follows the previously mentioned grounded research approach. The starting chapter of this documentation is represented—after this short introduction—by the research methodology chapter. Thereafter, the other chapters follow, as illustrated in Figure 2 and explained subsequently.

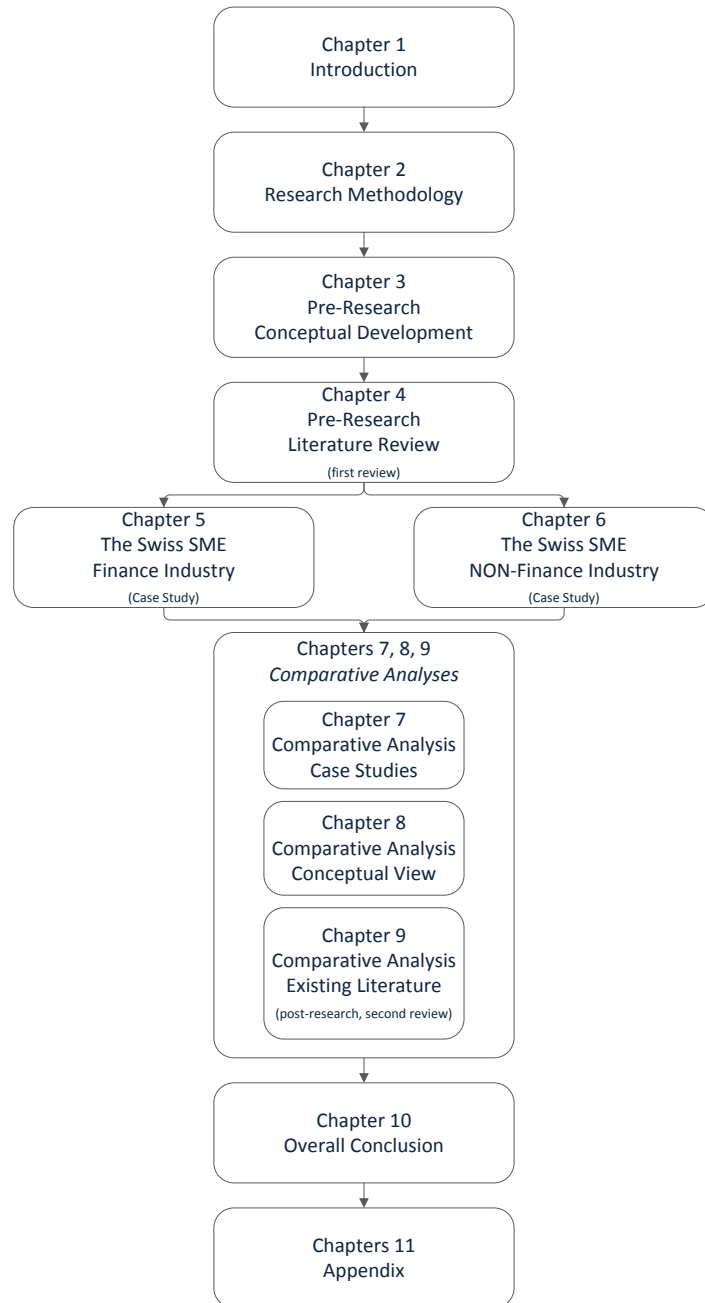


Figure 2: Overview of document structure

Chapter 1 – Introduction

Chapter 1 introduces the research, including intended audiences, research rationale, and the researcher's starting position.

Chapter 2 – Research Methodology

Chapter 2 describes in detail how this study was approached and refers particularly to the chosen research methods, research philosophy, data collection, and data analysis.

Accordingly, this chapter explains *inter alia*:

- › the role of the pre-research conceptual development as illustrated in chapter 3 (Pre-Research Conceptual Development), including the rationale for conducting this conceptual development before a literature review; and
- › the rationale to split the literature review into two parts—namely, a first, pre-research literature review, as presented in chapter 4 (Pre-Research Literature Review), and a second, post-research literature review, which was conducted for the comparative analysis as presented in chapter 9 (Comparative Analysis of Existing Literature).

This chapter also includes the details of the software tools used for this study.

Chapter 3 – Pre-Research Conceptual Development

In the form of a monologue, this chapter provides key details concerning the development of the conceptual view, including corresponding thoughts, reflections, and conclusions. The conceptual development focuses on discussing concepts of the seed presented above and extending this seed with comments and questions to be considered for the research.

Chapter 4 – Pre-Research Literature Review

This first literature review refers to a first set of identified literature which supported the researcher in achieving a broader understanding of the subject under research before starting the fieldwork. Explicitly, with this pre-research literature the researcher aimed to identify and formulate additional questions which could be used for the field research. A second, post-research literature review is provided in chapter 9 (Comparative Analysis of Existing Literature). This post-research review represents a more comprehensive and systematic literature review, which is based on the findings of this research.

Chapter 5 – Case Study: The Swiss SME Finance Industry

This chapter includes the complete case study of the Swiss SME Finance industry, including the corresponding analysis and conclusion.

Chapter 6 – Case Study: The Swiss SME NON-Finance Industry

This chapter includes the complete case study of the Swiss SME NON-Finance industry, including the corresponding analysis and conclusion.

Chapter 7, 8, and 9 – Comparative analyses

These chapters include all details concerning the comparative analyses conducted:

- › **Chapter 7** gives the comparative (cross-case) analysis of the Swiss SME Finance Industry case study with the case study of the Swiss SME NON-Finance Industry. Particularly, this cross-case analysis uses the case study of the Swiss SME NON-Finance Industry to help confirm and debate the findings of the Swiss SME Finance Industry case study.
- › **Chapter 8** gives the comparative analysis of the Swiss SME Finance Industry case study with the researcher's initial conceptual view.
- › **Chapter 9** gives the comparative analysis of the Swiss SME Finance Industry case study with existing literature. This literature review represents a more comprehensive and systematic literature review, which is based on the findings of this research.

Chapter 10 – Overall Conclusion

This chapter contains the overall conclusion and illustrates implications, theoretical and practical.

Chapter 11 – Appendix

The appendix contains all listings such as list of tables, list of figures and list of literature references.

2 RESEARCH METHODOLOGY

2.1 Chapter outline

This chapter provides details of three major objectives. First, it identifies fundamental aspects which were considered when choosing the research method in this study. This also includes relevant concerns about the implications of adopting the chosen research method. Second, it describes the chosen research method with its focus on data collection. Third, it describes the adopted data analysis process, including relevant details about software used.

2.2 Considerations in selecting an appropriate research method

The selection of an appropriate research method was mainly driven by the researchers' starting position, objectives and opportunity to conduct this research. These factors represent:

- › personal experience (starting position)
- › nature and aim of the research (objectives)
- › access to data (opportunity)

Figure 3 below illustrates these factors:

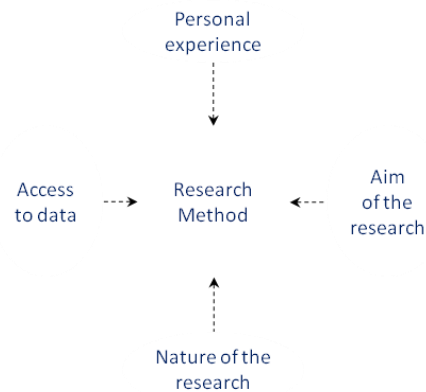


Figure 3: Factors that influenced the selection of a research method

The researcher paid particular attention to the philosophical implications of this study. Thus, the researcher considered both the ontological and epistemological positions (Remenyi, Williams et al. 1998, Saunders, Lewis et al. 2007). The following sections will provide detail of these considerations: first, providing details of the influencing factors and second the philosophical position.

2.3 Personal experience

In choosing this research method, the personal experience provided the researcher with both opportunities and risks that will require further attention, as described in the following sections.

2.3.1 Professional experience: The opportunity

The researcher's professional experience offers insight into this study. The researcher sees in this professional experience a major advantage for defining appropriate boundaries within which this research must take place. The researcher's hands-on experience with networks supports him in providing a view that initiates and assists the data collection process. The researcher synthesized this hands-on experience in the form of a monologue and a conceptual development as illustrated in chapter 3 (Pre-Research Conceptual Development). The need for this conceptual view is supported with two major rationales. First, the conceptual view supports the researcher in defining areas that according to his stance need to be explored and thus clarifies his perspective and bias. Second, developing this view represents a convenient process that enables the researcher to identify and define the first set of questions, which are required to start this study. With this process reflecting on the researcher's experience and analysing his thoughts, the researcher believes that questions emerge which require further attention. Hence, the conceptual view, including its development, is seen by the researcher as the trigger that enables him to start his fieldwork.

2.3.2 Professional experience: The risk

The researcher regards in the opportunity also a major risk. The researcher is aware that his experience with networks could result in him conducting a strongly subjective driven study. Accordingly, the researcher is aware that his experience could lead him to focus mainly on his subjective priorities and interpretations of the subject under research; a situation that could influence the fieldwork throughout the study. Accordingly, the risk is not only seen in the definition of the boundaries, as proposed by the conceptual view in chapter 3 (Pre-Research Conceptual Development), but mainly in the way this view would be adopted within this study, i.e. the lenses through which the data would be examined.

2.3.3 *Professional experience: Conclusion*

Both opportunities and risks affected the philosophical implications and the selection of an appropriate research method. The researcher believes that the philosophical implications, as discussed in chapter 2.6 (Ontological and epistemological considerations) and the selection of the research method, as described in chapter 2.7 (Applied research method), capitalise on the opportunities and manage risks in an appropriate manner. Particularly, for the theory-building the researcher believes that the adopted research method, through the combination of a grounded theory and case study approach as described in chapter 2.7.3 (The integration of Case Studies and Grounded Theory), helps reduce ‘subjectivity’ and raise ‘objectivity’ for this research.

2.4 Nature and aim of the research

The nature and aim of this research are closely connected. Both affected preferences in defining an appropriate research method. The researcher’s aim was defined by two statements, namely:

- › to discover if within a specific context SMEs follow similar or different network strategies.
- and
- › to endeavour to discover if these network strategies differ from context to context.

Hence, this study aims to explore the network phenomenon within a specific context, the context of the Swiss SME Finance Industry. The sought phenomenon the researcher is referring to can be seen as a contemporary phenomenon within its real life context (Yin 2003, p. 13). Since the second statement refers to a ‘difference’ from context to context, the research method needs to provide the opportunity to compare, analyse and contextualise related data. For the purpose of this study, the second context refers to the Swiss SME NON-Finance Industry. Thus, it compares the Swiss SME Finance Industry with a Swiss SME NON-Finance Industry and reveals possible inter-company patterns that belong to the Swiss SME Finance Industry.

The nature of this research, identifying context-related network strategies, is based on the principle of discovering ‘what for’ and ‘why’ these SMEs strategize with networks (Eisenhardt and Graebner 2007). There is no hypothesis that needs to be tested. The study is based accordingly on the principle of:

- › first understanding ‘what is going on’ within these contexts;
and then
- › exploring the differences between the, as well as with existing literature.

The aim and nature of this study ‘dictate’ these principles, which need to be considered for the selection of an appropriate research method. Therefore, the researcher needs a method that allows first to develop theory and second to compare it with existing theory to make the aimed contribution to academia and practice. Hence, the research method needs to support this mix of theory building (induction) (Corbin and Strauss 2008) and comparing context related data (Eisenhardt and Graebner 2007).

2.5 Access to data

The last major factor that influenced the researcher’s decision in identifying an appropriate research method was access to data. Access to data mainly refers to two elements, namely:

- › Access to data sources
- › Time available

The networks the researcher is interested in concern *linked human beings*. These human beings represent an enterprise, the enterprise they work for. Hence, the researcher contacted those people within these enterprises who had major duty of conducting *networking* for the company they work for. The access to these people is seen by the researcher as essential. The researcher believes that those people who embody this specific role could make the highest contribution to this study and disregarding researching other employees who had different duties and responsibilities for networking represented ‘inappropriate’ data sources for this specific research. Accordingly, the researcher had to ensure access to the ‘networkers’ within the Swiss SME Finance and NON-Finance Industry.

Gaining access to these ‘networkers’ was not initially easy. However, the researcher ensured that a specific number of companies who cooperated and provided necessary access and availability.

2.6 Ontological and epistemological considerations

From a philosophical point of view both, the ontological and epistemological positions were considered for this study. These philosophies reflect the researcher's perceptions and values for this research, as it will be illustrated in the subsequent sections. The processes discussed by Guba and Lincoln (1994) essentially supported the researcher in establishing these positions. Last, the stances held by Glaser (1978) and Strauss & Corbin (1994) confirmed the researcher's positions.

2.6.1 *Ontology*

The researcher's ontology can be explained by the aim of this research. As stated, the researcher aims to discover if the strategic role of networks can be described in form of context-related inter-company patterns, and if these patterns differ from context to context.

To do so, the researcher holds the position of a constructivist. He believes that such a strategic role of networks, if it exists at all, needs to be understood within its context. Furthermore, the researcher assumes that the strategic role of network could be an 'apprehendable' reality (Guba and Lincoln 1994) but not a 'real' reality (Glaser 1978). Hence, the researcher believes that a strategic role of networks can be discovered, but this does not mean that this role will guarantee absolute validity. The researcher believes that if such a 'truth' exists, it will be *enacted* (Corbin and Strauss 1994). Corbin and Strauss further stated: "*Theories are interpretations made from given perspectives as adopted or researched by researchers*". Accordingly, with this study the researcher aims to provide views with regard to the subject under research – represented by the conceptual development as described in chapter 3 (Pre-Research Conceptual Development) – that needs to be seen as a product of the researcher's intellect but may change as the researcher becomes more informed and sophisticated (Guba and Lincoln 1994). During this process of construction, the researcher aims to maintain 'objectivity' but is aware the opportunities and risks as described in chapter 2.3 (Personal experience) represent potential bias for this research. The researcher believes that the chosen research method as described in chapter 2.7 (Applied research method), particularly by adopting a grounded theory research approach that allows him to consider and 'integrate' emergent recognition during the research, allows handling these issues in a suitable manner.

2.6.2 *Epistemology*

Knowledge that will emerge from this study will represent a construction created by the investigator and respondents (Guba and Lincoln 1994). In line with this view, the researcher believes that any findings will be literally created as the investigation proceeds.

The researcher would prefer an objective epistemology. However, due to the professional experience and personal style with networks, such a position will be achieved with difficulty. Thus, understanding the findings of this research could not mean understanding an 'observable social reality' (Remenyi, Williams et al. 1998). The researcher holds as such the critical theorist's position and is aware that he directs and designs the data collection and data analysis processes according to his personal interests with networks. Further, the priorities set in this research will be based on the researcher's subjective values regarding the subject under research. Accordingly and typical for researches, this will inevitably influence the inquiry (Guba and Lincoln 1994).

For this research, discovering patterns that could describe the sought-after strategic role of networks means accordingly: discovering patterns that reflect the researcher's values, which again are represented by the conceptual model as illustrated in chapter 3 (Pre-Research Conceptual Development). Hence, what can be known is inextricably intertwined with the interaction between the researcher and the data sources and based on this conceptual model. Such a context-related network reality, if it exists, will always reflect the researcher's personal experience with networks.

2.7 Applied research method

Such influencing factors as described in chapter 2.2 (Considerations in selecting an appropriate research method) represent the prerequisites for the choice of an appropriate research method, namely:

- › The researcher aims to create knowledge that takes cognisance of his experience with the subject under research made during his professional career.
- › The researcher wants to ensure that the initial subjective view provided can be developed to a broader objective view.
- › The researcher needs to deal with the situation in which data could be limited and time constraints do not allow pursuing longitudinal research.
- › The research method offers the opportunity to deal with stated ontological and epistemological positions.

Because of these influencing factors and requirements, the researcher adopted a Qualitative Grounded Theory approach with the use of Case Studies. The following section will explain the rationale for these choices.

2.7.1 Rationale for Grounded Theory

Grounded theory in the form of a qualitative research approach (Corbin and Strauss 2008) provides the essential 'ingredients' that fundamentally support the researcher's starting situation and research aim. Grounded theory supports the researcher's position to start with a conceptual view that allows the summarising of his personal experience with networks into a model, to develop an initial set of research questions from the model and hence can initiate the research. Additionally, the researcher has the opportunity to develop his understanding of the subject under research as the study proceeds and by considering the emerging findings. Furthermore, with a grounded approach, any new recognition that emerges during the research can directly be compared with the existing reality and provide the opportunity to progressively develop knowledge along the study. Consequently, with this inductive procedure the initial 'subjective' view can be turned into an 'objective' reality, since this approach allows considering emergent findings in the current fieldwork. This 'construction' of knowledge supports the researcher's ontological and epistemological positions as described in chapter 2.6 (Ontological and epistemological considerations). Consequently, grounded theory offers the opportunity to develop detailed information about the sought-after network phenomenon.

Through the use and the developments of codes, as explained in section 2.10.4 (Coding), along the findings of this study the researcher aims first to develop rather than confirm a theory (Glaser and Strauss 1967, Corbin and Strauss 2008). This theory can then subsequently be considered alongside the extant literature. An additional benefit that is offered with a grounded approach is that it is a qualitative research approach (amongst many). As a qualitative research method, the grounded theory approach allows use of an open coding approach (Corbin and Strauss 1994, Corbin and Strauss 2008). Open coding is seen by the researcher as an effective instrument that can help to analyse and categorise qualitative data alongside the study, so considering emerging findings and establishing reciprocal relationship between data collection, analysis and theory. The researcher thus may integrate new recognition (theory) directly in the research, as it emerges. With the categorisation, codes can support the researcher in the identification of the expected inter-company patterns. Accordingly, the researcher states also that coding should support him in identifying regularities that would describe peculiar characteristics of the strategic role of networks within Swiss SME Finance Sector.

2.7.2 Rationale for Case Studies

The use of case studies supports the researcher in different ways. First, it allows grouping the research data in logical 'units' that can be analysed independently. Second, the case study approach allows the bundling of these 'units' within a single case study. Thus, a case

study then can represent the context in which this research takes place (Yin 2003). With this mechanism the researcher sees in case studies the opportunity for separating the Swiss SME Finance Industry related data from data of another industry; for this study the Swiss SME NON-Finance Industry. Hence, case studies provide the function of bundling and analysing *context-related inter-company pattern* data from other context specific data. Case studies additionally allow the creation of theory building directly from the case studies themselves (Eisenhardt 1989, Yin 2003, Eisenhardt and Graebner 2007). Consequently, case studies are seen by the researcher as *containers* that include logical units with all necessary information for the theory building.

According to the details in chapter 2.7.3 (The integration of Case Studies and Grounded Theory) the use of case studies can be combined with the chosen grounded theory approach. Hence, the strategic role of networks can be investigated within their real-life context, as argued by Yin (2003, p. 15). Additionally, and also according to Yin (2003, p. 13), case studies are empirical inquiries that '*investigate a contemporary phenomenon within its real-life context, especially when the boundaries between phenomenon and context are not clearly evident.*' This definition is in line with the researcher's position in investigating networks, without being clear about the exact boundaries and supports the researcher's aim to identify inter-company patterns, which by context-related understanding contribute the subject under research.

Additionally, Eisenhardt (1989) provides several details of tactics that can be adopted in the case study analysis. One of these tactics is the cross-case analysis. The goal of this tactic is to select pairs of cases and then to list differences and similarities between them. Eisenhardt (1989) also states that this tactic forces researchers to look for the subtle similarities and differences between cases and that the juxtaposition of seemingly similar cases by looking for differences that can extend simplistic frames. Consequently, similarity in a seemingly different pair also could lead to a deeper understanding, and perhaps entail new categories and concepts which investigators did not anticipate (Eisenhardt 1989).

With this approach, the researcher believes to have found an ideal mechanism for seeking the expected context-related inter-company patterns of the subject under research. The chosen implementation for this cross-case analysis is a combination of replication strategy (Yin 2003) and variable-oriented strategy (Miles and Huberman 1994), as explained later in section 2.10.7 (Cross-case analysis). With this cross-case analysis the findings' generalizability (Miles and Huberman 1994) should be enhanced.

2.7.3 *The integration of Case Studies and Grounded Theory*

The researcher sees the grounded theory approach as the dominant method that guides the data-acquisition process, and thus the investigation process. Hence, with the grounded theory approach the researcher steers the data collection and data analysis process within the case studies. Case studies are required to build context-related theory. Because of the chosen case study design, these context-boundaries can be formally described. Thanks to this combined approach, the researcher believes will reduce the mentioned biases, which could emerge due to his personal experiences with the subject under research. The following research design provides further details in the use of these methods.

2.8 Applied research design

By putting together the above methodologies, the following research design emerged. The researcher opted to build an embedded multiple-case design (Yin 2003) with two cases (Swiss SME Finance Industry / Swiss SME NON-Finance Industry). Both cases include six units of analysis, which represent – each of them – a researched company. Accordingly, six companies that belong to the Swiss SME Finance Industry and six companies that do not belong to that industry were researched. The reason for choosing six companies for each case is explained in chapter 2.8.2 (Blueprint refinement: Case studies).

The research design itself should support the researcher in:

- › building theory from data (induction) with the investigation focusing on the Swiss SME Finance Industry and bundling the corresponding data in a first case study;
- › building theory from data (induction) with the investigation of the Swiss SME NON-Finance Industry, including the bundling of the corresponding data in a second case study;
- › putting in place a cross-case (comparative) analysis, which uses the findings of the Swiss SME NON-Finance Industry case to help confirm and debate the findings of the Swiss SME Finance Industry.
- › giving substance to the researcher's conceptual developments, as illustrated later on in chapter 3 (Pre-Research Conceptual Development);
- › comparing the emergent findings with existing literature;
- and
- › building an overall conclusion/framework, which provides useful know-how for both academic and practitioner audiences.

The following sections will provide more details of the research design. Using a top down approach, the researcher first provides details of a high-level blueprint that illustrates this explained approach. Thereafter, the details of the blueprint are provided.

2.8.1 High-level blueprint

Figure 4 below includes all relevant areas with the exception of the role of the conceptual view, which will be illustrated later in this section.

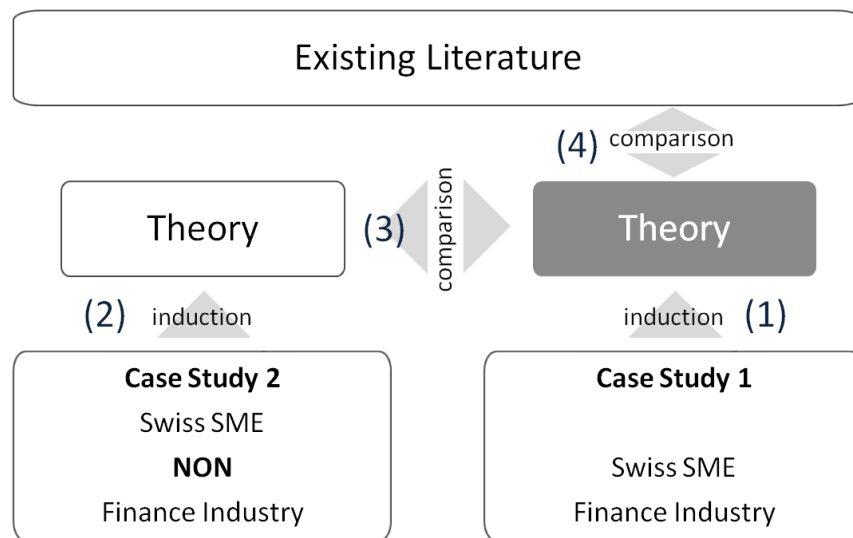


Figure 4: High-level – not finalised – research design blueprint

2.8.2 Blueprint refinement: Case studies

As stated the researcher conducted his research by using an embedded multiple-case design. Yin (2003) states that a multiple-case design could be useful, when the same study includes more than one case. According to the given high-level blueprint definition, this study includes two cases, namely:

- › Case 1: The Swiss SME Finance Industry
and
- › Case 2: The Swiss SME NON-Finance Industry

According to Yin's definition, case studies in an embedded multiple-case design can be distinguished through specific contextual variables (Yin 2003). The context variable that distinguishes the case studies in this research is represented by the Industry. The motivation to use this distinction is explained by the researcher's objectives as explained in chapter 1.1 (About the research).

For this study, both cases include six of such embedded units of analysis. Figure 5 below shows the exact set-up – units of analysis – of each of the two cases:

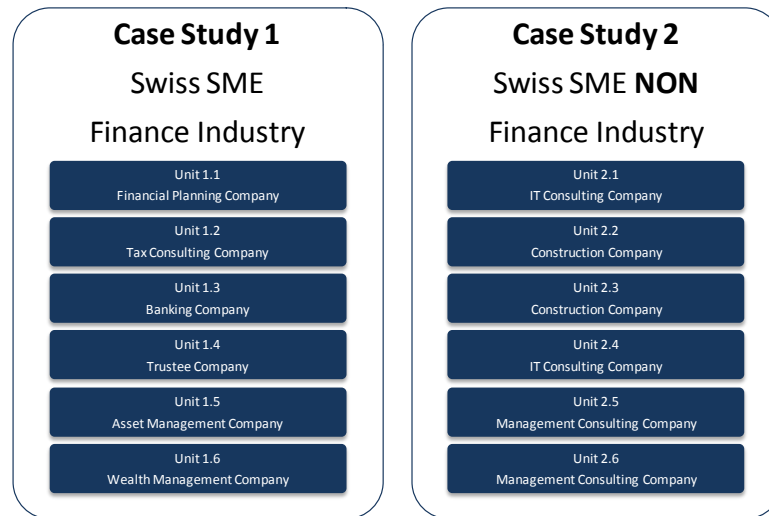


Figure 5: Case Study details – Embedded Units of Analysis

Case Study 1 refers to the Swiss SME Finance Industry and includes six units of analysis, namely a:

- › Financial Consulting Company
- › Tax Consulting Company
- › Banking Company (Branch)
- › Trustee Company
- › Asset Management Company
- › Wealth Management Company

Case Study 2 refers to the Swiss SME NON-Finance Industry and includes six units of analysis, namely:

- › Two IT Consulting Companies
- › Two Management Consulting Companies
- › Two Construction Companies

The fact that the researcher chose six units of analysis for each case is purely coincidental and emerges from the researcher's access possibilities to companies. The fact that there are two companies of the same industry, within the NON-Finance Industry, is also purely

coincidental and does not provide any further implications for this research and its definitions, since all of them belong to the overall category ‘NON-Finance Industry’.

According to these facts the high-level blueprint changes in following manner:

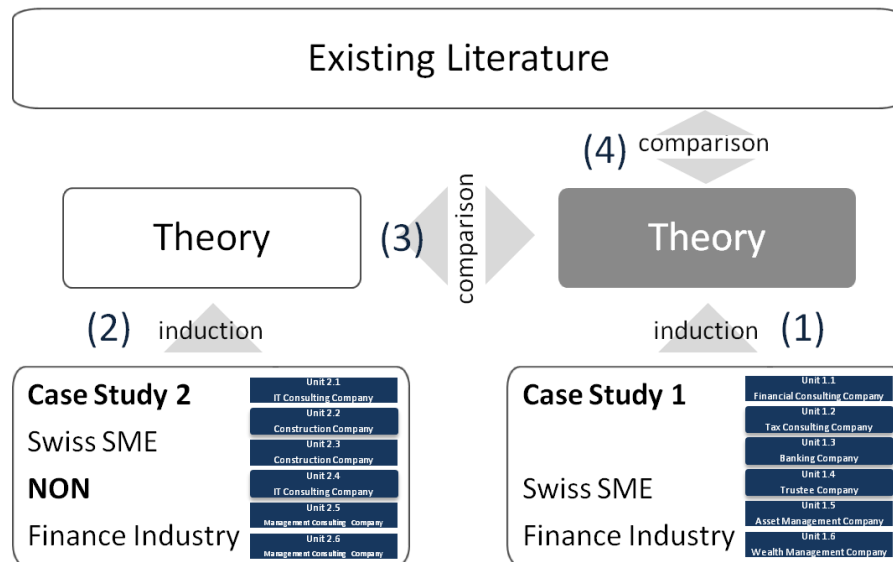


Figure 6: High-level blueprint including units of analysis

This figure illustrates the research design from the stage where the data is available. The next step focuses on the refinement of the blueprint by integrating details within the data collection, as illustrated in the next section.

2.8.3 *Blueprint refinement: Data collection*

The data collection process has to ensure that the grounded approach can be pursued according to the details in chapter 2.7.1 (Rationale for Grounded Theory). Accordingly, this put the researcher in the position to opt for a data collection mechanism that had the flexibility to be modified along the research, according to the findings of the research. The data collection and data analysis thus have reciprocal dependency. New findings that emerge during the data analysis need to be integrated in the form of new questions in the data collection process. With this interaction between collection and analysis, the researcher follows the grounded approach as illustrated earlier in chapter 2.7.1 (Rationale for Grounded Theory). In this regard the researcher stated: *‘with a grounded approach, any new recognition that emerges during the research can directly be compared with the existing reality and provide the opportunity to progressively develop knowledge along the study’*.

Figure 7 below, at this stage, is ‘de-coupled’ from the previous presented diagram and illustrates at this moment solely the data collection process. The link to the previous figure will be explained subsequently.

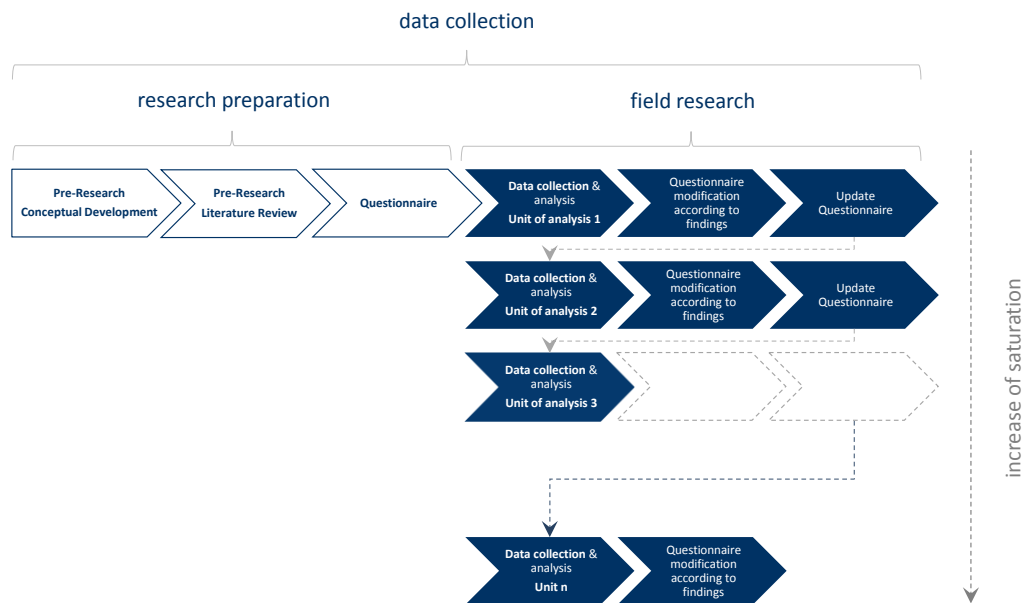


Figure 7: Overview data collection process

Two major areas characterise the process, the area of the *research preparation* and the *field research*. The research preparation area is represented by the researcher’s pre-research conceptual development, which includes the researcher’s professional experience and the pre-research literature review. This area also represents a first ‘data reduction’ (as explained in detail later in chapter 2.10.1 (Data reduction) which leads to a first set of questions used for the semi-structured interviews, as explained later in section 2.9.2 (Semi-structured interviews). The field research area on the right represents the dynamic, respectively evolving part. This area represents the area where the reciprocal dependency between data collection and data analysis takes place.

For the final blue print, the data collection areas ‘research preparation’ and ‘field research’ will be illustrated in following manner:

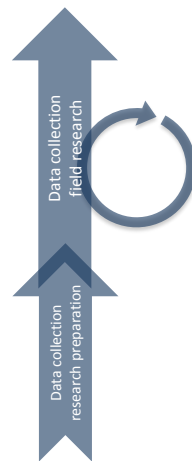


Figure 8: Major areas data collection process

Figure 8 illustrates from the bottom to the top first an arrow, which represents the research preparation. Thereafter, a second arrow, which represents the field research, is illustrated. The circular arrow symbolises the continuous interaction between data collection and data analysis, according to the details given at the beginning of this section.

2.8.4 *Research preparation*

The preparation area is split between a conceptual view and a first set of questions and provides the researcher with the opportunity to conduct the field research. To identify relevant questions the researcher opted to conduct a monologue to support him in identifying areas that need to be explored. According to the details in chapter 2.3.1 (Professional experience: The opportunity), this monologue refers to his ordering of *professional experience* (Coulter 1999) with the subject under research. As described in section 2.3.2 (Professional experience: The risk) the use of this view can imply some specific risks. To address these potential implications and steer the research to a more objective dimension, the researcher conducted a pre-research literature review. With this review, the researcher aimed to identify further areas to be explored and extended the outcome of the conceptual view. Consequently, the conceptual view is based upon two different sources, professional experience and the pre-research literature review, which led to a first set of questions. The creation of the conceptual view, including the creation of the first set of research questions are explained in chapter 3 (Pre-Research Conceptual Development). The literature review and its integration in this initial position are explained in chapter 4 (Pre-Research Literature Review).

Figure 9 below illustrates the single components of the initial position, including their dependencies:

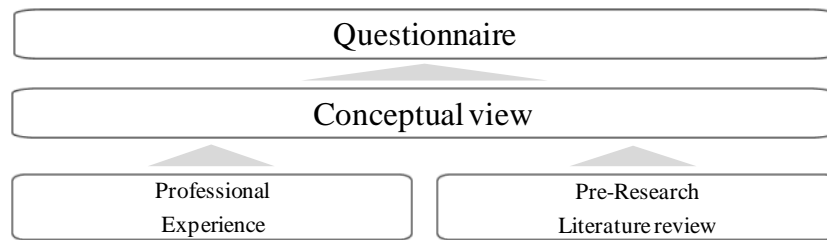


Figure 9: Details of field research preparation

2.8.5 *Field research*

The field research refers to the interaction between data collection and a first data analysis, according to the details given in the introduction of this chapter. Hence, the data collection and data analysis refer to two specific situations. First, the analysis refers to the perception that emerges during the data collection itself. After each single unit of analysis, the researcher adjusts the data collection process by changing the current set-up according to the then current findings. Second, a deeper analysis after the data collection of the corresponding unit of analysis also influences questions to be asked.

2.8.6 Final blueprint

Figure 10 below integrates all items, which together build the final blue print of this research:

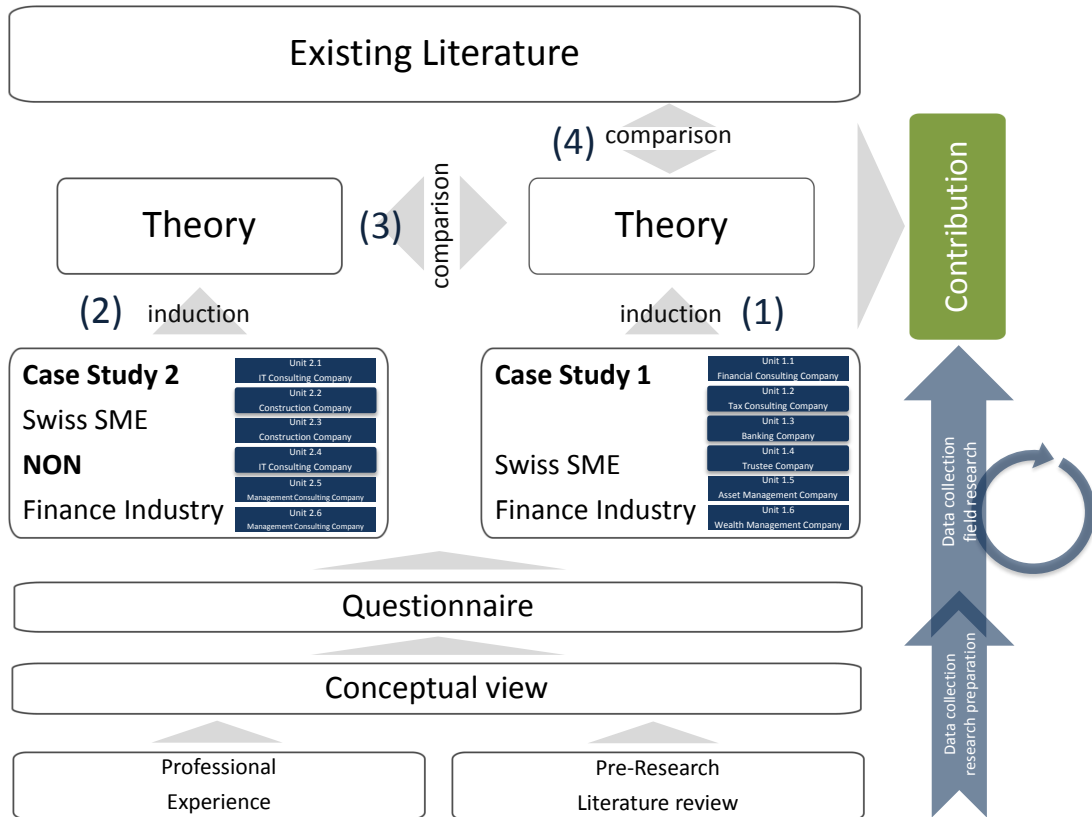


Figure 10: Final Blueprint Research Design

2.9 Data sources

2.9.1 Primary data

Primary data represents the data source of this study. The researcher adopted a qualitative research approach based on semi-structured interviews and also considered observations and additional data, as illustrated later in section 2.9.3 (Additional primary data and observations), from the researched companies themselves as primary sources.

2.9.2 Semi-structured interviews

With the use of semi-structured interviews, the researcher saw following major opportunities:

- › the chance to provide a first set of formulated questions, derived from the conceptual view as described in chapter 3 (Pre-Research Conceptual Development);
- › the chance to bring up new questions according to the findings emerged during the field research;
and hence
- › the chance to pursue the grounded theory approach and ensuring data collection and data analysis can be performed as described in chapter 2.8.2 (Blueprint refinement: Case studies);

The researcher conducted for each of the units of analysis at least two interviews with the interviewee according to following design:

- › Step 1: Preparation and introduction in the field of research
 - › This also included a first interview about the research.
- › Step 2: Conducting the in-depth interview
 - › This step focused on the data collection according to the semi-structured interview approach.
- › Step 3: Whenever possible, reviewing the findings with the interviewee.

With this design, the researcher aimed to make sure the interviewees understood the goal of the research (step 1) and the data collected (step 2) was documented and understood by the researcher as meant by the interviewees (step 3). Details of these semi structured interviews, such as duration and frequency, are provided together with the cases studies in chapter 5 (The Swiss SME Finance Industry) and chapter 6 (The Swiss SME NON-Finance Industry).

Initially in the research, the researcher focussed on taking interview notes. The notes referred to the questions asked and the corresponding answers. If there were any unusual reactions from the interviewee, the researcher noted them (as explained later on in chapter 2.9.3 (Additional primary data and observations)). After a first set of interviews, the researcher opted to change the approach and instead recorded the complete interviews. This change was needed because the researcher spent valuable time during the interviews with taking notes instead of focusing on the interviews themselves. Hence, by only taking notes the researcher saw a major risk to miss important details of the interview. Therefore, to eliminate this risk, after the first three interviews the researcher started to record all interviews to be conducted, always with the agreement of interviewees.

The interviews were all conducted in German, explicitly Swiss German and transcribed in English. The researcher translated truthfully and according to his ability in the English language. Whenever there were uncertainties, the researcher left the original comment in the German language within the transcription. This procedure did not provide any major implications since the transcribed sentences could only change in sense of *used words* but not in sense of *meaning*. Accordingly, in cases where ‘typical’ Swiss German expressions were used by the interviewees, the researcher left a corresponding non-translated note in the transcription to ensure the effective meaning was considered during the data analysis.

2.9.3 Additional primary data and observations

Additional primary data was collected during the interview, but also by reviewing available information on the internet as, for instance, on the companies’ homepages. With a few questions during the interview the researcher tried to understand how the interviewees became ‘networkers’, what other professional experiences they had as well as other general information about the current company, such as size of the company, foundation, including their position.

The researcher during the interviews was usually observing the interviewees’ behaviour, voice or chosen expressions. There was no pre-defined system in place. These observations were noted with a short description of the corresponding reactions, such as ‘agitated reaction’, ‘had to reflect for a while’ or ‘spontaneous smiling’. With this use of observation, the researcher only noted certain reactions captured from the interviewee, details which were then used during the data analysis. Hence, a noted observation meant to the researcher only that a specific part of the interview might require more attention for the analysis. Where such notes were taken, the researcher reviewed the recordings with

particular attention to understand reasons for that reactions and possible implications to the collected data, such as giving more or less importance to the given statements.

2.10 Approach on data analysis

The following approach to data analysis was chosen by the researcher to support him in giving sense to the collected data and exploring possible inter-company patterns within it. The researcher adopted a combination of qualitative analysis, with particular emphasis on coding (Miles and Huberman 1994, Corbin and Strauss 2008), causal mapping (Ackermann, Eden et al. 2004), spray diagrams (Buzan 1974) and comparative analysis (cross-case analysis) (Eisenhardt 1989). The overall model that supported this analysis is based on the model as provided by Miles and Huberman and is defined as '*Our View of Qualitative Analysis*' (1994, p. 10). This model supported the researcher's research design, as illustrated in Figure 10 (Final Blueprint Research Design) as well as the data collection process illustrated in Figure 7 (Overview data collection process).

The model as proposed by Miles and Huberman defines concurrent flows of activity:

- › Data reduction
- › Data display
and
- › Conclusion drawing and verification

The following sections illustrate how the researcher followed this model for the purpose of this study.

2.10.1 Data reduction

'Data reduction refers to the process of selecting, simplifying, abstracting and transforming the data that appear in written-up field notes or transcriptions' (Miles and Huberman 1994, p. 10). Furthermore, data reduction starts even before the data are actually collected. Miles and Huberman define this phase of data reduction as the 'anticipatory data reduction' (1994, p. 10). According to their definition, the anticipatory data reduction includes *inter alia* the definition of a conceptual view, the definition of research questions, and the data collection approaches to be used.

In line with this definition and this study, the data reduction of this study starts with the research preparation as illustrated in Figure 10 (Final Blueprint Research Design). The research preparation is built by the researcher's development of a conceptual model and by the pre-research literature review. As stated in chapter 2.8.4 (Research preparation) the

researcher aimed to commence the research with a preliminary set of formalised questions. Hence, this first data reduction supported the researcher in achieving the goal.

The data reduction process continues throughout the fieldwork and lasts until the final report (Miles and Huberman 1994). Miles and Huberman also state that data can be reduced and transformed in many different ways, including writing summaries or coding. Hence, the data reduction within this study particularly includes:

- › the development of a conceptual model as illustrated in chapter 3 (Pre-Research Conceptual Development);
- › the causal mapping for the conceptual development in chapter 3 (Pre-Research Conceptual Development), conducted as described in chapter 2.10.6 (Causal maps);
- › the pre-research literature review as described in chapter 4 (Pre-Research Literature Review);
- › the completion of the interviews, including the translation from German into English and the simultaneously conducted transcription of the data as described in chapter 2.9.2 (Semi-structured interviews);
- › the coding of empirical data which led to spray diagrams, conducted as described in chapter 2.10.4 (Coding) and chapter 2.10.5 (Spray diagrams);
- and
- › the cross case analysis conducted, as described in chapter 7 (Comparative Analysis).

2.10.2 Data display

In a similar manner to data reduction, data display is not separated from analysis but a part of it (Miles and Huberman 1994, p. 11). According to Miles and Huberman, data display is an organised, compressed assembly of information that permits conclusion drawing and action. Usually in qualitative analysis, the most frequent form of display is extended text (Miles and Huberman 1994, p. 11). The transcribed data represents also for this study a major form of display.

Particularly, within this study data display is represented by:

- › the available interview data – translated and transcribed – of each single unit of analysis. Together with the transcription, the data was structured in blocks of evidence, which reflect the course of the semi structured interviews.
- and

- › the spray diagrams of each single unit of analysis, explained in detail in chapter 2.10.5 (Spray diagrams);

For the final analysis and sense-making process, these two ‘displays’ were always considered in combination with each other. The emerged spray diagrams were used to ‘navigate’ through the data for the identification of inter-company patterns. Specifically, this navigation and identification of inter-company patterns process was always supported with the review of the transcribed data, to ensure spray diagrams could be fully understood. This comparison was necessary since the transcriptions contained deeper details of the collected data.

For the context (case study) level and for the identification of context-related inter-company patterns the spray diagrams provided major support to the researcher. Emergent concepts within each single unit of analysis that had shared properties, respectively referred to the same issue, were combined in separate maps. These separate maps represent as such groups of concepts, which indicate a particular phenomenon.

2.10.3 Conclusion drawing and verification

‘Conclusions are also verified as the analyst proceeds’ (Miles and Huberman 1994, p. 11). The process for conclusion-drawing in this research is represented by the single data reduction steps as illustrated before in chapter 2.10.1 (Data reduction). The researcher by going through these single steps could, for each case study, develop the conclusion as aimed for in this research. The theory building, respectively the induction, of the researched case studies is the result of this process. To derive a meaning from the researched data, the verification as stated by Miles and Huberman (1994), the researcher:

- › conducted a cross-case analysis;
- and
- › compared the findings against existing literature.

2.10.4 Coding

‘Coding is analysis’ (Miles and Huberman 1994, p. 56) and is part of the data reduction and the data display to support the conclusion drawing, as illustrated earlier in this chapter. According to Miles and Huberman (1994) codes are tags or labels for assigning units of meaning to the descriptive or inferential information, compiled during a study. The researcher opted for this method to delineate concepts to represent blocks of raw data (Corbin and Strauss 2008). Hence, codes, respectively concepts with shared properties (Corbin and Strauss 2008) were combined in categories. With this approach, the researcher

expected to bundle the data in a manner that supported the identification of inter-company patterns sought for this research. These patterns support the intended cross-case analysis with a (Eisenhardt 1989) replication strategy (Yin 2003) as described in section 2.10.7 (Cross-case analysis).

The researcher adopted an open-coding approach (Corbin and Strauss 2008). This open coding analysis focused on identifying codes which emerged from questions like “What is this (paragraph/word/sentence/...) talking about?” or “What is being referenced with this paragraph/word/sentence/...?”. Thus, these emerged codes could usually be attached to words, phrases, and sentences or whole paragraphs, connected or unconnected to a specific setting (Miles and Huberman 1994). Codes, that referred to the before mentioned shared properties, were interpreted as ‘key codes’ to this research were used as ‘key variables’ for the intended variable-oriented comparison (Miles and Huberman 1994, p. 175) as explained in section 2.10.7 (Cross-case analysis).

The coding was first conducted independently for each case study. Only thereafter, the cross-case (comparative) analysis, as explained in chapter 2.10.7 (Cross-case analysis), was conducted. This coding was supported by Decision Explorer as described in chapter 2.11.1 (Decision Explorer®) to build spray diagrams, as described in chapter 2.10.5 (Spray diagrams). Details about coding-reliability are provided together with the spray diagrams in the next section.

2.10.5 Spray diagrams

Spray diagrams (Buzan 1974) refer to a form of data display as described in chapter 2.10.2 (Data display). The used spray diagrams ‘visualise’ the information of the collected and as stated earlier, help ‘navigate’ through the data for the identification of the inter-company patterns. According to the coding in the earlier chapter, the researcher opted for this method to delineate concepts to represent blocks of raw data (Corbin and Strauss 2008). Hence, codes with shared properties (Corbin and Strauss 2008) were combined in categories.

To increase the reliability of these spray diagrams, the researcher conducted reviews with other reviewers, such as other doctoral student, working colleagues and – whenever possible – the interviewees themselves. During these reviews the researcher had to explain how these codes (spray diagram concepts) emerged and what they meant. Whenever a particular choice could not be defended by the researcher, the researcher and the corresponding reviewer aimed to find an agreement for a more suitable code.

There were totally two reviews over the three years study period with student colleagues. Additionally on six occasions the researcher could review these codes with working colleagues and on four occasions with the interviewees themselves. The *intercoder* reliability (Miles and Huberman 1994) could be improved with each single review.

2.10.6 Causal maps

Causal maps (Ackermann, Eden et al. 2004) provided to the researcher a major functional capability within the data analysis. This functionality refers to data reduction as described in chapter 2.10.1 (Data reduction), particularly to the support and conceptual thinking of the researcher's ideas and thoughts as documented in chapter 3 (Pre-Research Conceptual Development). Casual maps provided an ideal technique that could provide the researcher with a 'mind analysis', obviously about his own mind. Ackermann and Eden (2004, p. xv) stated "... *people need tools and techniques to help them think effectively about what to do in complex issue areas ...*". In line with this statement and as explained later in detail in chapter 3 (Pre-Research Conceptual Development), with casual maps the researcher used the technique to illustrate what was important to him. The researcher believes that causal mapping supported him in identifying research relevant areas and to provide a preliminary set of formalised questions.

The mapping process of causal maps was supported by *Decision Explorer*® as described in chapter 2.11.1 (Decision Explorer®). Created maps are provided within the cases studies.

2.10.7 Cross-case analysis

Generally, the cross-case (comparative) analysis explored possible similarities and differences between the researched case studies (Eisenhardt 1989). Specifically, this cross-case analysis uses the findings of the Swiss SME NON-Finance Industry case to help confirm and debate the findings of the Swiss SME Finance Industry.

Details of the rationale that explains the researcher decision to opt for this analysis are provided within the research methods section 2.7.2 (Rationale for Case Studies). This comparative analysis was conducted on the findings that emerged through the whole data analysis process, namely data reduction, data display and conclusion drawing. The 'leading', respectively 'dominant' data display that supported the comparative analysis were the emerged spray diagrams as discussed in chapter 2.10.5 (Spray diagrams).

The emerged spray diagrams strongly supported the researcher in identifying inter-company patterns for each case study, consisting of concepts and relationships, which could be compared. Thus, these inter-company patterns were used to lead the comparison

of both case studies. The chosen approach for this analysis is a combination of replication strategy (Yin 2003) and variable-oriented strategy (Miles and Huberman 1994). The replication strategy focuses on examination of matches between the inter-company patterns of both case studies. Hence, the aim of this replication strategy is to see whether found pattern matches and if they share some configurations (Miles and Huberman 1994, p. 174). The variable oriented strategy examines ‘key codes’ of these inter-company patterns and as such are interpreted as ‘key variables’ to this research (Miles and Huberman 1994, p. 175). As explained in chapter 2.10.5 (Spray diagrams) these codes are represented by the spray diagram concepts.

2.11 Software support and used tools

For this study, the researcher used computer software to support the storage, analysis and retrieval of information. Due to the software supported approach, the researcher has the opportunity to analyse the whole amount of collected qualitative data in a narrative and visual manner. Besides using a word processor that acted as the data ‘tank’, the researcher opted for an additional tool that supported him in building causal maps 2.10.6 (Causal maps), codes and spray diagrams (2.10.4 Coding, 2.10.5 Spray diagrams).

Any of these tools were generously provided for the purposes of this research by the University of Strathclyde and explained in more detail in following sections.

2.11.1 *Decision Explorer*®

Decision Explorer®² provides computer support to develop maps as illustrated in the section 2.10.6 (Causal maps). Decision Explorer® allows capture of thoughts and ideas for building e maps. Thanks to this tool, the researcher had an efficient mechanism to explore any created map and thus to efficiently deepen his understanding of the subject under research. With the use of this tool and for the purpose of this study, the researcher focused on using the basic functions. These functions were mainly the building of concepts and relationships between the concepts. Similar to codes, a concept refers to a particular issue within the data. Where codes mostly refer to single words, a concept describes broad a specific circumstance that can be found within the transcribed data.

2.11.2 *Endnote*

Endnote³ is a software tool that allowed the researcher to create a customised study oriented library that could be referenced at any time. Read literature could be stored in Endnote and annotated with personal notes. This tool again provided huge improvements to

² Homepage: <http://www.banxia.com>

³ Homepage: <http://www.endnote.com>

the researcher's efficiency. Due to fast access to read literature, including corresponding notes and fast integration into the word processor, the researcher could save much time.

2.12 Summary

The adopted research method for this study is a combination of Grounded Theory (Corbin and Strauss 2008) and Case Study (Eisenhardt 1989, Yin 2003). The combination of these methods broadly supported the researcher's objectives and expectations in this study. On the one hand, this research intends to develop theory from data. With this inductive approach, the researcher aims to explore the network phenomenon within a specific context without providing any hypothesis. To support this aim, the researcher opted for the grounded theory approach. On the other hand, this research aims to develop context related theory and to compare this theory with existing literature. The use of the embedded multiple-case study design (Yin 2003) highly supported the researcher in bundling the data in a useful manner.

The researcher saw the major benefits in using grounded theory and case studies in:

- › building theory from data (induction) with the investigation focusing on the Swiss SME Finance Industry and bundling the corresponding data in a first case study;
- › building theory from data (induction) with the investigation of the Swiss SME NON-Finance industry, including the bundling of the corresponding data in a second case study;
- › putting in place a cross-case (comparative) analysis, which uses the findings of the Swiss SME NON-Finance Industry case to help confirm and debate the findings of the Swiss SME Finance Industry.
- › giving a substance to the researcher's conceptual developments, as illustrated later on in chapter 3 (Pre-Research Conceptual Development);
- › comparing the emergent findings with existing literature;
- and
- › building an overall conclusion/framework, which provides useful know-how for both academic and practitioner audiences.

The researcher decided to package the data with an embedded multiple-case design (Yin 2003) by using two case studies, namely:

- › a case study about the Swiss SME Finance Industry;
- and
- › a case study about the Swiss SME NON-Finance Industry.

Both case studies include six units of analysis, which represent – each of them – a researched company. This means, six companies belong to the Swiss SME Finance Industry and six companies do not belong to that industry, called as the NON-Finance Industry.

The final part of this chapter provided the details in regard how the analysis was approached in detail. The overall model that supported this analysis is based on a the model as provided by Miles and Huberman which is defined as '*Our View of Qualitative Analysis*' (1994, p. 10). This model which knows data reduction, data display and conclusion drawing and verification, strongly supported the researcher's research design, as illustrated in Figure 10 (Final Blueprint Research Design), as well as the data collection process as illustrated in Figure 7 (Overview data collection process). The techniques used for the date display were the coding technique of the qualitative data (Miles and Huberman 1994), the causal mapping technique (Ackermann, Eden et al. 2004) and spray diagram technique (Buzan 1974). These techniques supported the data display part and were only used in combination with the transcribed research data. To support causal mapping and the development of spray diagrams the researcher opted for software support of Decision Explorer®.

3 PRE-RESEARCH CONCEPTUAL DEVELOPMENT

3.1 Chapter outline

This chapter provides details about the conceptual development the researcher made before starting the fieldwork. The chapter starts with explaining the ‘seed’ of this development, which represents the ‘lens’ through which this study was approached. This seed is symbolized by Figure 1 (The ‘seed’ of the conceptual model development) as illustrated in the introduction chapter. Within this explanation details regarding the seed’s components, namely the concepts ‘goals’, ‘networks’, ‘activities’, and ‘context’ including their relationships are presented. In providing these details the researcher illustrates the sense-making process he conducted to bundle his thoughts and ideas about the subject under research.

This sense-making process is made with a monologue (Coulter 1999) and is supported by the development of a *base map*. The chapter also illustrates how the researcher used causal map technique (Ackermann, Eden et al. 2004) to develop this base map which in the final version includes key concepts and first questions considered for starting the fieldwork. With this approach the researcher follows the research design as described in chapter 2.8 (Applied research design).

3.2 Approach on the conceptual development

According to the research preparation stage, as described in chapter 2.8.4 (Research preparation), the aim of the pre-research conceptual development is to make sense to the researcher’s personal experience with networks. This sense-making process starts with the development of Figure 11 (Research ‘lens’ – symbolic view), as illustrated subsequently. To illustrate the researcher’s thoughts behind this figure, the researcher extends the figure to a causal map (Ackermann, Eden et al. 2004) named Base map 1 (Research ‘lens’ – initial base map view). This created causal map includes the same concepts, but with additional details about their meaning.

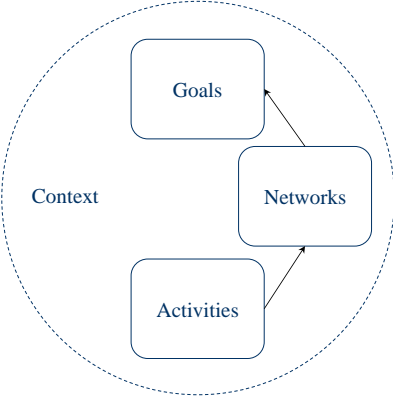
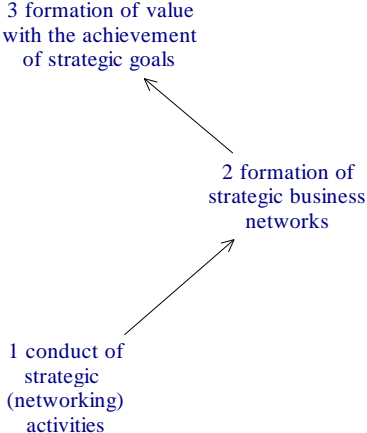
The research 'lens' – symbolic view	The research 'lens' – initial base map view
 <p data-bbox="308 712 740 734">Figure 11: Research 'lens' – symbolic view</p>	 <p data-bbox="818 712 1347 734">Base map 1: Research 'lens' – initial base map view⁴</p>

Table 1: Research 'lens' – symbolic and base map view

The research 'lens' on the left side (Figure 11) of Table 1 (Research 'lens' – symbolic and base map view) contains a group comprising three areas: activities, networks and goals which belong to a context. The base map on the right side (Base map 1), represents the same areas but with additional details. Further, Base map 1 implicitly refers to the contexts to be researched. Therefore, the explicit indication of the context is not necessary.

According to the details of Base map 1, the researcher's starting thoughts, considered for building this initial base map, were:

- › SMEs within a specific context conduct strategic (networking) activities (Base map 1: concept '1')
- › The conduct of strategic networking activities leads to the formation of strategic business networks (Base map 1: concept '2')
- › Such strategic business networks should lead to the formation of value to the SME through the achievement of strategic goals (Base map 1: concept '3')

With this transformation of the symbolic view into an initial base map, the researcher went through a first *sense-making process* of his thoughts. Thus, based on this first base map, **the researcher aims to identify context-related networking activities which connect context-related networks required to achieve context-related goals—that is, values for the researched companies.** For the further development of this base map, questions and

⁴ All concept numbers are automatically generated by Decision Explorer®, the software used for the creation of base map as mentioned in chapter 2.11.1 (Decision Explorer®). There is no particular function behind these numbers except the function of representing an identification number of the corresponding concept.

comments that refer to the base map concepts are considered. For this purpose, this chapter will further examine:

- › how this research understands the term ‘value’ (Base map 1: concept ‘3’);
- › how this research understands the term ‘networks’ (Base map 1: concept ‘2’), including networking activities (Base map 1: concept ‘1’);
- › how this research understands the link between ‘networks’ and ‘value’ (link in Base map 1 between concept ‘2’ and concept ‘3’);
- and also
- › how this research understands the term ‘context’, particularly the role of the country and industry, as well as typology of the companies researched.

3.2.1 Details developing the map concepts – extending the base map

The following table explains the concepts used for developing the base map, including the meaning of colours and arrow types:

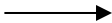
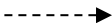
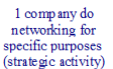
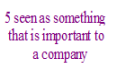
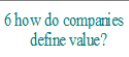
Item	Colour	Explanation
Arrow 	Black	Relationship between two concepts (a concept referring to another concept). The referring concepts thus could be a condition or a general circumstance that leads to the referred concept.
Dashed Arrow 	Black	Link to a comment or definition, which further describes the referring concept.
Concept 	Blue	A concept describes a circumstance which is seen as essential and which will be considered for this research.
Comment 	Purple	A comment that refers to a concept. Such comments are seen as important by the researcher and will be considered for the research.
Question 	Green	Refers to questions that emerged along the development of the map. These questions could represent questions, which are used by the researcher to start his investigation.

Table 2: Base map constellation

3.2.2 Approach on the conceptual development

The conceptual development focuses on discussing concepts of the base map and extending this base map with comments and questions to be considered for the research. Further, understood details, which materialised within the corresponding section, end these sections in form of *conceptual* conclusions.

The conceptual development starts first with the interpretation and role of ‘value’. Thereafter the term ‘networks’ will be interpreted, including its link to the term ‘value’. The penultimate section discusses the context. The conclusion on this conceptual development ends this chapter.

3.3 Interpretation and role of *value*

This section focuses on finding an appropriate definition of the term ‘value’. With the development of thoughts concerning this term, the researcher also aims to develop initial questions that could be used in this research.

3.3.1 *The business value of value*

For the purpose of this study, the researcher associates the term *value* to a **strategic goal**. The rationale behind this association lies in the fact that the researcher sees in a value, respectively strategic goal, something *important* that a company aims to achieve (Steiner 1979, Eden and Ackermann 1998). Further, since this strategic goal is related to a company’s business, the researcher uses for this value the term *business value*. Here, the term ‘business value’ represents to the researcher an informal concept that requires further clarifications. Hence, in order to gain some clarity about the key elements in this research, following questions were *inter alia* considered:

- › how shall value be appropriately defined?
- › does value, since it represents a business value, refer to a financial benefit?
- › does value also refer to a non-financial benefit?

In considering these questions, the researcher tried first to understand how the existing literature approaches the term ‘value’. Here, a great many of definitions for value could be found in management and economy. For instance in the field of economics, from neoclassical to classical economics, value is understood differently. Within these economies, leading protagonists have marked the difficult interpretation relating to ‘value’. All of them have reflected upon this term without finding a common view, such as Adam Smith (1776) or Karl Marx (1865), just to highlight two.

However, by switching to the context of *social capital theories*, the foundation of network theories, one protagonist offers a pragmatic definition of value. This protagonist, Ronald S. Burt, is referring to the term *profit*. Burt (1992) states that a profit can have several and different roots. Accordingly, there could be several different kinds of profits. Further, profit is not a concept that only needs to be found in the financial definitions. There also could be **something important to be achieved that can be seen as a profit**. This view represents a perfect match to the researcher. **The researcher sees, besides a native value financial profit, in business value also something important that companies aim to achieve**. For instance, a business value, which is not related to financial profit, could refer

to customer satisfaction. Other business values could be the satisfaction of shareholders or employees.

This widespread view concerning value is one of the elements this research aims to analyse. Particularly, this research aims to explore, **from a network perspective**, shared values, respectively **context-related intra-company values, financial and non-financial.**

For this reason, this research aims to find answers for questions like:

- › why (for which business value) do companies conduct networking activities?
and
- › how do these companies interpret the strategic importance of such networking activities?

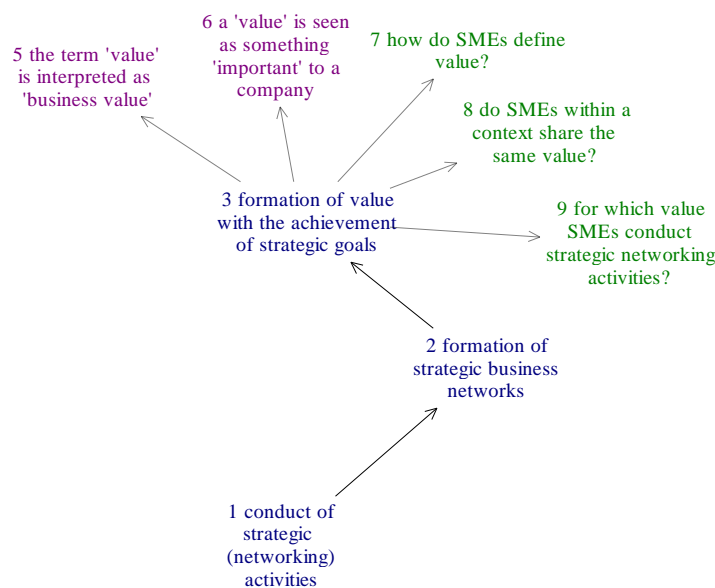
Further, and by returning to the researcher's statements given earlier regarding customer and shareholder satisfaction, **such statements share a same value, namely 'satisfaction'**. Due to this common root, some interesting ramifications appear. For instance, customer satisfaction could refer to the relationship between the products and/or services sold and prices paid by customers. The better this relationship benefits customers, the higher the corresponding customer value. Further, by taking the shareholder example, value could directly be correlated to the company's dividends to its shareholders. These dividends could positively increase shareholder satisfaction, which turns into shareholder value. Therefore, **depending on any company's points of view, interpretation and focus, business value has so always a different character.**

These examples made the definition of value problematic since these apparently different 'satisfactions', seen as business values, correlated to each other. Particularly, a company could believe that shareholder value (satisfaction based on dividends) could or should mainly be created through customer value (satisfaction based on the relationship product/service/price). In such case, this assumption could be based on the belief that by increasing customer value the company will increase its sales and corresponding profits. The anticipated higher profits would then lead to higher dividends that lead to higher shareholder value and so on. Hence, customer value (satisfaction) contributes to shareholder value (profits).

So, further questions were evident to the researcher, such as:

- › how do SMEs interpret the term ‘business value’, besides the native financial value profit?
- › hence, which non-financial business values emerge?
and
- › do SMEs within a context share such interpretations?

By using these details the base map is elaborated, represented by concepts 5 and 6, as well as with some questions, represented by concept 7, 8 and 9, as illustrated in following figure:



Base map 2: Integration of questions and definitions about value

3.3.2 The role of the value chain

As stated previously, the business value may represent a strategic goal of a company. To achieve this strategic goal, a company has to *conduct activities*, which could lead to such strategic goal. This leads directly to the next step, to consider activities as an essential ingredient for describing a business value. This view corresponds with the work of Michael Porter (1990).

By seeing margin and profits again as *native business values*, according to Michael Porter's definition (1990), such native business values can be understood as the result of a complex interaction between different business activities. Such business activities are related to each other in a complex system that Porter defines as ‘the value chain’. This generic model

identifies different business activities, such as operations, logistics, marketing and others that build together the corresponding generic value chain. To identify a company's proprietary business activities, each company can reconfigure this generic value chain by removing or adding the corresponding specific activities.

In this study, the researcher interprets a business network as such a value chain activity. Further, this research required a model that could connect the researched company through activities relating to business value. As such, Porter's model (1996) suited perfectly this requirement, since it supports to position *business networks* within a framework that refers to *business value*. In line with the development of this study and corresponding achieved cognitions, the presented value chains will change configuration. According to Porter's suggestions (1990), any new perception that emerges from the conceptual thinking process will be integrated in the value chain.

Now, the base map presented thus far illustrates the dependencies between company, business network and business value. As it was stated, the map can be understood as a company, which aims to create **business value through the function business network**. Hence, the following figure shows Porter's generic value chain and includes the currently presented thoughts of the researcher. Particularly, the following value chain looks within Porter's generic model of the function 'Business Network' and the goal 'Business Value'.

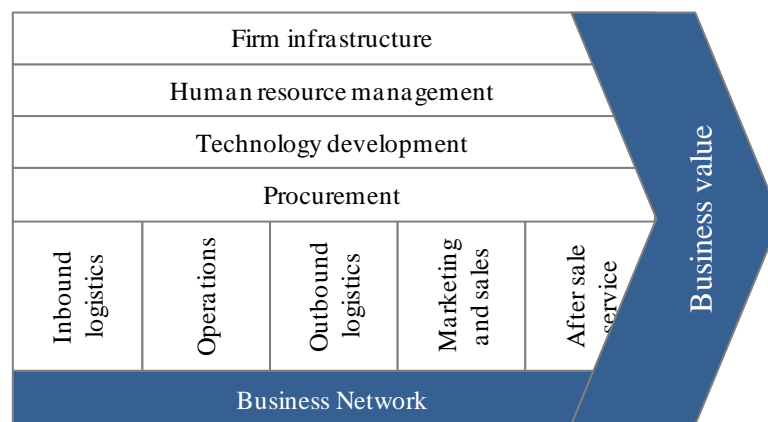
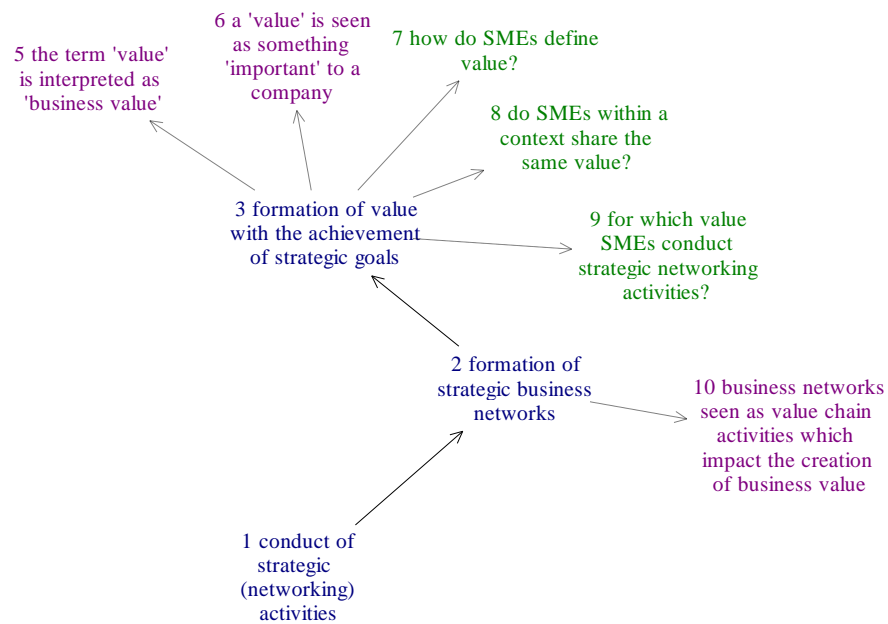


Figure 12: First draft of the value chain⁵ (Porter 1985a): business networks impact business value

So far, Figure 12 illustrates the existence of a link between business networks and business value. Further, this figure illustrates how business networks are positioned within this

⁵ Porter identifies primary and supporting activities. He states that primary activities are those functions that are directly involved in on-going production, marketing, delivering and servicing of the products and/or services. These activities are indicated at the bottom as vertical positioned rectangles in the figure. Supporting activities are those functions used to support the primary ones, such as a technology or the company's infrastructure and are indicated at the top in form of horizontal rectangles in the figure. The vertical rectangle that represents the native network at the bottom is neither declared as primary nor as secondary activity but just as an existing activity that, according to the given statements so far, needs to be considered in the value chain.

research, namely as a value chain activity. The researcher's perception of this affects the base map. Accordingly, the researcher updated the current base map with concept 10.



Base map 3: Business networks seen as a function of the value chain (Porter 1985a)

With this discussion, a first conceptual conclusion can be provided as illustrated in the next section.

3.3.3 Conceptual conclusions on business value

Conceptual conclusion 1: On business value

The researcher interprets that ...

- › there is no universal valid definition for the term ‘business value’.
- › in this research, business value is seen as a strategic goal that companies aim to achieve with the use of business networks.
- › a strategic goal could be dependent on a chain of different goals that together lead to the overall goal.
- › business networks are seen as a value chain activity that is supposed to contribute to the creation of company's business value.

According to these conclusions, the research should focus on identifying definitions for the term ‘business value’ with regards to the strategic role of networks. This also includes a description of what exactly a strategic role of networks is.

3.4 Interpretation and role of *business networks*

This section illustrates the characteristics of the companies researched and business networks mentioned. This section also shows how companies and business networks are seen in relationship with each other. After a preliminary description of the researched companies, the development of an understanding of a ‘business network’ will conclude this section.

3.4.1 *Details researched companies*

This study focuses on Small and Medium Enterprises. Switzerland does not offer any official classification about SMEs. However, for statistical purposes, the Swiss authority uses the following criteria to identify companies that could be understood as SMEs⁶:

- › The number of employees of a company has to be less than 250.
- › The maximal turnover exposure of a company cannot exceed CHF 40 Million.
- › The annual balance sheet of a company cannot exceed CHF 20 Million.
- › The company cannot be controlled by a separate corporate.

Thus, this research will focus on companies, which fulfil these criteria.

3.4.2 *Details of business networks*

SMEs belong by nature to networks built by customers, suppliers or other groups such as employees or authorities. These groups are also known as *stakeholders*⁷. According to Freeman and Reed (1983) the term ‘stakeholder’ is seen in its simplest form as any group that has a legitimate claim on a company. This definition has been expanded by Clarkson (1995). Clarkson defines stakeholders as “*persons or groups that have, or claim, ownership, rights, or interests in a corporation and its activities, past, present, or future. Such claimed rights or interests are the result of transactions with, or actions taken by, the corporation, and may be legal or moral, individual or collective.*” Stakeholders can be split between internal- and external stakeholders. Internal stakeholders could for instance be represented by the management, owner or by the employees of a company. External stakeholders are usually represented by customers, shareholders, authorities, suppliers and other groups, which have an influence to the company from an external perspective.

⁶ Source: www.kmu.admin.ch

⁷ The researcher uses the term ‘stakeholder’ and provides a first literature review for definition purposes. The researcher will deepen stakeholder theories if the findings of the research require such an action. The aim of this research is to focus on networks and corresponding network theories according to the findings. Accordingly, it is not clear yet if stakeholder theories require further attention.

From this perspective, the difference between internal and external stakeholders consequently emerges directly from their function and role. Being an external stakeholder could imply that they are not directly involved in the production- or respectively service delivery process of a company. Even if not directly involved with these processes, external stakeholders could influence the way these processes are put in place. For instance, the authority could ask the company to ensure safety for its employees. The corresponding company should therefore put in place appropriate processes to ensure this safety. Another external factor could be the level of influence on the prices of products produced and/or services. For instance, customers could have – circumstances permitting – a big influence on pricing. In a strongly competitive market, where customers buy the same products and/or services from different companies, any of these companies could be asked by customers to reduce its prices.

Types and numbers of these stakeholders vary from company to company. Depending on the company's profile, a company could be more supplier-characterised than others. Other companies could be more owner-characterised and other more employees-characterised, and so on. Independently from these characteristics, the number in each single stakeholder group, the number of the single stakeholders, a first business network emerges as illustrated in following figure:



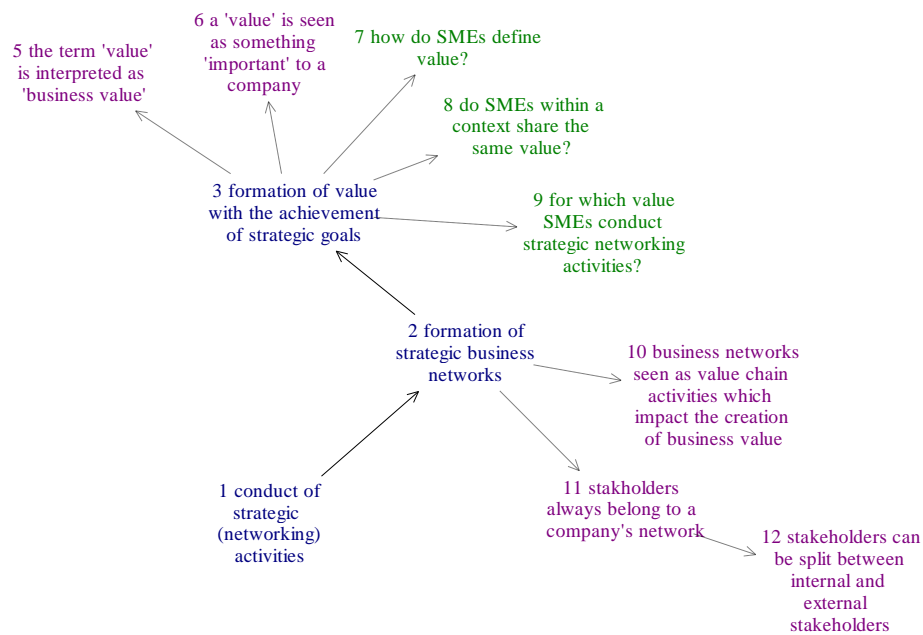
Figure 13: First emergent business network

The researcher's interpretation is that this figure illustrates a business network that consists of the company and its relationships, respectively *ties* to its stakeholders. Accordingly, this business network knows:

- › external stakeholders, such as authorities or suppliers;
- › internal stakeholders, such as management or employees;
- › the company itself;
- and
- › ties between the company to its stakeholders.

The researcher also understands that each connection and thus each tie between the company and its stakeholders symbolises the corresponding relationship between them. These relationships have a **cause**, respectively a *raison d'être*. For instance, a supplier is connected – and has a relationship with – the company because it is supposed to provide, for instance, the equipment asked for. Further, a company, as understood by the researcher can as such not exist without its stakeholders. They appear always part of the company and so, represent the company's network.

According to this understanding, the researcher adapted the current base map by considering stakeholders, as is illustrated in the following figure:



Base map 4: Stakeholders always belong to a company's business network

The illustrated base map grows with the integration of concept 11 and 12. Concept 11 refers to the established assumption that stakeholders represent the company's network. Concept 12 refers to the fact that these stakeholders can be split between internal and external stakeholders.

3.4.3 *The emergent networked economic vehicle*

By changing slightly the perspective to this business network and by focusing solely on the company, the researcher understands that all these internal- and external stakeholders together could be seen as *contributors* to the company's business value. These stakeholders become contributors because they affect the *potential* of the company in creating business value. For instance, Customers contribute by buying its products and/or services. Employees contribute by performing the required work.

Clarkson (1995) identifies in this regard the primary stakeholder, meaning a group without whose continuing participation the corporation could not survive as a going concern. These stakeholders, respectively *stake-contributors* do not only affect the survival of the company, but also the company's potential to grow and expand its business. This view leads to the company and its environment added attention from a different angle. With this view of *stake-contributors*, the company and its environment could be seen as an *economic body*, respectively as a *networked economic vehicle*. Here, the company can be seen as the centre of such networked economic vehicle, where the stakeholders around the company contribute – *intentionally* or *unintentionally* – to the company's business value creation (Ackermann and Eden 2010). 'Intentionally' could refer for instance to shareholders or investors with a strong interest in the company's business value creation. These shareholders might be more willing to *intentionally* make investments to support the company in this business value creation process. 'Unintentionally' could be suppliers that are selected by the company. So, from their perspective, they 'unintentionally' participate to the company's business value creation. However, the researcher proposes to define their role in the business value as *stake-contributors* instead of *stake-holders*.

In considering these new views, the base map is adjusted with the integration of concept 13 and 14:



Base map 5: The role of stake-contributors and the networked economic vehicle

These dependencies offered to the researcher a new aspect to the details presented. To answer the question of how much business value can be created, the figure offered the researcher a preliminary answer, namely: the business value depends on the *potential* of the networked economic vehicle. Therefore, **the better the business network performs, the better the business value that can be generated**. Accordingly, the *potential* in creating business value (possibilities to create more or less value) of this vehicle directly depends on the business network. Therefore, the *performance* of the business network (performing better or worst in creating value) is limited through its potential.

For instance, from a financial value perspective: if the networked economic vehicle consists of wealthy customers, the potential of this networked economic vehicle is higher than a networked economic vehicle with *non-wealthy* customers. From a company internal view an example is: if the company possesses highly skilled people, then the potential to create business value is higher than a company that has *low-skilled* employees. This means

that the first company, by adopting these measures, can perform better than the second company can, since it has better potential. The same principle can be applied to suppliers and all other stakeholders of this networked economic vehicle.

The researcher sees the rationale behind this view as: a company that is focusing on building business value through its function ‘business network’ should be aware **that business value is limited by the composition of its business network. This implies that a company is strongly dependent on its business network.** The researcher believes that since the business network is focusing in creating business value, the ‘networked economic vehicle’ adds to this.

For the research, this view could become important though at the moment it is necessary to understand **how the researched companies undertake networking and so, connect such business networks.** It thus seems important what the company’s networking strategy looks like, if it exists at all. This circumstance is illustrated with concept 15 in the following base map:



Base map 6: Essential to understand networking strategies

3.4.4 Conceptual conclusion on business networks

Conceptual conclusion 2: On business networks

The researcher interprets that ...

- › SMEs belong to business networks through their stakeholder constellations.
- › these business networks can also be named as networked economic vehicles.
- › these networked economic vehicles have all the same minimal structure, namely a company in its centre that is surrounded by its stakeholders.
- › stakeholders could also be seen as stake-contributors, since they influence the company's potential to create business value.
- › potential refers to the possibilities given by the networked economic vehicles to create business value.
- › potential can be related to the competitive position of a company.
- › the higher the potential the higher the competitive advantages of a company.
- › the better the business network performs, the better the business value that can be generated.
- › any SME is strongly dependent on its business network.
- › understanding networking strategies for the building of business networks, and so for the building of more possibilities to create business value, is essential.

According to these conclusions, the research should focus on identifying any patterns that could describe the role of stakeholders and possible 'stake-contributors' within business networks. The research should also focus on identifying any patterns that could describe the mentioned networked economic vehicles, including the manner the researched companies approach the own networked economic vehicle.

3.5 Native vs. strategic link between business networks and business value

So far the researcher stated that a company generates business value through its business network. Within all the views presented there was always a *natural* link between the company and the creation of business value through the company's business network. Therefore, this business network is defined for the purpose of this study as the *native network*.

The native network basically describes how companies always are connected to stakeholders, respectively stake-contributors, which are involved within the company's value creation. Further, the creation of the earlier stated native business value, namely financial profit, always depends on this native network. Accordingly the native network amends business network in the value chain, as illustrated in following figure:

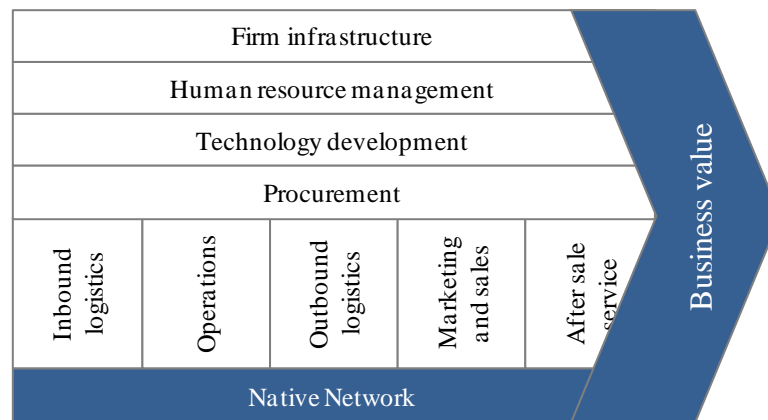


Figure 14: Value chain correction: 'native network' amends 'business network'

The next question that occurs to the researcher in this regard is: do parts of the native network require particular networking activities, as for instance to ensure different or additional business value can be achieved? If so, the native network changes its character. Particularly, the network or at least parts of it lose their native roots. Therefore, the native network becomes *strategic* since this additional business value would represent an *important goal* (Steiner 1979) to be achieved. Therefore, the link between the value chain activity between business network and business value also assumes a strategic character.

Rationales for such change from native to strategic could be, for instance:

- › the company could think that its stakeholders comprised other entities, such as individuals, companies and other that could represent potential customers for the company.

- › the company could be more aware of other networked economic vehicles. This awareness might lead the company to speculate on opportunities that these networked economic vehicles could offer to its business.
- › these recognitions might allow the company to analyse networked economic vehicles in more detail. The company could think how these additional connections and networked economic vehicles could make a valuable contribution to the growth of its customer base and thus envisage possibilities to connect through its network to other customers interested to the company's products and/or services.
- › the company could also envisage the possibility of reducing the overall costs by connecting to other networked economic vehicles. It might envisage more shared activities between networked economic vehicles. Furthermore, if the company is looking for ways to reduce its costs then other companies could think similarly. Thus, it should be easy to analyse those business activities where the costs could be shared between these networked economic vehicles and motivate them to participate in this cost reduction initiative.

So, how can the strategic aspect be understood at this stage? The strategic aspect could mean simply, that the company is considering following a new direction with the *deliberate use* of networks. A deliberate use of networks could be vital to the organisation (Steiner 1979). Further, the *deliberate use of networks* means, the strategic network represents a *deliberate strategy* (Mintzberg and Waters 1985).

So, according to the researcher, the difference between a strategic network and a native network lies in its *nature*. From a conceptual point of view and according to the details presented thus far, the native network is an emerging and given network, which *a priori* exists and *a priori* addresses native financial value *profit*. The strategic network represents the deliberate network that could be represented by parts or the entire native network. Further, the deliberate use of parts or entire native network addresses in any case the creation of additional business value, either financial or non-financial.

Therefore, this strategic character appears to require further attention. The changes on the base map with the concept 15, illustrates this new consideration:



Base map 7: On the strategic networks

According to these definitions, the strategic network needs to be seen separately from the native network. These integrated in the existing value chain in the following manner:

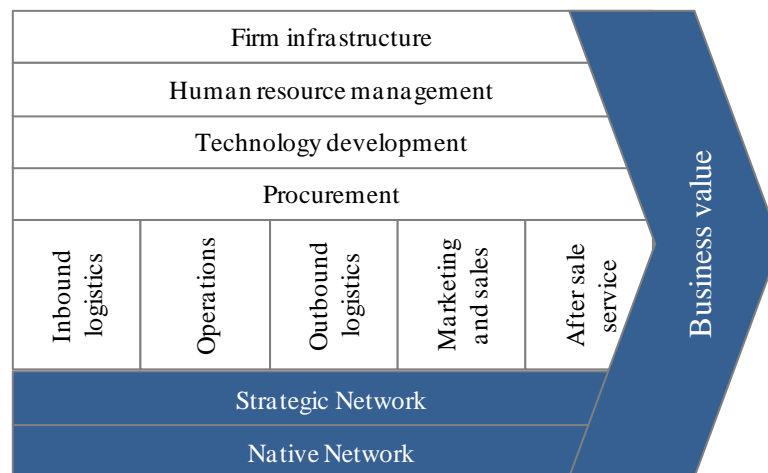


Figure 15: Second correction of the value chain: The introduction of the strategic network

3.5.1 *Conceptual conclusion on linking business networks to business value*

Conceptual conclusion 3: On linking business networks to business value

The researcher interprets that ...

- › business networks could be split between native and strategic networks.
- › the activity ‘native network’ refers to the company’s natural business connections, required in any case to create profits.
- › consequently, the native network emerges with the company’s stakeholders.
- › as a concept, native networks are always part of any company’s value chain and will therefore affect business value creation.
- › a networks turns into a strategic network at the moment a company focuses on the network as a function and tries to develop this function to increase its business value.
- › strategic networks could be pursued and are distinctive to native networks by their deliberate nature.
- › strategic networks could be part of a company’s value chain and could affect business value creation.

According to these conclusions the research should focus on identifying patterns that could provide clarification with regards to the deliberate and emergent use of networks. This particularly includes a clarification about if the researched companies differentiate between the native- and strategic network.

3.6 Interpretation and role of the *context*

Hitherto, business value creation by the use of business networks has been connected in a conceptual relationship belonging solely to its specific context. According to the details given in chapter 3.2 (Approach on the conceptual development), the objective of this section is to illustrate why context is significant to this research. This section first provides interpretations about the role of the country before providing details of the role of the industry. SMEs researched, according to the definitions in chapter 3.4.1 Details researched companies) belong to this context.

3.6.1 *The role of the country*

The focus on the country is seen as significant by the researcher who believes that people in Switzerland conduct networking, respectively manage *relationships* differently from people in other countries (Maclean, Harvey et al. 2005). The researcher believes that a relationship means to each single culture something else, influences the practice of management and is considered essential for understanding the process of doing business (Douglas B. Allen, Edwin L. Miller et al. 1988). There are numerous areas in which culture can influence business relationships (Sheth 1981). Hence, different cultures could mean different behaviour in business relationships and so, different behaviour in business networks.

The researcher believes that this circumstance needs to be considered in regard to the strategic role of networks. Talking about a strategic role of networks needs to relate to the country, in which networks exist. Hence, the outcome of this research needs to be seen as related to Switzerland.

3.6.2 *The role of industry*

The cultural, country segmentation is only one aspect essential to networks. The researcher holds also the position that the industry, within which a company belongs, needs also to be considered. The researcher states that if within the same culture the *manner* people manage a relationship is the similar, the *needs* to have such business relationships are different between the single industries. The researcher assumes that somebody who is acting within the building industry has different business needs relationships than somebody who is acting within the finance industry. This fact would also affect the management of relationships itself.

By focusing only on the ‘needs’, respectively on the ‘why’ one should have a relationship, new questions emerge to the researcher, namely: can it be assumed that in the finance

industry a customer needs more trust in the relationship than a customer in the building industry? Can it be assumed that the customer of the finance industry needs to trust ‘more’ the financial service provider, since he will directly manage the customer’s money? On the other hand can it be assumed that a customer in the building industry also needs trust? The researcher believes both need trust, but in a different ways. It might be that in the finance world the focus is more on a certain guarantee that the money will be managed carefully; in the building industry trust emerges rather through the quality of construction. With this example the researcher sees a need to understand if there are factors, such as trust, which are essential. Particularly, the researcher aims to understand if and how such factors are emergent.

The following map includes the context related concepts, namely concept 16, 17 and 18:



Base map 8: Context details included

3.6.3 Conceptual conclusion on the context

Conceptual conclusion 4: On the context

The researcher interprets that ...

- › Countries have different cultural backgrounds that can influence the way how business relation(ships) are built and managed, respectively how networking is conducted.
- › Industries have different needs that could influence the rationale for having business relationships in place.
- › the context assumes the role of the boundaries of this research.
- › accordingly, any conclusion made by the researcher in this research needs to be referred with the researched context.
- › the cultural differences between the countries cannot be tested, since the research is conducted in Switzerland.

The researcher needs to identify how business relationships are understood by the researched companies. As a major objective of this research, the researcher needs also to understand if between the case studies – Finance and NON-Finance – business relationships are understood and managed in a different manner. Accordingly, the strategic role of networks, including the exploration of the meaning ‘business relationship’, ‘business network’ and ‘business value’, need to be compared between the two case studies.

3.7 Summary

During the conceptual development the researcher illustrated his understanding and interpretation about the strategic role of networks. He differentiated native network from a strategic network. This difference mainly emerged from network nature. Where a native network represents a natural and emergent circumstance, the strategic network is understood as a deliberate use of the corresponding network. The researcher also considered stakeholders and their role in the company’s network. He stated that stakeholder could turn into a stake-contributor. Additionally, the researcher sees in the company’s network, built by the company itself and the corresponding stakeholders, stake-contributors creating a networked economic vehicle. He referred that any company being part of such an economic vehicle and that it could be a strategic goal to make this vehicle more competitive. This chapter also focused on the researcher’s explanations about the context. Within these explanations, the researcher illustrated why, the strategic role of networks, becomes important. He focused first on the cultural differences between countries. The industry a company belongs to is also a major constituent of the context.

The researcher maintains the position that people from different industries will have different behaviours in building and managing their relationships.

Following major areas were identified and which, according to the researcher, need attention for the fieldwork:

- › the researched companies' structures;
- › the role of networks within the researched companies, with a specific focus on the identification of the native- and strategic use of networks;
- › the motivation if and why these companies do conduct networking activities;
- › the role of stakeholders within the researched companies, with a particular focus on internal- and external stakeholders;
- and
- › the role of relationships within the researched companies.

Furthermore, with the outcome of the fieldwork, the research aims to understand, if there is any chance to explain the concepts about:

- › the networked economic vehicle;
- and
- › the concept of the stake-contributor.

The conclusions provided within this chapter should support the researcher in guiding and comparing his findings of the fieldwork against his pre-research conceptual world.

4 PRE-RESEARCH LITERATURE REVIEW

4.1 Chapter outline

Defining pros and cons of a pre-research literature review – when applying grounded research – seems to be a delicate issue. The stances of Glaser (1967) and Strauss and Corbin (1990) underline the sensitivity of this topic. On one hand, Glaser (1967) does not recommend any literature review before the research. On the other hand, Strauss and Corbin (1990) state that a literature review could make sense, as for instance to stimulate questions or to represent secondary sources of data.

This pre-research literature review follows the approach advocated by Strauss and Corbin (1990) and represents the second area of research preparation, as explained in chapter 2.8.4 (Research preparation). With this review the researcher aims to identify further areas to be explored and to extend the outcome of the conceptual view, as illustrated in the earlier chapter. Explicitly, with this pre-research literature the researcher aims to identify and formulate additional questions (Strauss and Corbin 1990, p. 51), which could be used for the fieldwork. According to details in chapter 2.10.3 (Conclusion drawing and verification), this pre-research literature represents only a first review and will be followed by a second and more comprehensive and systematic literature review. This second literature review will then be based on the findings of this research. Hence, **the findings of this research do not necessarily reference back to the details of this pre-research literature review.**

The previous chapter refers to SME business networks as a monologue. In contrast, this literature review, because of its particular scope and the researcher's stance (Strauss and Corbin 1990), focuses on definitions in use already. Particularly, questions like:

- › how does existing literature describe networks?
- › how are networks defined?
and
- › what is the purpose to network?

will be reviewed.

Hence, this first literature review does not criticise existing literature but this review describes and highlights key points which could be considered for the fieldwork. Accordingly, the review considered literature of 'key players' in the field of networks, who were cited most by other researchers and literature.

4.2 Pre-research literature review

This pre-research literature review is divided into four sections, which are named:

- › On strategic networks
- › On social networks
- › On organisational networks
and
- › On network definitions

The first section, on strategic networks, refers to literature encompassing perspectives on networks built by small and medium enterprises; the same size of enterprises as researched with this study. Thereafter, the section on social networks, introduces the area because of the link to relationships, according to the details in the monologue of chapter 3 (Pre-Research Conceptual Development). On organisational networks includes additional perspectives referring to networks within enterprises, which the researcher aimed to consider for this research. The last of these four sections focuses on different network definitions, which the researcher did not want to ignore.

4.2.1 *On strategic networks*

Human and Provan (1997) focused on **small and medium manufacturing enterprises in the USA**, which is used as part of the context area. The focus of their research is (1) ongoing cooperative, multiform inter-organisational relationships networks and (2) the firm-level outcome derived from network involvement. By referring to details illustrated in the researcher's conceptual development, **results of this involvement could be considered as the deliberate use of networks**, since it seems there is a deliberate motivation to build networks for a specific aim. Human and Provan (1997) also illustrate the differences to the European counterparts. Even though there are many similarities to the European models, it seems there are conceptual distinctions regarding types of inter-organisational arrangements from those commonly found in the USA. In joint ventures, federations and trade associations, **these manufacturing networks differ along three identifiable dimensions: purpose, interdependence and membership criteria** and it may be important to compare findings of research in this study in more detail with these dimensions. First, Human and Provan address the same firm size, Small and Medium Enterprises. Secondly, there is **some context-relevant data**, such as the **comparison between USA and Europe** that **could in turn be compared** to the findings of **Switzerland**.

In a second paper Human and Provan (2000) focused on the **legitimacy building** in the evolution of **small-firm multilateral networks**. The article offers a longitudinal

examination and comparison of two multilateral networks of small and medium-sized firms, again in the USA. The chosen industry of this examination is the wood-products industry. The addressed **legitimacy building refers to the evolution from the pre-network field, to initial formation and growth**. Network administrators and member firms had little idea of how to proceed, and entrepreneur managers of the **SMEs did not know whether cooperating with competitors would lead to advantages or problems**. The outcome of this examination is the illustration of how SME networks build the missing legitimacy. This building process is based on three key dimensions, (1) **network as a form**, (2) **an entity** and (3) **as interaction**. Human and Provan stated that by not considering these dimensions, networks would not shift from an early network growth to a network sustainment. **The details of this article represent a potentially interesting perspective that should be explored, and compared with the findings of this research**. The researcher could expect similar conditions which could be compared in greater detail with this paper (within the Swiss SME Finance Industry).

By switching to European territory, particularly to the Italian one, a few researchers illustrate **how the central northeast area of Italy is leveraging the dynamics of networks**. With the Italian alternative Inzerilli (1990) described the **success that was achieved by changing the organisational behaviour of small companies**. Inzerilli described these networks through a **model that sees a ‘head’ company at the top of the network and many different functions covered by several companies offering the same functions, and services, on the bottom**. The whole **network is seen as a ‘corporation’** that has access to different service providers and offering the same services. These providers are always in competition to each other, where factors such as specialisation and price influence the chances to provide the required services. Inzerilli put his focus on the **transaction costs** that can be saved by adopting such a model, and the mechanisms that regulate such a networked system. An additional important aspect of his paper is that these networks need some **degree of planning and coordination** to be **conducted by the head firm**. This study is interesting since **it covers many of the dimensions defined in the researcher’s conceptual view**. It should offer the opportunity to compare the results of this research with Inzerilli’s work, particularly on (1) **the meaning of value**, (2) **the role of the ‘head’ firm** and (3) **a common context is referred**. His work mainly tells that in a certain context, the northern part of Italy, it is possible to run business in this networked manner.

In his conclusion Inzerilli (1990) refers Granovetter’s observation about **economic systems** (Granovetter 1985). In this study Granovetter stated that **economic systems cannot be adequately understood without reference to the historical and social context** in which they are embedded. This seems to confirm the researcher’s conceptual view of

research area and reinforces the researcher's view that the context is essential and indeed, might be interpreted as: *'if companies today do network for specific purposes, then it could be because of their historical priorities'*. More on Granovetter will be referenced later in section 4.2.2 (On social networks).

By keeping the focus in Italy, within an article that refers to **networks as planned interfirm linkages and partnerships**, Lorenzoni and Ornati (1988) illustrated how **organisations do not survive as isolated and self-sufficient entities**. This research was based on several hypotheses and focused on the textile area in Italy **to illustrate how lead firms link to smaller firms for the purpose to be provided by specialised products**. As a key outcome, this article illustrates **how those small (external) firms grow through 'inter-organisational' relationships with these lead firms**. Lorenzoni and Ornati (1988) explained how these **relationships were going through three main stages** where a **leading organisation holds a strong position in the first stage** and has considerable influence over external firms. In the **second stage the reciprocal influencing relationship between the lead firm and the external firm undergoes changes**. The **third and last stage** then explains how some **form of self-organisation and strong relationship among subcontractors and franchises emerges**. This particular stage reduces the lead firm's coordinating function and enables it to concentrate on innovation. **These stages are defined as the pattern of intercompany relationships**.

In the illustrated case of Prato, Lorenzoni and Ornati (1988) described Prato's **switch from an integrated firm to this new structure as the constellation of firms that is based on inter-organisational relationships**. They also referred that these inter-organisational structures were nothing new. However, they referred to some interesting facts about the **challenges that a leading firm faces when making this switch**. An initial effect of this 'disintegration' is a **change in the cost structure of the leading firm**, by transforming its overhead costs into direct costs. Later the developments of relationship and specialisation stages take place. Indeed Prato (Lorenzoni and Ornati 1988) according to the used definitions, did put in place a strategic network for generating business value. **Prato had a 'native network' and it turned it into a 'strategic network' for the purpose of becoming more efficient**.

The approach adopted by Prato (Lorenzoni and Ornati 1988) was to challenge the **directly-connected stakeholders in a strategic manner**, for the transformation of its overhead costs into direct costs. According to the conceptual development of chapter 3 (Pre-Research Conceptual Development), the strategic network is represented by the single external firms that contribute to marketing or manufacturing of a particular textile product. The generated business value in this case is represented by the increase of Prato's

efficiency that turns directly into monetary value, namely profits. The actual context of the research is also important. **Lorenzoni and Ornati (1988) argued that the environmental factors for small firm growth need to be considered important.** Therefore, as already illustrated by Granovetter (1985) and Inzerilli (1990), the personal position taken in regard to the context receives further support.

By retaining the focus on inter-firm relationships, Lorenzoni and Lipparini (1999) made a contribution to the discussion of the **dynamic aspects of inter-firm networks.** Their study focused on the packaging industry and suggests that **lead firms can achieve remarkable positions by using multiple formal and informal ties as a vehicle for organising knowledge access and transfer.** As in the case of Prato, Lorenzoni and Ornati (1988) focused in the products industry where firms collaborate to expand and improve their core competencies. Lorenzoni and Ornati analysed how it would be possible to mobilise and integrate internal and external competencies for building competitive advantage. This article suggested to the researcher that its **details might be compared to the findings of this study in case within the finance industry, researched companies may adapt similar behaviour.**

Still in Italy and focusing on competitive advantages, Lipparini and Sobrero analysed 103 SMEs in two Italian networks (1994). The focus of this research is on the **relationship between manufacturers and suppliers in new product development.** In line with relationship management, they also examined the **role of entrepreneurs in managing a wide set of innovative ties with their personal network to “recoup ideas and creativity for the realization of more complex typologies of innovation”.** Companies of such a network, are not seen as ‘atomistic’, but as existing within ‘systems’ of actors, where **these actors have the relational capability to represent entrepreneurial firms and so gain a sustainable competitive advantage.** With this article, Lipparini and Sobrero (1994), provide some interesting aspects, which could be considered for this research. Even though this research focuses on a different context, **the collected data could show that similar capabilities are required within the Swiss SME Finance Industry.** The researcher is however aware that the ‘products’ within the financial industry are services and the role of suppliers need to be interpreted differently. However, in the **finance industry there could be similar principles,** where an actor, e.g. the financial industry, needs different ‘financial services suppliers’ to ensure customers’ requests can be delivered.

Further, by referring to the role of **entrepreneurs,** Lipparini and Sobrero (1994), highlighted **the dimension ‘glue’.** The role of entrepreneurs as manager is understood as the **ability to ‘glue’ external expertise and capabilities in an ‘original and unique**

way'. They also stated that this is the key factor in pursuing innovative performance because, it seems networks can only exist and be developed in the case that somebody has the capability to orchestrate relationships. Again, such capabilities could emerge also from the main context researched, the Swiss SME Finance Industry. From a different perspective (but with the same meaning) Human and Provan (2000) have defined this role as the **network administrator**. The researcher regards this view as relevant and requiring further attention during the fieldwork.

The realisation that **firms are not monolithic entities**, but there is a **need to ensure specific activities for the production of given goods or services that can be carried out, either by an integrated firm or by a network firm**. This was the **main message of Jarillo's work** conducted in the late 80s (1988). Jarillo's research was conducted on non-profit organisations to answer the questions of **how networks can be economically efficient**, as well as how networks might be created and sustained. With this work Jarillo offered a collection of reflections. **Jarillo used Porter's concept of the value chain to explain these thoughts (Porter 1985a). The same principle was co-incidentally adopted by the researcher in his conceptual development**. Furthermore, the researcher aimed to provide a definition of the term 'business value' in networks.

According to Jarillo (1988) and based on Porter's value chain (1985a), Jarillo sets Internal Activities equal to Internal Costs, and External Activities equal to External costs. Another cost is the supplier costs, the price charged by the supplier. The total transaction cost is defined as $EC=EP+TC$ ⁸. Jarillo's point in these calculations is that **firms should specialise on those activities of the value chain that are essential to their competitive advantages**; a circumstance that provides opportunity to earn benefits of specialisation. This concluded that **networks could become economically feasible because the specialisation of each supplier making the total cost lower**. With these examples Jarillo referred to a concept of distinguishing between the price from a supplier and costs to buyers, introduced first by Farmer and MacMillen (1976).

Jarillo (1988) further states that a firm that is able to establish an **arrangement that allows reducing transaction costs and the keeping to itself those activities in which it has a competitive advantage. Thus, a superior mode of organisation emerges, he argued: the strategic network**. This model is solely driven by transaction costs. Thus, the researcher could gain a major insight into his own study. The researcher sees it as essential to compare his collected and analysed data with the details of Jarillo's work in order to

⁸ EC (External Cost) = EP (Price charged by the Supplier) + TC (Transaction Costs).

understand if there are similarities and differences. In this regard the researcher sees a need to understand if *transaction costs* require further attention within this research.

It seemed in the late 70's that an **increasing trend toward collaboration between buyers and sellers in industrial market** was just about to start (MacMillan and Farmer 1979). This statement is based on a survey of 65 manufacturing companies. MacMillan and Farmer (1979) **referred with this paper to the industrial, i.e. manufacturing sector and provides to the researcher the opportunity to compare different contexts**. Part of this paper that prompted a major interest in the researcher is the following statement, as given by MacMillan and Farmer (1979): *'there is evidence here, therefore, that closer relationships have developed between buyers and sellers in industrial markets over recent years. But to what factors can this greater collaboration be attributed?'* **MacMillan and Farmer (1979) directly relate the term 'relationship' to the term 'collaboration'**. The researcher understands in **these two terms two different meanings but sees the necessity to focus on them during his study**. Essentially, the researcher sees in relationships just the links, the connections between individuals. Collaboration is rather seen as an activity, an exchange which is based on such links. Hence, the question hereby are, how shall 'relationships' be understood and what does it mean 'to collaborate'? For this purpose the researcher aims to understand if his fieldwork will providing any recognition in regard to the meaning of these terms.

A recent article of Uzzi and Shannon (2005) noted that **networks are seen as a powerful system that delivers three unique advantages: (1) private information, (2) access to diverse skill sets and (3) power**. An example illustrated in this article describes a president of a financial institution in the mortgage-lending industry. This example illustrates how through **private information some strategic advantages could be earned**. The **fundamental characteristic**, which allowed the realisation of these advantages, was **trust**. Private information between the mentioned president and potential Alliance partners turned into a reciprocal flow of information thanks to trust. **The outcome of this bi-directional information flow helped solve problems and to develop financial strategies more efficiently**. With regard to the **second unique advantage**, Uzzi and Shannon (2005) described **how diversified ties can help develop more complete, creative and unbiased views of issues**. In regard to the **third advantage** they explained how **power could turn into an advantage by being repositioned in the networks as information brokers**. These information brokers could adapt to changes in the organisation, develop clients and synthesise opposing points of view. By linking specialists, these information brokers, whilst not being at the top in the organisation's hierarchy could nevertheless contribute to organisational strategic advantages.

This article from Uzzi and Shannon (2005) is linked to Granovetter's theory that refers to the strength of weak ties (Granovetter 1973). With this article Granovetter (1973) **contributed to developing social capital theories**. The most important part of Granovetter's article seems to be **how ties can influence the benefits of an organisation**. Ties represent relationships between individuals. Granovetter's defined weak ties, in contrast to strong ties, could offer major advantages for any organisation. This, strong ties represent relationships between similar individuals where the exchange of information is mainly based on the same skills, experience and knowledge. The strength of weak ties and/or relationships between dissimilar individuals derives from these individuals sharing different opinions and views. These differences turn into a benefit since they are kind of self-supporting.

Uzzi and Shannon's (2005) article confirm this paradigm. They also illustrate in the same article how it makes sense to analyse a network according to parameters as illustrated with Granovetter's theory. The researcher sees a need to compare the findings of this study with Granovetter's weak tie theory. **This comparison seems essential in understanding if and how researched companies approach weak ties.**

4.2.2 *On social networks*

Social networks theory is an immense area that has been explored by major experts of the field, particularly from such as already referenced namely Mark Granovetter (1973) and Ronald S. Burt (1992). In 'Structural Holes' (1992) Burt examined the details **relating the links between network structures and business value and profit**. This examination is packaged as the 'social structure of competition', where the focus is on the individual actor and the network structure in which this actor is embedded and how it affects profits in the competitive arena. As noted in chapter 3.3 (Interpretation and role of *value*), to understand value definition it is essential to understand Burt's view of profit. Burt indicated that profit is not only seen as a financial profit. He also stated that there could be **several benefits for individuals or entities** within these network structures, **which could be represent a profit**. This point of view can be shared with the definition of this research: what is the strategic goal of the researched companies? Where do they see a business value with business networks?

Saxenian (1990) illustrated in her article the importance of regional networks in Silicon Valley. **Small and Medium Enterprises are pioneering Silicon Valley by fostering collaboration and reciprocal innovation among networks of specialist producers**. Saxenian (1990) illustrates how success is not merely the work of individual entrepreneurs but is mainly based on the technical and institutional infrastructure and its dense networks

of social and professional relationships. **It draws attention the split between social and professional relationships that appear to be related to each other, which the researcher sees as essential to understand how researched companies manage and distinguish their relationships.** Saxenian (1990) illustrated how main achievements of these networks are **skill sharing, new firm formations and collective learning.** These findings are in line with Uzzi and Shannon's (2005) statements that networks, which allow access to skills and information give specific advantages.

Another point that attracted attention is the fact that in the 50s and 60s the established producers of semiconductors, after having created the infrastructures, abandoned Silicon Valley as they shifted to high-volume production. Saxenian (1990) stated that these producers have seen the regional traditions of **information sharing and networking as signs of immaturity. The new Silicon Valley, built on these start-ups of the 80s shows that formalising collaboration with customers and suppliers within and outside of the region generates competitive advantages.** This article focuses on the actual region, where not only the concentration of skilled labour, suppliers and information builds the advantages, but how a mix of universities, venture capitalists, trade associations and local business organisations which provide technical, financial and networking services within the regions' enterprises which close the gaps between what can be delivered individually and what not.

In contrast to the northern Italian experience Lorenzoni and Ornati (1988), Silicon Valley does not have any lead firms that manage their suppliers within each function. It seems Silicon Valley is a **self-regulated networked environment.** The case of Silicon Valley illustrates how **important it is to understand the context.** Independently from the chosen strategy, if a firm tries to develop a business in the Silicon Valley without understanding these dependencies, their future would be uncertain and might result in failure. Could patterns be identified that describe in the Swiss region what should be understood before trying to develop a business? Data collection and analysis may provide an answer.

Through an empirical and theoretical investigation Biggiero (2001) illustrated how the building of inter-firm networks is often uncertain and ambiguous. **To counter this, specific social-psychological and personal relationships that represent the ties of the network are considered.** In a similar manner, the Silicon Valley case has also shown that there is the **need of the right mind set to build networks for business purposes** (Saxenian 1990). In Silicon Valley, SMEs have developed an appropriate sustainable business model for producers. Biggiero (2001) focused on knowledge transfer and the degree of self-organisation or organisations, stating that **recursive social interactions are**

the basic conditions for building stable networks. These researched inter-firm networks, dominated by SMEs, are defined by Biggiero as **entrepreneurial networks**. By focusing on self-organising networks, clarity is needed in examining Swiss SMEs network for resultant self-organising mechanisms. For these findings, further literature research is needed for comparing results.

4.2.3 On organisational networks

Hastings (1993) approached the question of what networking means and how can it be implemented in new organisational structures. **His belief is to convert organisational structures to networked organisations.** To be able to make this switch, organisational networking becomes an important behaviour that needs to be understood and learned. **He explained that the word ‘networking’ itself is a problematic one however, as different people are using it in different ways.** Some use the phrase ‘networking organisation’, but are unclear what it means. Hastings referred to organisational networking and sees this networking as the implementation of range of social, cultural and technological processes that result in devolution of power and responsibility and the breaking down of organisational boundaries. The purpose of networks within organisations is required to break down boundaries and create quick and open person-to-person communication that leads to higher efficiency in an organisation.

‘Developing Network Organisations’ by Chisholm (1998) illustrates how networks should be understood by the organisations. The book starts with inter-organisational networks and then proceeds in developing an industrial community for the twenty-first century. **Chisholm stated that networks are sets of autonomous organisations that come together to reach goals that none of them can reach separately.** He believes that the importance of inter-organisational networks will increase in the future. These sorts of systems are growing in importance to meet emerging conditions in the environment of organisations. Like Hastings (1993), Chisholm believes networks gain on strategic importance and wants to illustrate how they can be developed in a sustainable manner.

Other books referring to new ways organisations should be structured are from Jessica Lipnack and Jeffrey Stamps (Lipnack and Stamps 1994). **Lipnack and Stamps put their focus on a ‘geological slice’ of the evolution of organisations. They illustrate how organisations have developed over time, from the 1st age of small groups in the nomadic epoch of mankind. The 2nd age, the period of agriculture, extends to the industrial period which has brought bureaucracy in the 3rd age. They categorise the current period as the information period or the 4th age, the age of networks. They include all types of organisations which need new types of management which focuses on communication and**

collaboration. **Communication between the single positions as stated by Thorelli (1986), respectively single organisational units and collaboration, seem to be in line with networks.** It seems the emphasis is high on these dimensions that built the links within networks. Consequently, this research may explore if these facts can be confirmed. The second book of the same authors, *The TeamNet Factor* (Lipnack and Stamps 2003), focuses on the strategic importance of **co-opetition, the cooperation and competition at the same time of companies.** It stresses the importance of reducing complexity and expenses through networks and strategic partnerships. TeamNets are networks of teams which are the new organisations that companies use to do business across boundaries.

4.2.4 *On network definitions*

If and how cooperation increases competitiveness was well investigated by Rosenfeld (1996) who illustrated how Italian companies (Lorenzoni and Ornati 1988, Lipparini and Sobrero 1994, Lorenzoni and Lipparini 1999), and western European companies as in Denmark (Nielsen 1993) **first experimented with policies to stimulate and accelerate forms of inter-firm collaboration.** An interesting part of the research is how Rosenfeld illustrated the different level of efforts required from the Danish companies to achieve the same results as in Italy. The main reason was the support from the Italian government which, through specific policies of the 70s and 80s, encouraged cooperation. **Rosenfeld argued that the assumption behind such policies is that cooperative behaviour will help SMEs firms compete.** In his article (1996), Rosenfeld was following two evaluations of network initiatives to discuss issues, methodologies, evidence of impacts and challenges. Before entering in the details of these issues, Rosenfeld cites an interesting form of network definition: *'A network is loosely defined as three or more firms that cooperate in order to gain strength in numbers, solve problems, enter new markets, or develop and produce goods'* (Gelsing and Knop 1991). Rosenfeld (1996) referred to the difficulty of finding an appropriate definition and differentiates on two levels: 'hard-networks' and 'soft-networks'. The common point between these definitions is they both start with a base of three companies.

The Researcher's definition is closer to Thorelli's (1986) who stated: *'A network can be seen as the involvement of two or more organisations in a long term relationship'*. **Rosenfeld defines hard-networks as the joint efforts of three or more firms to co-produce, co-market, co-purchase or co-operate in product or market development. On the other hand soft-networks are seen as joint efforts to solve problems, share information or acquire new skills.** This soft-network definitions seems to be closer to the social capital theory (Burt 1992, Uzzi and Shannon 2005). The outcome of his work is a list of network evaluation issues, including measurement of investments into networks,

impatience of funders for results and difficulty of technology extension. **These definitions might be compared to the findings of this research; if the findings ask for such a comparison.** A question that emerges at this stage in regard to this study is whether the networks being researched face the same challenges or are there any differences.

Networks are seen as the involvement of two or more organisations in a long term relationship (Thorelli 1986). Thorelli points out that the **entire economy** may be **seen as a network of organisations** with a vast hierarchy of subordinate and criss-crossing networks. From a structural point of view Thorelli mentioned amongst others that networks can be described as a combination between nodes, positions are occupied by firms, households, strategic business units within a diversified concern, and are manifested by the interaction between these positions. Thorelli further stated that networks can be seen as a 'system' whose internal interdependencies generally change over time. Hence, it seems that **networks are not static constructs, but dynamic constructs** that change set-up over time. Thorelli also indicated that there is a **dynamic system manifested by interactions**. These interactions are based on relationships, and relationships themselves are based on human beings. This **chain of interdependencies is not explicitly described** by Thorelli but it builds an underlying reality that can be **seen as significant to this research. How positions and links are structured within the context of this research could be explored.** To the researcher Thorelli's concepts (1986, 1997) seem to be important, since they refer to some dimensions that explain the complicity within networks.

4.3 Summary

The pre-research literature review has enabled the researcher to note that a substantial amount of network-related literature is available. **This made the researcher also realise the need to review literature more specifically and according the findings. For this purpose the researcher first needs the results of the fieldwork and the corresponding insights which are essential to ensure an accurate and relevant adjustment of focus on existing literature.**

However, the goal of this pre-research literature review was to put the researcher in a better position to understanding the subject before commencing fieldwork. This position could be achieved and was defined as the research preparation:

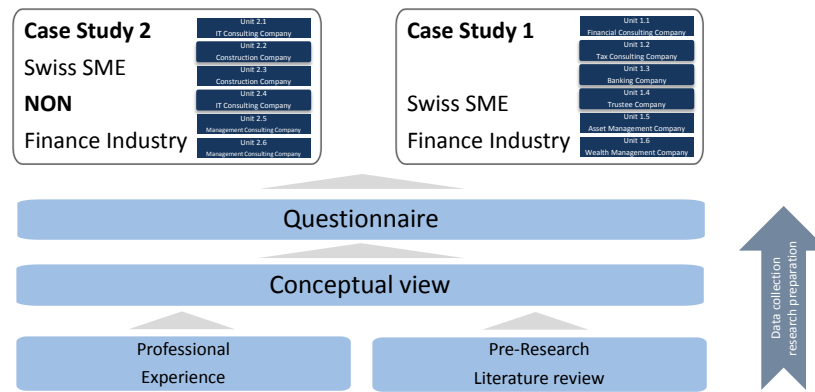


Figure 16: Achievement of data collection preparation according to research design

The literature review, *inter alia* suggests that the environment where networks exist, strongly influences networking possibilities. In the case of the Italian manufacturing networks, these are made possible *inter alia*, by the government through specific laws which support the building of networked organisations. In Silicon Valley the possibilities seem mainly due to facilities inherited from former enterprises and the will to perform networked business. Silicon Valley case also reveals that older enterprises did not believe network structures and sharing mechanisms could create common benefit. Indeed, these enterprises understood network structures as a weakness. Yet Silicon Valley shows that due to these networks this particular region could become one of the most important areas of technology in the world. The pre-research literature review also showed the needs of particular network actors such as network administrators and orchestrators. It also illustrated that a network needs to be held together by specific actors.

Thus, the literature review helped the researcher to identify these major categories:

- › Contextual influences, such as country and industry
- › Aims and expectations of networks, the *raison d'être* of networks
- › General network structures
- › The role of the network administrator
- › The role of the *mindset* within networks
- › Relationships and collaboration within networks

5 THE SWISS SME FINANCE INDUSTRY

5.1 Chapter outline

This chapter provides the findings about the Swiss SME Finance Industry Case Study and is split into three major parts. The first part (PART A: EMPIRICAL DATA) provides the fieldwork evidence of all researched companies. According to the details given in the research methods (chapter 2.8 Applied research design), each of these companies represents an embedded unit of analysis that belongs to the defined multiple case design (Yin 2003), as illustrated again in following figure:



Figure 17: Configuration of the Swiss SME Finance Industry Case Study

According to this structure of Figure 17, the fieldwork evidence is provided in following chapters:

- › Chapter 5.2 (EUACSFI-1 – Financial Consulting Company) for Unit 1.1
- › Chapter 5.3 (EUACSFI-2 – Tax Consulting Company) for Unit 1.2
- › Chapter 5.4 (EUACSFI-3 – Banking Company) for Unit 1.3
- › Chapter 5.5 (EUACSFI-4 – Trustee Company) for Unit 1.4
- › Chapter 5.6 (EUACSFI-5 – Asset Management Company) for Unit 1.5
- › Chapter 5.7 (EUACSFI-6 – Wealth Management Company) for Unit 1.6

The evidence for each of these embedded units of analyses starts always with a short introduction about the researched company. Particularly, this introduction includes details about *foundation, size, provided services* and *challenges* that the interviewees interpreted as *general business challenges* of the company.

These details are bundled in blocks of evidence, which reflect the course of the semi structured, as explained in the research method chapter 2.10.2 (Data display).

Consequently, headlines solely describe the content of these blocks of evidence according to the particular theme researched. Statements from the interviewees, which according to Base map 1 (Research 'lens' – initial base map view) refer to a 'strategic activity' or a 'strategic goal', as well as the rationale that explains such activities and goals, are highlighted. Quotes of the interviewees are used to provide broader understanding about the corresponding topic researched. Spray diagrams for each of these units of analysis, as noted in the research method chapter 2.10.5 (Spray diagrams), are provided at the end of each of the corresponding unit.

The second part (PART B: DATA ANALYSIS) focuses then on the data analysis of this case study. The details of this chapter follows the research method as described in chapter 2.10 (Approach on data analysis), in chapter 2.10.2 (Data display) and in chapter 2.10.5 (Spray diagrams). It starts with section 5.8 (Preface to Data Analysis: Spray diagrams creation) which with a few examples explains how the spray diagrams were created. This explanation links the empirical data to the created spray diagrams. This part also illustrates how concepts of all embedded units of analysis that describe a common issue were considered for the identification of the sought-after inter-company pattern that could explain the strategic role of networks, as explained in chapter 2.4 (Nature and aim of the research). Thereafter, with the use of the created spray diagrams, section 5.9 (Outcome of Data Analysis) provides final details of the data analysis outcome. Within this section further quotes of the interviewees were used to provide again broader understanding about concepts within the spray diagrams.

The third and last part (PART C: CONCLUSIONS) presents then the researcher's conclusions about this case study.

PART A: EMPIRICAL DATA

This section provides the fieldwork evidence of all researched companies.

5.2 EUACFSI-1 – Financial Consulting Company

EUACFSI-1 is a Financial Consulting Company and belongs to an Alliance comprising several companies in the Finance Industry, namely:

- › a Financial Consulting company
- › two Tax Consulting companies (one for Swiss and one for International tax issues)
- › a Trustee company
- and
- › an Audit company

As illustrated in the corresponding brochure of the Alliance pursues the objective of providing extensive and competent advice and support on all financial related matters to its customers. According to the available information on the internet site, **all members of the Alliance follow one common goal: the complete satisfaction of their customers.**

The data was collected during three semi-structured interviews of approximately 200 minutes, which were conducted with the Managing Partner of EUACFSI-1 over a period of four weeks. Besides these interviews, information available in brochures and on the internet that refer to EUACFSI-1's services and history were also considered within the introduction of the company, according to the research method in chapter 2.9 (Data sources).

5.2.1 Introduction to the company

EUACFSI-1 was founded in 2001 by the Managing Partner and provides Financial Consulting and Insurance Brokerage Services. Three experts represent the core team of the company. One expert provides specialised services in social insurance and pension funds. The Managing Partner provides expertise in financial planning as well as in non-life insurances and pension funds. The third expert mainly focuses on financial planning services. The company also benefits from the support of two employees in the back office.

The Managing Partner's major objective is always to elaborate and provide optimal – and whenever required – 'tailor-made-solutions' to its customers. The development of customer specific investment and provisions plans are part of EUACFSI-1's service portfolio and support the Managing Partner in achieving further goals, as it will be

illustrated. EUACSFI-1 continuously checks and evaluates the wide variety of financial products in the market and **selects those that fit best to its customers' needs**. The Managing Partner mentioned:

“Thanks to EUACSFI-1’s outstanding infrastructure and know-how of its experts which is continuously kept up to date, EUACSFI-1 has the ability to offer outstanding services. Confidence in our own skills and abilities, a great personal atmosphere and relationships based on trust guarantee to our customers a secure future.”

EUACSFI-1’s competencies in these fields of insurance brokerage and financial planning are provided to individuals and SMEs, which usually do not exceed 400 employees.⁹ The individuals that EUACSFI-1 is interested in can be categorised in three major categories, namely:

- › Management;
- › Independent Entrepreneurs like Freelancers, Advocates or Medics;
and
- › People with that do not have any income, but do have considerable savings.

Typically customers in these categories face complex financial issues. EUACSFI-1 sees its strengths in supporting these customers in resolving their issues. In the first two categories, Management and Independents, the major issues which usually need to be resolved are financial implications that emerge through the higher income earned. Explicitly, customers who belong to these categories usually require tailor-made insurance solutions that support them either in reducing their taxes or increasing their wealth over a determined period of time. The third category refers to customers who in most Cantons of Switzerland can benefit from flat-rate taxation¹⁰. Customers who belong to this category own usually a complex financial situation that needs to be resolved. Consequently, they require specialised financial consulting services as provided by EUACSFI-1. Particularly, EUACSFI-1 aims to identify suitable and possibly special treatments for these customers with focus on insurance- and financial precautions. Besides these tailor-made financial solutions, EUACSFI-1’s provides additional competencies in the field of risk evaluation and risk management. EUACSFI-1 aims always to provide products and services according

⁹ This number (400) was given by the Managing Partner. According to the official Swiss definitions, a company with 400 employees is not considered as an SME. Please refer to section 3.4.1 ‘Details researched companies’ for further details.

¹⁰ Flat-rate taxation (German: ‘Pauschalsteuer’) does not tax Citizens according to their income, but according to their expenses. To benefit from this taxation the corresponding Citizen is not allowed to create any income and live with their savings. Further information is available on the web page of the Swiss Authority:
<http://www.efd.admin.ch/dokumentation/sahlen/00579/00608/00720/index.html>

to the corresponding customer risk profile. Last, EUACFSI-1 also offers services in HR management. These HR services refer to the analysis, tailoring and implementation of specific needs that refer to the employees of EUACFSI-1's SME customers. In order to develop and provide tailor-made solutions, the Managing Partner stated:

“For instance, in the area of insurance brokerage, we monitor all activities in case of a claim. In such a case we try to find the best, well maybe not the absolute best, but the most suitable solution for our customers according to their risk profile. We can offer the most suitable solution since we are independent from any Insurance Company. We work on the basis of a loose collaboration with them. For me a loose collaboration means we are not tied only to a single Insurance Company through a contract but to several. Consequently, we can act absolutely neutral in the market and be available for our customers and their specific needs.”

According to the Managing Partner, all customers contribute to EUACFSI-1's *premium volume*¹¹. **This premium contribution volume is affirmed as fundamental for getting success in the market.** The Managing Partner stated that the **higher the premium volume, the higher the turnover and profit of EUACFSI-1.** Consequently, EUACFSI-1 is not interested in 'normal' people with 'standard' financial issues since the relationship between effort and profit does not make sense to him. Potential customers, who have standard requests and issues, can be handled directly by any Insurance Company. There are only special cases where EUACFSI-1 accepts such customers. These are cases where customers have the potential to significantly grow their career. In such cases, EUACFSI-1 keeps these customers and focuses on a long term approach. These customers get the opportunity to benefit from the same services as EUACFSI-1's special clients. **The Managing Partner focuses on this customer segment because of their 'Human Capital'. He sees in Human Capital the business opportunities that can be created over time by the new customers.** Accordingly, the Managing Partner connects the term Human Capital directly to the forecasted profits. This forecast is based on an assessment of the current customer's situation. The assessment thus focuses on the customer's background including their professional and academic conditions as well as the potential to significantly grow their career. In very specific cases, the Managing Partner also accepts individuals because of recommendation of third parties. In any case, and in such cases, for these recommendations a potential analysis needs to be conducted.

¹¹ Premium volume (German: Prämienvolumen) basically refers to the total amount of payments (for insurance policies) made by an insurer. In this case, insurers are EUACFSI-1's customers.

5.2.2 The Alliance network

As stated, EUACFSFI-1 is part of an Alliance that includes four additional Swiss Corporations and represents an umbrella organisation which holds together these five corporations under a common brand. The **motivation to participate in such an umbrella organisation** has, according to the Managing Partner, **several strategic reasons**. For instance, from a **strategic financial perspective**, the Alliance makes sense to EUACFSFI-1 since it is structured as a holding and offers several taxation advantages. Swiss law recognises holdings as particular constructs which can benefit from lower taxes. Secondly, its **organizational structure embodies a further strategic reason**. The Managing Partner stated that this **Alliance represents a ‘one-stop-shop’** where customers can find **horizontal integrated financial consulting services**. The Managing Partner sees in the Alliance a horizontal integration since each of the members of this **Alliance provides specific services which are independent from each other but are all complementary financial services**.

The Managing Partner explained:

*“Imagine when you enter in a shop and everything you need is there. In our case you can enter in our shop and find the whole Financial Consulting Services palette. Do not you get a good feeling because of this fact? **From the first instance when customers enter our offices and the receptionist welcomes them, they know that they will receive answers to all their questions**. We have two different tax consulting entities within our Alliance; one for Swiss related tax issues and one for International related tax issues. **Our customers get solutions from any kind (of what) and any complexity**. In case customers have issues with lower complexity we also got a Trustee Company that is able to provide the same service at a lower price.”*

This one-stop-shop approach as provided by the Alliance has according the Managing Partner two major benefits. The first refers to the customer and the possibility to get the advice from a single body, the Alliance. The Managing Partner believes that because of this structure, customer requests can be better resolved. Accordingly, **the Managing Partner believes that because of this structure higher customer satisfaction can be achieved**. The second benefit refers to the members of the Alliance themselves. **The members benefit from the fact that customers can be shared across the Alliance members**. This opportunity to share customers across the Alliance strengthens the same Alliance, since **turnover and corresponding profit is created within the Alliance itself**. The Managing Partner stated:

“Even if the Alliance today is focused on providing financial services, the organisational structure permits already today or in the future to integrate other companies within the Alliance. This could be a company which has a similar positioning like the already present companies, for instance an Asset Management Company. But also a company which has a different positioning like an IS/IT Consulting Company would fit in the Alliance. Obviously, the Asset Management Company would offer complementary services closer to the current positioning of the Alliance, but it is to consider that the Alliance has also the objective to grow with its name. This means that other companies, if they fulfil certain quality criteria, could be considered for being part of this Alliance. On the other hand it could be that a customer has more than one problem to solve. An SME, which has needs on Financial Consulting, could also have IT issues that need to be resolved.”

The Managing Partner emphasised heavily that **this Alliance aims to create an image of a specialised network**. This image represents the quality of this network, and not only the fact that it is based on financial consulting companies. Consequently, other companies that can provide within their area the same quality as the Alliance network are welcome to participate. Referring to the strategic reasons of being part in this Alliance, besides the one-stop-shop reason and tax advantages, the Managing Partner also explained that **for an independent company it is hard to get attention in the same manner as the big players. The Alliance provides, though, a platform that can support the creation of such attention**. Since the Managing Partner believes that the existing Alliance members have already created awareness, the Alliance could be attractive for other companies to participate in. One special case the Managing Partner explained:

*“The Alliance is in my regard well known in the market and could be attractive for others to participate. A reason for participating could be the success of our Tax Consulting Company. This company is listed in a special and well known recommendation list. Actually, it is not just listed, but the tax company is listed before the big four players.¹² This outstanding listing builds an advantage for all other Alliance members. **The success of one member is the success of all others too**. The ‘shared success’ has a positive impact on sharing the name of the Alliance. For instance, when a partner of the Alliance has to hold a speech or is invited for a congress, all the other parties benefit from a marketing point of view. Attention can be created.”*

The Managing Partner illustrated that this creation of attention in the market requires some common policies. The primary policy refers to the naming of any company which is part of

¹² The four big players the Managing Partner mentioned are KPMG, Ernst & Young, PWC and Deloitte.

the Alliance. All company names have a clear indication of provided services, such as 'Finance' or 'Tax' and a common supplement 'ABC'¹³ that refers to the company's expertise. Accordingly, the companies are named *Finance 'ABC'*, *Tax 'ABC'* and *Trust 'ABC'*. By seeing the common supplement 'ABC' of any Alliance company, customers can quickly understand that the specific company belongs to the same Alliance. Using the same naming is according to the Managing Partner fundamental and provides, beside the described marketing effect, the opportunity to share costs among the single members.

The Managing Partner considers the Alliance network as an 'internal loose network'.

The Alliance network is '*internal*', since the companies that belong to this network are held together by the umbrella organisation which represents the same brand and it is '*loose*' since the network companies have – generally – the power of decision. For instance, due to this power of decision, **the single entities can decide if and how they want to work together with the other Alliance members.** The given power of decision also means to the Managing Partner that **the Alliance is based on a 'loose collaboration'**. This is seen as a major advantage through which the umbrella organisation offers more flexibility to the single entities, as for instance in the budgeting process and decisions about investments. **Furthermore, all participating companies possess an individual Managing Partner, and each Managing Partner is personally responsible for the success of its own company.** The collaboration, as seen by the Managing Partner, involves clearly defined rules that are brought together in a contract, valid for all Alliance members. This contract explains the 'soul' of the Alliance, which mainly describes a common code of ethics. The umbrella organisation takes the role of the supervisor or quality assurer since, for instance, it controls education and training programmes which the single Managing Partners aim to conduct. In this regard, the umbrella organisation defines the budget which has to be spent by the single corporations on training, including EUACFSI-1. However, the umbrella organisation does not make decisions specifically on the exact direction in which training should be pursued. The final decision about which focus of education needs to be pursued is the responsibility of the single network members. Only if a Managing Partner considers pursuing a course which takes him away from work for extended periods does the umbrella organisation have a veto right. The veto could be imposed in a case where the absence of the corresponding Managing Partner might create a risk for the whole Alliance. There are no cross-financing mechanisms between the members. The umbrella organisation only ensures the quality and professionalism of its management and experts, but not the financing of their trainings. The Managing Partner stated:

¹³ According to the explained privacy issues, the real name of the common supplement cannot be provided by the researcher. However, for the purpose of this documentation the researcher opted to choose the supplement 'ABC', which symbolizes the real supplement.

“The scope of the Alliance is to share a common name and also to ensure an appropriate level of quality through continuous education. Such agreements between the single members are described within a contract. However, each member-company knows the best what kind of education is required for its needs and decides for its own what to do. Only if there is the need for bigger investments or if due to a planned education intervention one of the Managing Partner will not be available over a certain period of time, then indeed, we need to discuss this topic within the Alliance.”

Each member of the Alliance has the duty to cover its own expenses. Hence, all Alliance members have to be self-financed. This financial aspect is also exercised if an Alliance member needs services from another Alliance member. In such a case, the demanding Alliance member is asked to pay for the corresponding services as it would a normal customer with no preferential treatment. From the provision perspective, this means that the Alliance member providing the effective service is considered as an external service provider. The financing aspect reflects the responsibility of each company and illustrates which party is taking the risk. **The Managing Partner considers the Alliance as a loose network also because customers can decide with which party they want in a business relationship.**

According to the Managing Partner of EUACSF1-1, the Alliance mixes responsibilities and autonomous operations in each business. For instance, even if the Managing Partner – generally – has the full power of decision, he is not allowed to take any decision where the Alliance’ brand is at risk. The decision-making authority of the individual Managing Partners has changed with the membership in this Alliance. He underlined this fact, stating:

“Today, with the Alliance, it is not anymore as before, when I used to work for myself, when I could stand up in the morning and take an important decision by myself without asking anybody.”

Situations that need to be discussed in the group can have several causes, for instance ethical or financial. The Managing Partner stated that an ethical decision could be the decision not to send any Christmas cards, only wishes for New Year. By solely sending wishes for the New Year the Alliance aims to show respect to other religions. The financial impact is also seen from a risk perspective. If there were a potential mandate that could be interesting from a financial point of view but too risky from a delivery point of view, the single members would have the chance to stop this venture. This could happen where the

Alliance would no longer be in the position to provide satisfactory services asked by the customer because of lack of resources. Further, the Managing Partner made also clear that the moment the risk concentration is too high on one customer, he would not accept the mandate, and other Alliance members would not allow him to accept it either. The Managing Partner summed up this situation as follows:

*“It cannot be that something goes wrong. **Whatever we do for our customers must be perfect.**”*

As stated, EUACFSI-1 was founded in 2001 by the Managing Partner. Before founding the company, the Managing Partner used to work with a bigger Insurance Company. Having started his own business, and before participating in the Alliance, the Managing Partner faced several complications. One of the major difficulties was the bargaining power with Insurance Companies. As an independent financial consultant and insurance broker, the Managing Partner was unable to provide adequate contractual benefits to customers. The Insurance Companies did not provide EUACFSI-1 with attractive conditions to access the insurance products. But after having joined the Alliance EUACFSI-1’s situations changed. The Managing Partner explained this change in the following manner:

*“**My personal and major interest in this Alliance is the name, the image the Alliance brings to the outside world.** When I started my business as a one-man show I had a very difficult situation. The Insurance Companies have not given to me any big attention and no good contracts. I am referring hereby to collaboration contracts. You need to know that a one man show will never get a good collaborative contract. The collaboration between a one-man show and an Insurance Company is solely based on new acquisitions. This means that an Insurance Company will only work together with a one-man show when this (one-man show) brings a new contract to the Insurance Company. Today, due to my partnership in this Alliance, the moment I win a new mandate, I can discuss this mandate with the Insurance Companies. If before there was almost no discussion, today I have a certain discussion with the Insurance Companies. Accordingly, today I can choose the most suitable company which delivers the most appropriate solution. Today, thanks to the Alliance, I can let the Insurance Company know that the customer is managed by us – not only by me – and that I accept a certain commission. Before, asking for a commission which was different from the standard commission given by the Insurance Company was almost impossible. Thanks to this Alliance the market has a totally different awareness of my company. **Technically seen, I am still a one man show, but the market has a different awareness. Today I appear bigger and can put EUACFSI-1 in a better bargaining position.** Today, due to the Alliance there is a remarkable marketing*

effect that supports me in getting better commissions from the Insurance Companies.”

The Managing Partner illustrated how the image is an important reality, not only for the customers but also for the suppliers, as stated in EUACSF1-1’s case, the Insurance Companies. Where customers receive value which is based on tradition and safety, Insurance Companies get the impression that there are many possibilities to do business with EUACSF1-1. The image in the market of independent insurance brokers – one-man shows – usually is less ‘serious’, since it seems that these independent brokers just try to sell insurance products but not the perfect service. Due to the partnership within the Alliance, EUACSF1-1 can create a new image that needs to be managed carefully. Stable and traditional values are requested by customers. **The Alliance can profit from its customer network and the network of all Alliance members. The common image and quality seems to make it possible.** A common image through all Alliance members, a common understanding of quality, stability and traditional values provide benefits to all Alliance members, including EUACSF1-1.

According to EUACSF1-1’s Managing Partner, the Alliance is like a family with extremely emotional relationships. Conflicts and discussions often emerge due to personal interests of the single Managing Partners. The organisation of private events like dinners or skiing weekends are organised to bring most of the Managing Partners together in a different and more private atmosphere. However, the Managing Partner makes a clear difference to a normal private environment. According to his view, the company-related private life has nothing to do with the business-decoupled private life. For the Managing Partner this private relationship is private because they meet in a private atmosphere, outside the office and business hours. The aim of these events is to get closer to each other on a private level. Discussing business issues is avoided as much as possible during these events. The Managing Partner provided details about his understanding of the meaning ‘being a partner’. He referred thus to the value of shares and their meaning within the company, namely:

“You also have to understand what ‘partner’ means. We live in a people business world; at least 90 per cent of our customers are acquired by ourselves.¹⁴ Our shares model defines that every partner, at a moment he would leave the company, is not getting back any compensation. We live a philosophy which is based on the following position: A partner has been within the Alliance for years, and every

¹⁴ The Managing Partner is hereby referring to each Managing Partner of the companies within the alliance.

year the partner had the opportunity to extract certain compensations. Every year, the more a partner has done, the more the partner could get from the company.¹⁵ Consequently, every year the partner gets the direct profit of the company. The moment the partner leaves, there is no substance left in the company. The partner is leaving with the profit earned over the past years and, indeed, also with the customer contacts. Our Alliance and the corresponding companies within the Alliance, has no net value of tangible assets. The Alliance only has an earning-capacity value, that's it."

The Managing Partner has defended this approach by explaining that the Alliance needs continuity. With this approach, the Alliance aims to eliminate the possible threat when a Managing Partner leaves the company. **The objective of the Alliance is to create a focus on what a Managing Partner can create during the period of participating within the Alliance.** Another explanation is characterised by the ethical background. The Managing Partner cited that it cannot be accepted that any partner who leaves the Alliance would endanger the company, and particularly the employees working within the Alliance. **However, the Alliance has not made any arrangements, such as contractual penalties clauses, to avoid abandonment of any partner. There is only the risk of losing skills and contacts.**

According to the Managing Partner, the finance business is a 'people business' and will always be a people business. On one hand, he understands a 'people business' as one where the turnover is directly created by people. Besides this definition, the Managing Partner stated that in a 'people business' **customers need to trust those people that consult for them**, the financial consultants. **Thus, the finance business is strongly driven by emotions that are based on trust.** 'People business' means customers have to have this trust towards the consultant to allow his company to provide the services the customer is asking for. The financial consultants are therefore in direct possession of customer contacts.

5.2.3 The network with third party companies

Besides partnering within the Alliance, EUACSFI-1 has several partnerships outside the Alliance, with third parties. EUACSFI-1 differentiates between 'internal' partners (the Alliance network) and 'external' partners (third party companies). For instance, EUACSFI-1 sees Insurance Companies as such external partners. For the Managing Partner, these Insurance Companies represent product factories, suppliers of financial products. **The need of these partners is justified by the different needs of EUACSFI-1's customers. EUACSFI-1's Managing Partner always aims to identify and choose the best suppliers**

¹⁵ The Managing Partner is hereby referring to a monetary compensation.

for getting in the position to sell the best products to its customers. EUACFSI-1 also pursues loose partnerships with third party Trustee Companies even though there is a Trustee Company within the Alliance. These partners are seen as competitors to EUACFSI-1. However, there may be reasons when there is a need to partner with them. The Managing Partner explained in this regard:

“A third party Trustee Company needs once in a while services from EUACFSI-1 since they do not have the same services in their portfolio. Since it can happen that EUACFSI-1 receives a respectable amount of customers from these third party Trustee Companies EUACFSI-1 gets automatically in the position to bring some customers back to them. This is kind of a ‘Yo-Yo’ effect. The market I am in is based on the getting and giving principle. For this reason I cannot only focus on taking customers from these third party Trustees just because they cannot offer the required services. In the case they would not receive some customers back from me the damage would be high, because they would lose any motivation to work together with me.”

EUACFSI-1 is not measuring the turnover within this giving and getting procedure, since solely focusing on money or turnover is not the only object of the exercise. **EUACFSI-1’s Managing Partner cares first about the customer and afterwards about money. Hence, the Managing Partner first verifies which third party provider could cover the necessary customer needs before initiating the exercise. The Managing Partner is always focused on providing the best possible solution to its customer. Accordingly, the Managing Partner expects from the third party provider the same quality standard as if it lived within EUACFSI-1.** It can happen that the connection between the customer and third party solution provider is established because of the personal match between the two entities. EUACFSI-1 also has partners with financial consulting companies which are bigger than EUACFSI-1. **This collaboration could happen when a customer is simply too big for EUACFSI-1. In such a case, even if there were the opportunity to create considerable money, the Managing Partner of EUACFSI-1 would refuse this customer. However, the Managing Partner would still ensure the customer will get appropriate advice by transferring it to a bigger company that can ensure the delivery of the required service. On the other hand it can happen that a customer’s business is too small. In such a case it could happen that the Managing Partner connects the customer with smaller brokers, usually one-man-show brokers.** However, the Managing Partner sees some problems with partnering smaller brokers. The Managing Partner stated that the problem with small brokers is that they often do not know where the boundaries of the agreement are set and try to make fast profits instead of serving the customers with the same quality as EUACFSI-1. In both cases, collaborating

with bigger or with smaller third party companies, the goal is to ensure customers receive the best possible solution to their issues.

The Managing Partner also illustrated risk aspects when partnering with third party companies. Risks could for instance emerge if an ‘A-Customer’ (a very important customer) of an external Trustee Company has contacted EUACSF1-1 because it was recommended by this external Trustee. In such a case, usually the Managing Partner of EUACSF1-1 is informed before by the third party Trustee about the importance of the customer. This may automatically put the Managing Partner under pressure. **The pressure emerges from the fact that if the Managing Partner provides bad services or advises the customer insufficiently, or sells the wrong financial products, its partner, the Trustee, would be in a delicate situation and risk losing this very important customer. The consequence would be, due to the anger of the third party, EUACSF1-1 would receive adverse rumours in the market which could impact this and other collaborations with third party companies.** Thus, the Managing Partner sees in partnerships risks and opportunities. The Managing Partner stated:

“Partnerships can create business but they could also be the reason to destroy business. Trust between the partners combined with a high level of service quality is mandatory for serving customers at the best possible level. This is the fundament of a successful collaboration. A network built by partners is like a spider’s web. If you shake the spider’s web somewhere, the web shakes everywhere. It must be ensured that the reasons that shake the web are positive ones.”

The Managing Partner stated that he trades with partnerships and networks very cautiously. For instance, the problem he mentioned over a transfer with a smaller broker is the different position between EUACSF1-1 and the third party broker’s position. The difference relates to the statement given before regarding the ‘less serious’ quality image of these brokers, only focused on selling financial products. EUACSF1-1’s interest to transfer the customer is predominantly driven by the fact that effort and profit do not make sense to EUACSF1-1. **A possible partner, such a smaller third party broker, should in any case provide excellent service to the customer.** Hence, if this third party focuses on selling to the customer unnecessary financial products, the customer could affect the network’s web negatively, a situation EUACSF1-1’s Managing Partner aims to avoid. If the opposite happens, namely that a new customer is too big for EUACSF1-1 and as such needs to be transferred to a bigger financial consultant, the experiences were mostly positive. According to his experience, bigger companies appreciate such moves from smaller brokers.

The cultivation of networks is based on trust. The Managing Partner sees in trust the certainty that the services asked for are going to be perfectly delivered by the other company. Whilst the internal network, the Alliance, is based on clear and well-defined contracts, the external network is managed differently. Here the Managing Partner has a contract-free relationship management style. **He sees in the network built with third parties, less need for contracts.** Here, the financial consulting, or insurance brokerage market, is strongly driven by ‘kickbacks’¹⁶. These are usually well defined, and regulate the relationship between two independent parties that collaborate. According to EUACFSFI-1’s Managing Partner, the use and focus on kickbacks is a sub-optimal approach. The Managing Partner stated:

“I have never made a contract with my network partners. To protect the customer, I can never be focused on the kickbacks, even if kickbacks are a reality also in my business. My priority is first of all the customer’s needs and that it will be advised in a perfect manner. Only secondly I discuss – only and just if I discuss – kickbacks.”

The cultivation of networks is also driven by the product manufacturer, the Insurance Companies, with the organisation of networking events. These events allow getting in touch with other brokers and exchanging experiences and information with them. For the Insurance Companies these events mean cultivating their ‘*distributors*’, since from the Insurance’ Company’s perspective brokers represent distributors of their products. With these events, Insurance Companies hope to motivate present insurance brokers to sell more products of their own company before they sell products from other Insurance Companies. In any case, these events are seen by the Managing Partner as one of several opportunities to cultivate his personal network. Another opportunity to cultivate the network is given through the Alliance. The Alliance member companies organise special events where they invite the decision makers of important companies, mostly CFO¹⁷s. EUACFSFI-1’s Managing Partner stated:

¹⁶ Some dictionaries explain ‘kickbacks’ as an *illegal activity*, as for instance found on the Oxford English Dictionary (<http://www.oed.com>): “A refund, a rebate; the return of money, goods, etc.; a payment (*usu. illegal*) made to a person who has made possible or facilitated a transaction, appointment, etc.”. The expression ‘kickback’ used by this and also other researched companies does not represent such an ‘illegal’ payment for facilitating a transaction. In Switzerland companies use the expression ‘kickbacks’ with the meaning of legal retrocessions, mainly made by banks and insurances to financial brokers at the moment these brokers sell their products. In Switzerland, these retrocessions are legal, as long as customers are informed about these transactions. Customers need to be informed, since there are legal rights connected to these transactions. Further information regarding these ‘kickbacks’ are available on the Swiss Government sites, such as <http://www.admin.ch>. Furthermore, in Switzerland this expression ‘kickback’ is frequently used, as in this example, to express the receipt of a commission at the moment a company is transferring a customer to a third party company. This represents again a legal activity, since these commissions are visible in the accounting and consequently taxed.

¹⁷ CFO: Chief Financial Officer

“Once a year we organise a dinner with some CFO’s. They are not only existing customers, but also potential customers that we know. Fact is we bring them all together in one event. Our approach hereby is to invite only a few customers, maybe 10 or 15 CFO’s. Additionally we invite maybe three or four CFO’s that will join this dinner for the first time. Because of this it can happen that some of the new guests are surprised to see other CFO’s colleagues. The surprise created usually creates curiosity between them, a curiosity that ends up in a discussion. They start to talk to each other and start to ask questions like “Oh, I see you are also here. How come, how are you connected to the Alliance?”, and the answer “Well, this Alliance is managing my financial issues”, and so on. This ‘surprise effect’ makes them talk and think about us and represents for us indirect acquisition. Usually they stay in touch afterwards and will always discuss us and the organised dinner. In our belief it is a marketing effect that cultivates our network in a positive manner.”

According to the Managing Partner, the business success of EUACFSI-1 is 90 per cent based on social relationships. Social relationships that lead to new business and that can ensure existing business can be delivered. However, the Managing Partner always used these contacts in an appropriate manner; as he stated ‘always careful’. He stated that he contacts Insurance Companies only at the moment he had something for them, a customer. The reaction of the Insurance Companies was usually the same: they could see the Managing Partner as a serious broker. The consequence of this behaviour was that the Managing Partner had access to better agreements between his company and the Insurance Companies. These allowed him to receive higher provisioning and thus create higher profits. The social relationship started to generate business benefits, due to which he stated:

“You have to know, that brokers usually have standard contracts. However, with my approach I could get much better ratings and much better conditions; at the end I received the same contracts as the big broker companies that generate much higher turnover than me. To sum up, I ensured first that I could bring them in my house before they had to bring me in their house.”

The important aspect in this relationship is, according to the Managing Partner, to care about the interests of the corresponding Insurance Company. **He stated that acting in the interests of the Insurance Company is essential for the relationship. Together with the interests of the Insurance Company, it is essential to ensure the customer’s needs are covered.** Both, acting together, create according to the Managing Partner credibility that is essential in EUACFSI-1’s industry. The quality of EUACFSI-1’s services emerges through

this combination of considering the positions of both parties: knowing what is available and which products make sense to its customers and how to manage the relationship that supports the delivery of these products. Through building this credibility, the Managing Partner derives an interesting side benefit. He stated that thanks to this credibility, the back offices of the corresponding Insurance Companies are always available for him, and he also has a personal relationship with the back office personnel. The consequence of this particular relationship is that whenever he needs clarifications and has special requests, the corresponding back office clerks support him in conducting the corresponding research. Furthermore, EUACSFI-1's own customers are allowed to call directly the Insurance Company back office for any purpose. EUACSFI-1 as a company receives as such an extended back office at zero cost. The Managing Partner stated:

“Thanks to this good relationship I can use them – in a good way – for my own purposes. My customers can call the Insurance Companies and get advised directly by them. Usually, if you are a broker, the contract with the Insurance Company clearly says that you are responsible for the customer. This means you have to advise them and not the Insurance Company. In my case my customers can call whenever they want, the back office personnel will take care of them. As such, I got an extended back office for free.”

According to the Managing Partner, a network is a continuous ‘taking care’ and development of relationships. He uses 70 per cent of his time for managing his network. He sees himself like a platform where he connects and exchanges ideas and experiences, an on-going process that dictates he stays always in touch with everybody. **He understands that there are many intelligent people out in the market, but most of them are not able to manage and create a network because of lack of relationship management abilities.** He believes that the network is the essential part of a business in his industry. By referring to the ‘intelligent’ people he stated:

“If they would be by themselves, they would not survive, since they would not be able to acquire any customers.”

He puts networking in the centre of his business. The world in which EUACSFI-1's Managing Partner lives is based on networking and further networking a relationship management with anybody that surrounds his business. But, according to his view and with a particular focus on business networks, he stated that it would be wrong if one would try to ‘use’ these networks and to stay in touch with the network only with the goal of creating business. Especially by focussing on business networks, he stated:

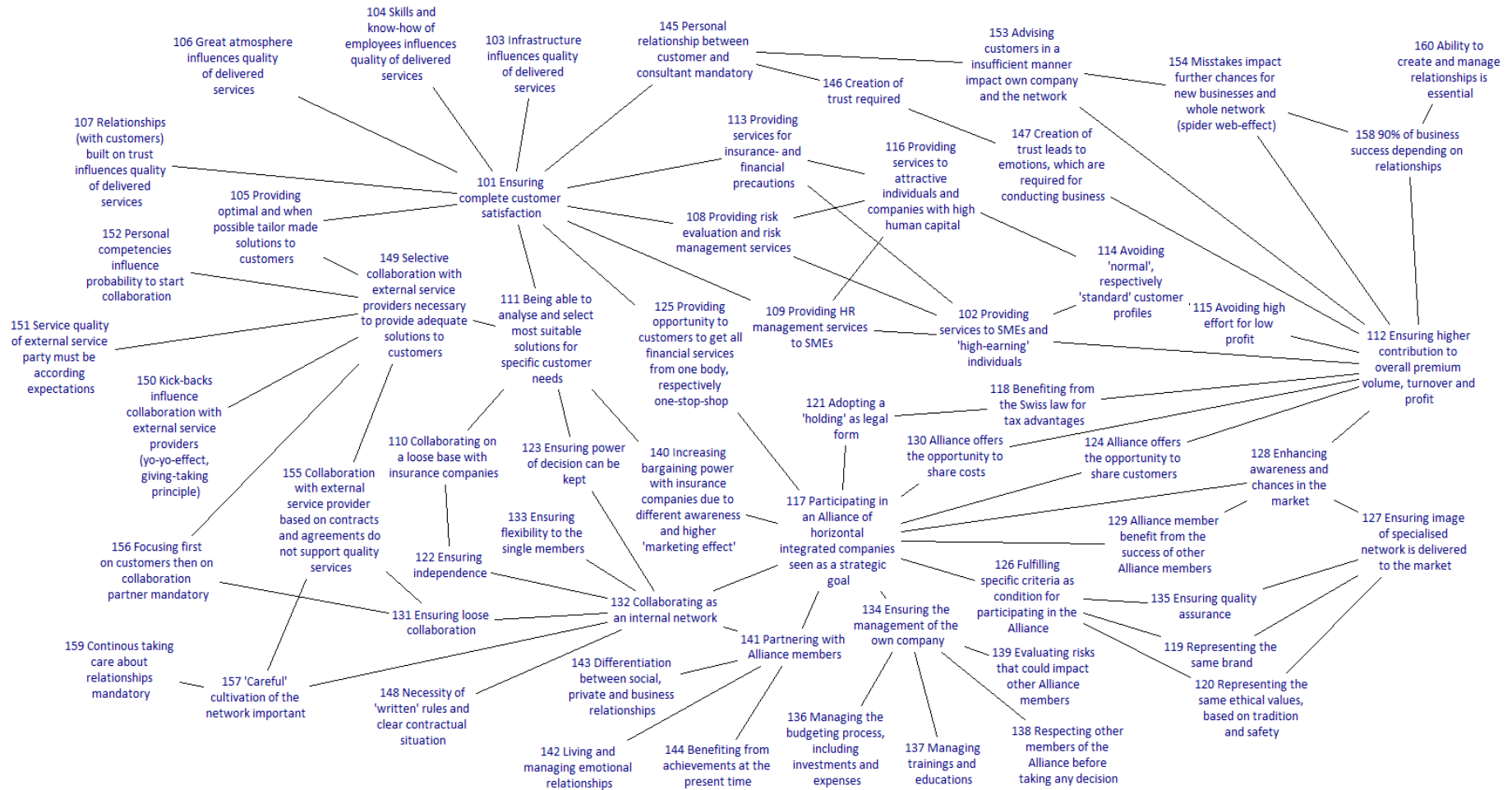
“A business network is participation where you stay in touch with others and where you never know what will happen. Sometimes it can happen that there is a need which matches with the own offer and then, because of this connection, it could happen that a new business is created.”

The Managing Partner sees on one hand the challenge to manage the network relationship and on the other hand the challenge to make the other network party understand that one is looking for business.

“It is a matter of managing that relationship in the right manner. But you do not have to wait until the other party gets back to you only when it has something. If you do not place your request it could happen that the other party will not contact you with a potential opportunity. This means, you communicate first and then you wait and manage the relationship in an appropriate manner. Do not get lost in secrets that nobody can understand, show your interests. I believe this is the right way for doing business.”

5.2.4 Spray diagram EUACFSFI-1

Spray diagrams are based on highlighted statements. Please also refer to section 5.8(Preface to Data Analysis: Spray diagrams creation) to review explanations about how spray diagrams were created.



Spray diagram 1: EUACFSFI-1 Financial Consulting Company

5.3 EUACSF-2 – Tax Consulting Company

EUACSF-2 is a Tax Consulting Company and belongs to the same Alliance as EUACSF-1. Hence, according to the information available on the internet, **EUACSF-2 is following the same common goal of the Alliance: the complete satisfaction of its customers.**

The data was collected during two semi-structured interviews of approximately 120 minutes, which were conducted with a Director of EUACSF-2 over a period of two weeks. Besides these interviews, information available in brochures and on the internet that refer to EUACSF-2's services and history were also considered within the introduction of the company, according to the research method in chapter 2.9 (Data sources).

5.3.1 Introduction to the company

EUACSF-2 is managed by the Director and was founded by the Founding Partner of the Alliance in 1999. The Director and the Founding Partner both made a professional career in two of the top four consulting companies. After the experience with these big companies, the Founding Partner wanted to start his career as entrepreneur by offering the same services as his former employer. **The Founding Partner so aimed to keep the same customer base as before, namely Mid- and Big Sized Companies.** Even though EUACSF-2 had been founded more than ten years ago the Director referred:

“We are still in the start-up phase but in the meantime we became a company with high qualified employees.”

EUACSF-2 is growing slowly since it is hard to find the right people. EUACSF-2's challenge is to find people that have, as well as Swiss tax know-how, expertise in international tax law and who have English skills. The market does not produce many certified tax experts, so it is difficult to find the right people. The Director stated that the environment where EUACSF-2 is active is not an easy one and they do not have many assignments. She specifically stated that EUACSF-2's customers are like 'mayflies', they unexpectedly contact EUACSF-2 for solving a problem when it appears but then leave afterwards. In contrast to other Tax Consulting Companies EUACSF-2 is not focusing on handling annual tax declaration. These Tax Consulting Companies have regular assignments and incomes and can manage 'better' their time. **Due to the acyclical customer requests, EUACSF-2 has to plan any activity carefully.**

Typically, EUACSFI-2's customers always have special requests that need to be managed accordingly and in an appropriate manner. Customers who contact EUACSFI-2 have not only tax issues, which refer to finding opportunities in reducing taxes. EUACSFI-2's customers have also issues that need to be resolved to ensure that they can comply with the law. According to the Director, many customers are not aware that compliance with law is not always given in the manner in which these customers conduct business. Ensuring tax issues can be resolved and the solutions to these issues comply with law represents a major challenge in EUACSFI-2's business.

5.3.2 *The Network with third party companies*

Regarding participation with other third party networks, outside of the Alliance, the Director referred:

“We have been asked several times to integrate our Tax Consulting Company within different networks of tax consultants, but we never have considered such an option. We work together with other networks on a loose base, but we are not looking forward to being part of such constellations; this would have a big impact in our independence. Beside the issue of losing the independence there are also monetary issues that need to be considered. Networks in the tax consulting business are expensive and the participation does not mean there is a higher return on investment.”

According to the Director, networks have also other negative impacts. It seems that most of these networks dictate which consulting partner they must work with. The Director explained:

“If we got a customer from France and we would need help from a local tax consultant in France: just because of the network we could not choose the consultant. The local Directors in France would obtrude us the one they want. We would not have control about the service quality and as such we could not ensure that our customers would be served with the same level of quality as we would do. A member of such a network has to work with people who are within the network; there is no other choice.”

EUACSFI-2's network strategy is to be independent and to build loose partnerships where and whenever needed. Consequently, EUACSFI-2 chooses partners who fit to EUACSFI-2's philosophy, service quality and professionalism. **Accordingly, most of EUACSFI-2's partnerships are informal and all of these partnerships are built on trust.** The Director said:

“We have spent a lot of time building our relationships and we still are spending a lot of time to care about these relationships. It was a hard piece of work for building everything, and today the result is that we possess the right Partners around us. We are free to choose any of them whenever appropriate and always according to the corresponding customer request.”

The Director stated that there could be a need to work together with international networks, but this is to understand differently from being involved within such a network.

The major reason for keeping a distance from, and loose contact with, such networks is being able to retain decision-making power which the Directors wants to keep within the company. According to the Director’s view, losing the power of decision builds an intolerable risk. **For the Director the focus is always on the customer.** If the **Director cannot select an appropriate tax consultant, the quality of service delivered could suffer and the outcome would be a dis-satisfied customer.** Being able to choose an appropriate tax consultant means to the Director **ensuring the best consultancy for the specific customer-needs can be provided.** Consequently, the Director stated that as long she is not involved within an external network, she can always pick up the best consultants for each tax area and **ensure her customers are getting the best possible advice. This fact can only be guaranteed through full independence.** According to her, this protects her customers and in the end her company. However, the Director of EUACSFI-2 hopes to develop over the next years a **network, based on loose collaborations, that ensures all specialised tax areas can be covered. Such a network would then be based on informal agreements.**

The Director considers any collaboration with third party companies as a loose collaboration. Even though there are partnerships that require contracts (as for instance with Insurance Companies or Banks) **the Director sees in these partnerships a loose connection that is only ‘activated’ when the insurance or bank has a specific request to her company.** The loose aspect emerges from the fact that these **partners are not obliged to contact her** when they have a customer need in the tax area. They are free to decide if they want to contact EUACSFI-2 or if they want to collaborate with other tax consultants. She stated that the Insurance Company ‘should’ contact EUACSFI-2, but are not obligated to do so. Even if EUACSFI-2 represents, in some specific cases, the preferred supplier of an Insurance Company, it cannot be expected that the Insurance Company will contact them in every case. The Director explained:

“This collaboration, even a contract is in place and defines the details of the collaboration, is to consider as a loose collaboration. Whenever these partners have a specific customer need they can refer the customer to us, but are not obliged to do so.”

The Director further explained:

*“Once a Bank representative came over here to our office with his customer; he introduced the customer and explained the customer’s needs to us; afterwards he left our office. **We took over the lead and when we had concluded our job, we gave the customer back to the bank.** We solved the issue and the bill was then sent directly to the customer. The Bank took over the role of a distribution channel without any kickbacks. This is the way to work together that makes sense to us. **In our industry it is important to offer a good service to the customers before thinking about any kickbacks.**”*

The Director stated that the same principle is adopted with third parties that offer the same services as EUACSFI-2, namely other Tax Consulting Companies. The difference with these partners is that they are usually based abroad. **The principle of collaboration is seen as the same but the location explains the need to collaborate with potential competitors.** EUACSFI-2 needs these contacts abroad to ensure specific customer requests that involve other countries can be managed in appropriate manner. **EUACSFI-2 is not collaborating with tax consulting in Switzerland.** In Switzerland, as the example with the insurance and bank illustrated, EUACSFI-2 only collaborates with companies that provide complementary services, such as financial consultants, Trustees, et al. The only close collaboration is built within the Alliance as will be illustrated later in detail in chapter 5.3.3 (The Alliance network). She declared that:

*“I do not want to have any close partnerships outside the Alliance. I do not see any advantages, only risks. As I said, **I pursue only opportunistic partnerships, loose collaborations, where at the moment a need appears we get in touch with our contacts and try to make business together.** Avoiding risks and potential failures is one of the main scopes. Who says that only because I join a network I will generate more business? I am definitely sure, that many people will not deliver us any new mandates if I would join a network. We would lose many mandates because we lost our identity. **For this reason I prefer the opportunistic collaboration, loose networking, where the connection is given but we make business when an opportunity emerges.** In our opinion, being part of a network, you get in a dependency that you cannot control anymore.*

Together with loose collaboration, relationship management has a dominant position in EUACFSI-2's business. Building up and maintaining a relationship is, according to the Director's view, very important for this business. Relationships also represent the fundamental 'ingredients' for an informal and loose network. However, the Director explained that she is not the one who is carrying this task; instead it is her business partner. According to her view, **her partner is good (and better than she is) in this and invests a lot of time in relationship management.** The time and effort that her partner is investing in this task is difficult to quantify, but this task is essential to EUACFSI-2's business. Thus, the cost-benefits of relationship management are a challenge. A bigger challenge is to get the opportunity to conduct this task. Here she referred to the difficulty of meeting people – customers – that could be of interest to her company. Afterwards, carrying and retaining these customers can be done by delivering the quality they expect.

When partners, mostly companies that provide different financial services, of this loose network contact EUACFSI-2, they always expect a high quality of the service. Providing this quality makes them part of the loose network. However, there are cases where partners refer first on 'kickbacks' and only afterwards on the quality. These situations make EUACFSI-2's Director always feel surprised and are contrary to her understanding of priorities. In either case, the Director does not deny the custom of using kickbacks in her business. Here she stated:

“The customer is more important; we need to ensure first that the customer gets the right service. There was a situation once where a company called me and asked at the first position, in case they would transfer to me a customer with some specific needs, if there would be any chance to get a kickback. I was quite surprised about this first priority item; but I told him that I have to think about this. Generally, before talking about kickbacks I need to ensure that the customer is served appropriately and indeed, that my costs are covered.”

Since the **customer is always first priority**, she does not see **any need for contracts that describe the collaboration between EUACFSI-2 and third party companies.** The Director is only interested in collaborating with companies that contact her and are focused on her service quality and not on the kickbacks they can get from her.

EUACFSI-2's Director holds a strong position in what networks with third parties mean and how networking should be conducted. **According to her experience, the success of networking with third parties is mainly based on loose collaboration.** However, networks with third parties do not resolve any business issues if companies are not in charge of the own business. EUACFSI-2's Director **focuses on avoiding failures that**

could emerge through the wrong use of networks. In her opinion, **independence and power of decision are always required. This requirement is essential** to get in the position to **serve EUACSF2's customers with the expected quality**. She stated that networks could build bodies to conceal unqualified people. She explicitly said:

*“What I could observe is that **many people try to hide themselves in a network**. They think, just because they are part of a network, they will have success and that their future is safe. I could even observe how poorly qualified people became part of a network. These people could only succeed by being part of such a network. In our case, if we would employ such people, we would **face the risk of losing the quality of our Alliance**; we would damage our Alliance. Those people who hide themselves within a network, they had nothing before they joined. Consequently, they can only win. Maybe they can get a mandate because of the network. But overall, they have not had any mandate before and they will not get any ‘good’ mandates in the future just because of the network.”*

For EUACSF2's Director **if the service quality cannot be delivered as expected, networks with third parties are useless**. In her view, **having contacts, managing them in an appropriate manner and connecting when necessary, makes the network and hence the partnership work**. To sum up, her personal strategy regarding networking and collaboration is ensuring independence and the quality of the delivered services. For the Director, loose partnerships with no obligations based on trust, and where the partners meet only when business opportunities arise, can make networks work.

5.3.3 *The Alliance network*

The Alliance refers to the network that is under control by EUACSF2's Director and her Partners. **Under control means, these partners have power of decision within the Alliance**. The Director cited that the main reason to build a small personal network is the expectation of **holding customers for a longer period of time within the revenue-creation stream**. For instance, a reason customers contact her is mainly because of complex tax issues that need to be resolved. Once these issues are resolved, the customers still needs tax advice but is not willing anymore to spend the same amount of money to receive such advice. Now, since the customer is not willing to pay the same amount for issues with lower complexity, **the Director can thanks to the Alliance transfer this customer to the Trustee Company that is part of the same Alliance**. Hence, thanks to the Trustee Company, the **customer is still served with high quality services and is not lost**. Whenever a new request of higher complexity emerges, the customer can be transferred again back the EUACSF2.

From an abstract point of view the Alliance represents to the Director an ‘easy model’. Because of the Alliance, it is possible to attend to customers through their life-cycle of financial needs. **The combination of Trustee services, tax consulting and financial planning provides a set-up that, in most cases, can address these life-cycle needs.**

According to the Director, the model this Alliance requires particular personal characteristics of the single members. Such an Alliance requires the right mindset for all Managing Partners of the companies that belong to the Alliance. The Director referred that in the past they had to face several problems, since some Managing Partners put their personal interests before the interests of the Alliance. The Director stated:

*“We had to face many problems in the past and once a year we were re-thinking about the situation and asking ourselves if this Alliance still make sense. However, I still believe that we have chosen a good Alliance model. The problems we had to face in the past were mostly caused by the people involved within this Alliance. They were not the right ones for this model. But today, with the partners who are still here, it works better. **If one puts his personal interests at a first place then it builds a big danger for the whole Alliance.**”*

The Alliance is held together by the Management. According to EUACSFI-2’s Director, the Management of the Alliance represents **the ‘glue’ that binds the single companies.** Without a Management that can work together and follow the same goal, this ‘glue’ would disappear and endanger the continuation of the Alliance. Activities between the Managing Partners that can create this ‘glue-effect’ are not organised on a regular level.

The Director stated that today things work better because the decision makers are reduced to the Director and her Partner. She explicitly said:

“Today we have a very good collaboration level, mainly because only my partner and I are the ones who take decisions within and for the Alliance.”

Beside these personal factors that impact the performance of the Alliance, the Director stated that short communication distances and an open door policy also build an essential part of today’s reality within the Alliance. There is no need for structured meetings that are held on a regular base, but a need to be able to contact anybody at any time whenever required.

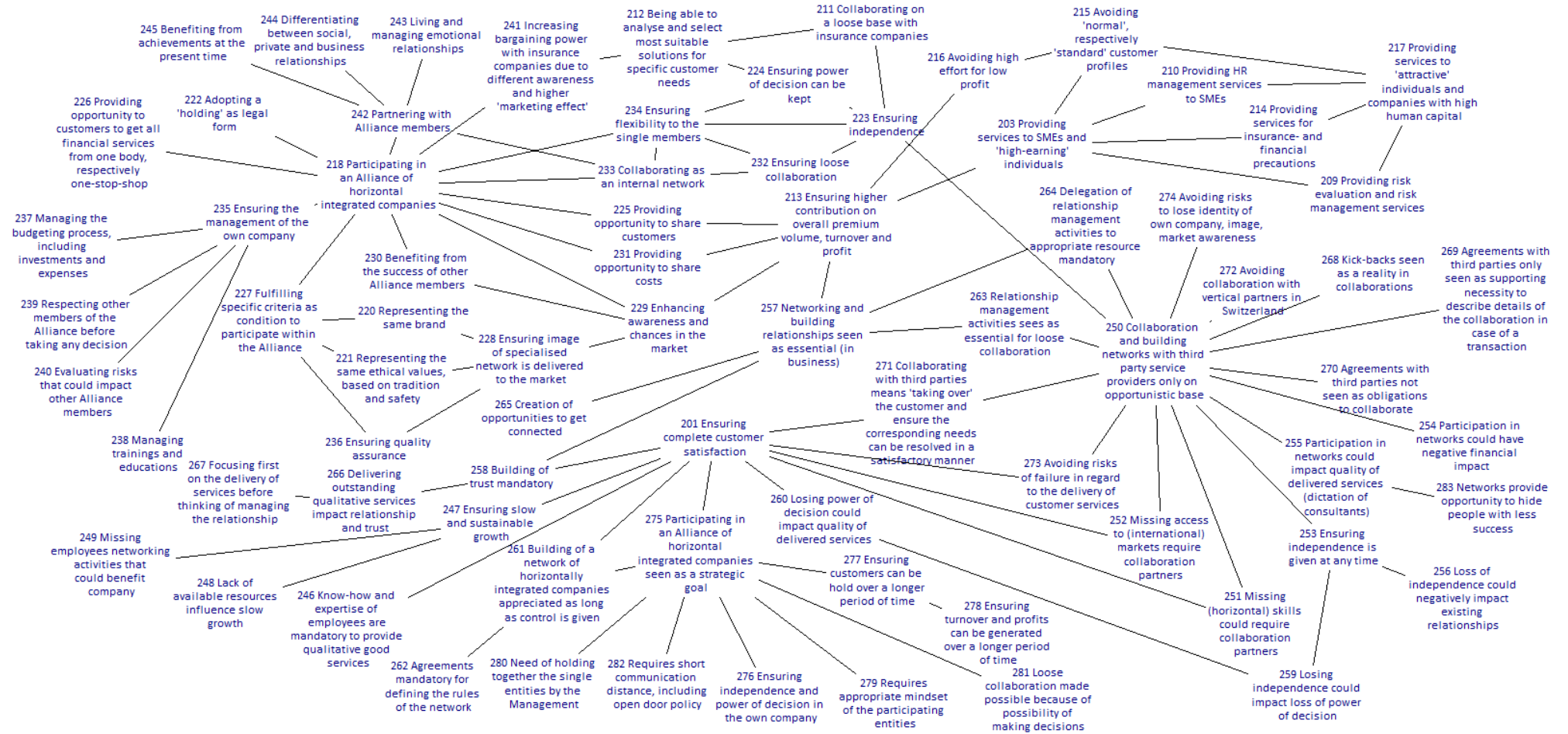
By referring to the role of EUACSF-2's employees and their personal network, and if it contributes to EUACSF-2's business success, the Director made clear that from this perspective, **employees are not contributing at EUACSF-2's business success at all. Employees contribute only by providing their expertise to the company.** Providing their own contacts (a wider customer network) into EUACSF-2 is not a reality today even though it would be highly appreciated. This circumstance could be one of the challenges that EUACSF-2 is facing and could explain why it seems to be difficult to find the right employees. EUACSF-2's Director replied with strong emphasis to this question through following statement:

“Employees that own customers and an own network and bring it into the company? This is definitely an illusion! It was always a wish they would bring in their personal network, but it will be always only a wish. Sadly no employee has ever brought any customer base into the company. It would be perfect if this would happen, indeed, but the acquisition is mainly steered by the two Managing Partners. Only rarely it happened that somebody has brought a new customer.”

The whole acquisition process is steered by the Director herself and by her partner. The idea that EUACSF-2's employees have a network with potential customers or they would acquire new customers is a 'pure illusion'.

5.3.4 Spray diagram EUACFSI-2

Spray diagrams are based on highlighted statements. Please also refer to section 5.8(Preface to Data Analysis: Spray diagrams creation) to review explanations about how spray diagrams were created.



Spray diagram 2: EUACFSI-2 Tax Consulting Company

5.4 EUACSF3 – Banking Company

EUACSF3 is a branch of a global Swiss bank. Even though the branch belongs to a global non-SME bank, the researcher decided to investigate this branch. The rationale behind this consideration is twofold. First, the branch has, from an isolated point of view, a set up that corresponds to an SME. The ‘single’ view emerges from the fact that the branch, which is based in a local area close to Zurich has to create turnover and profits like an independent company. Second, the researcher had access to the Branch Manager and so had the opportunity to investigate this branch. Consequently, he decided to conduct the fieldwork in the same manner as with the other companies. During this fieldwork the researcher always focused on viewing the branch as the local bank that provides banking services to the local area. The focus was therefore not set to the intra-organisational network structures of the global bank but on the extra-organisational structures. By referring to these two considerations, the Branch Manager underlined:

“These branches are a priori little corporations and thus profit oriented. Consequently, every branch has to act like an independent company in the market. Every branch is independent, a little enterprise usually with 3 to 20 employees.”

The following evidence focuses on the branch EUACSF3 as an independent company. Accordingly, the following evidence applies exclusively to EUACSF3’s position and perspective on the subject of this research. The data was collected during two semi-structured interviews of approximately 180 minutes conducted with the Branch Manager of EUACSF3.

5.4.1 Introduction to the company

EUACSF3 mainly focuses on providing Private- and Institutional Banking Services in a local area close to Zurich. Its services are designed to be provided to the local SME landscape. The fact that this branch belongs to a global Swiss bank makes the branch a point of entry for the whole bank. However, the Branch Manager sees his and the branch’s role in providing all standard banking services directly out of his branch. The branch thus focuses on customers within a radius of approximately 10KM. The Branch Manager explained:

“Being close the customers is important for the whole Finance Industry. It is essential to act local in those areas where, at least in our belief, a high market demand¹⁸ is in stock. We want to ensure our services are offered at the right place.”

The global bank this branch belongs to is structured in a pyramid manner with a rigid hierarchy. The services the bank is offering to the market are present at the bottom of the pyramid. This makes the branch a *quasi-self-supporting* bank. Ten employees work for this branch and they report directly to the Branch Manager.

5.4.2 Interpretation of the Swiss SME Market

According to the Branch Manager, the Swiss SME Market has an interesting character, which he expressed a high admiration for. In his view the Swiss SME Market earns this admiration because it represents an economical power that has a significant position in the international arena. He stated that Switzerland is able to build significant economic power with small companies. Because of the strongly fragmented market, the Branch Manager believes that relationship management and corresponding networks cover an important function in this market. He also believes – without providing any evidence but according to his professional experience – **that the economic power of the Swiss SME Market is created through these relationships.**

5.4.3 The role of relationships and networking

The Branch Manager believes that relationship management in Switzerland is based on hierarchies. **He sees, in the first instance people at the top of companies with the duty to conduct relationship management.** According to his understanding, this kind of relationship management can be seen as an **organised relationship management**. He referred thus to the fact that **people in a company expect company managers to conduct this activity**. The Branch Manager sees a greater lack of consciousness of the potential a company could get by putting in place a broader networking approach. This approach would involve employees in the relationship management process conducting this activity. **Motivating, for instance, employees to use their connections for the benefit of the company cannot be expected today.** According to his experience the Swiss market still lacks interpreting the power of networking. The Branch Manager stated:

“It would be possible, and we know it, to involve employees differently in the company, especially in our market, the financial sector. Just to give you an

¹⁸ The Branch Manager referred to the ‘Economic Power’ of a specific area. He equated market demand to economic power.

example: employees could have good relationships to a company 'xy' because of their life partners. A life partner that works in that company 'xy' should only refer to the boss that there is the chance to get financial advices through the (other) life partner's company. As such a connection could be created because of the partner. In my opinion relationships should also be done like this and not only through the bosses, respectively through the hierarchical top levels. Employees should be more involved in this relationship building. I believe there is a big lack for this kind of relationship management."

The Branch Manager stressed the reality today in Switzerland illustrates a picture of 'Boss-to-Boss' relationships. The involvement of employees in networking activities would be appreciated. He stated:

"I believe in our culture this kind of networking is not really developed, it is too static. People (employees) do not develop business relationship for the company because they think 'the company is not me' and so they differentiate relationships between 'private' and 'non private'. This separation seems to me typical in this country."

According to his experience, there **could be much more use made of personal relationships in the business world.** In this regard the Branch Manager made a comparison with the experience in the USA. He could observe that in the USA there is a phenomenon named 'Multilevel Marketing'. According to his definition, thanks to this approach relationships are managed at any level of the hierarchy. Everybody in the company develops an individual network, which is also used for business purposes, respectively for the company they work for. In Switzerland, and especially in the finance industry, this approach does not seem to have such opportunities. **The Branch Manager sees in Switzerland a 'static' market, where people from the bottom of the hierarchy expect from the higher levels in the hierarchy to conduct networking activities.** In this regard the Branch Manager holds his 'own' philosophy:

"Personally I see things different (from the hierarchical facts): Me, I am the human being who passes through different phases during the days and weeks and I'll always encounter different situations. At a private level and at a business level there are always connections. These connections affect both levels. I would see the world that I (at a private level), when I meet somebody, I could connect this somebody to my business world. How should this work? It would be so easy to say in a discussion 'Oh, you are working in the finance industry; by the way, my partner told me she needs certain services, can you get in touch with her? As you

see, a private discussion could easily turn into a business discussion. But as I told you, people here are too 'static', they do not really make these connections."

The Branch Manager could experience level of inhibition in networking. Because of the strongly driven Boss-to-Boss connections, companies miss important opportunities to improve business performance. In his understanding, **employees have a mindset of working for the company during working hours.** As soon as they leave their office they take the 'business chip' out of their mind and put the private one in. **Therefore, they do not expend any further energy in thinking what could be done for the company.** Consequently, **opportunities that could emerge in the private life are not seen and not followed.** Even though the Branch Manager does not have any empirical evidence from these statements, he believes that much more could be done. For instance, by referring to his employer EUACSFI-3, there are '**networking**' initiatives in place. EUACSFI-3 understood the importance of its employees and their personal network and tries to change their way of thinking by making them understand that the employees' private environment could support the company's performance and could also produce financial benefit to themselves.

In the Branch Manager's understanding, the whole Swiss Finance Industry is a 'people-to-people' industry. He goes on to say that the business in this industry can only be related to the network. EUACSFI-3 understood this dependency and started to put more focus on the employees before thinking about any marketing or sales initiative. People business is fundamental in the finance industry since, according to the Branch Manager, people have a personal relationship with money. Hence, the Branch Manager sees it as fundamental to have a relationship to the one that represents the finance company, which delivers services related to money.

5.4.4 Networking with customers

The Branch Manager conducts many networking activities with customers and potential customers. The driver behind this activity is the need to understand what kind of needs customers have. Collecting relevant information that illustrates these needs can only be achieved with talking to customers. He explicitly stated:

*"If you really want to make business, people have to talk to each other. You need to understand the needs of anybody. How can you understand the needs of anybody? By delivering a questionnaire? I believe this is the wrong approach since I cannot provide the right questions. The **personal contact and the***

discussion are in my opinion the only way to understand the effective customer needs.”

Consequently, showing presence in the local area is a major task of the Branch Manager. He stated that the contact with the community is also to promote his own branch. This contact is based at both a personal as well as a business level. **Because of this physical presence the Branch Manager gets the opportunity to exchange ideas with the community and for them to understand each other.** The Branch Managers stated:

“It is not sufficient to conduct marketing and promoting the company’s services through this channel. It is elementary that the personal, the physical, presence is guaranteed in the area where we are acting; we have to show presence. Through this presence ideas can be exchanged and we can understand each other. This presence ensures that I can understand the market and the market can understand what I am offering.”

For this purpose EUACFSI-3 puts local branches in, from an economic point of view, interesting areas and to stay close to its customers. The Branch Managers differentiates two levels of customer needs, latent needs and obvious needs. The obvious customer needs are stated as those needs that explain that customers generally need ‘basic’ financial services, such as services provided by a bank. **Networking with customers and potential customers means exploring latent needs, which means to him, needs that are not evident.** Through a networking activity, the fact could emerge that the customer’s risk profile allows other types of investments, investments that allow the use of different financial products, which the Branch Manager was not aware of. **Networking, building trust, carrying about the relationship can reveal these latent needs.**

Networking with customers and potential customers means also, according to the Branch Manager, keeping alive awareness that his branch exists and is available to meet any request. Accordingly, one of the Branch Manager’s goals is to promote communication between potential customers, to make them talk to one another about his branch. He believes that people generally speak about several different things, as well as about financial issues. In such cases it seems to him important that those parties will keep in mind the Branch Manager and the branch he is working for. The Branch Manager explained this circumstance thus:

“I always try to leverage my purposes through my presence and to understand the needs of the potential customers. Indeed, it is not easy to explore these needs,

but I want that these groups exchange information between them and then get back to me with the explored details. It would be nice if they would connect but, then, would they talk about me? It would also be great if a group A, B and C talk to each other and then they find out that they all have the same needs. Then it is important that they will remember me, respectively my organisation/branch.”

To the Branch Manager it is important these people get back to him as soon as possible. The faster he gets the information the faster he can act. This requires a special networking, relationship management ability. The Branch Manager cannot push these relations. He aims to make them work without applying too much pressure. He stated:

“We are not pushing our connections; they must come from themselves, driven by a natural need and will to come back to us.”

5.4.5 Networking with other branches and third party companies

As stated in the introduction, the branch belongs to a global Swiss Bank. However, **collaboration between individual branches does not exist at all**. The branches are only held together by the Bank itself. Accordingly, relationship management and networking are only put in place along the bank’s hierarchy. Even these activities focus mostly on controlling and reporting. For instance, the mother Bank undertakes performance screenings. The collaboration between the branches is not pursued at all. The Branch Manager explained:

*“No, we are not networking because every branch can be hurt. You can be hurt, I can be hurt and therefore I am not willing to work with someone else, because I can get hurt. The connection network is only done hierarchically because of the reporting issues I told you before, but not between the branches. We (in the branches) know each other indeed but we do not collaborate. **In that sense, the branches are not networked.**”*

The Branch Manager explained that the expression ‘we are not networked’ refers solely to the people working for the branch, to the non-existent collaboration between them. He made clear that on infrastructure and on shared services, which are given and made available by the mother bank, the branches are networked. In the same sense the Branch Manager explained that partnerships with other banks also do not exist. This fact emerges mainly from the fact that the size of the global bank permits provision of all necessary banking services. However, there are some specific cases where third parties,

companies that do not belong to the bank, are considered. In any case, this partnership is not initiated by the Branch Manager. **It could be that Wealth Management Companies do not provide any retail services, and in such cases they contact the bank to ensure their customers can get the required retail services.** The Branch Manager made clear that from his side there is no need to partner with third parties.

5.4.6 *Shared services*

The Branch Manager spontaneously illustrated to the researcher some **interesting thoughts about ‘missing’ possibilities in the finance industry** that, he considers, should be followed in the future, namely better use of shared services. Today, the global Bank provides shared services and single branches can benefit from them. However, the Branch Manager would take one step further and develop extra-bank shared services that could be shared through the competitors. **He would see some major advantages if banks focus on the banking business and create common platforms such as the infrastructure, which all of them can share.** According to this view, there would be major benefits in cost savings that could again benefit the customers. Yet, he is aware that not all banking services could be structured in this manner. The Branch Manager stated:

“Some services are always the same. Customers are contacting the counter for drawing money, or bringing money, always the same. It would be great to bring these kinds of services together and build in this area some kind of industrialisation. These are usually services, which have only limited impact to the brand, and in this area it could make sense to find synergies with other banks. The meaning of shared services for me would mean entering in an office, where BANK A, EUACFSI-3, BANK C and so are represented and the customer can conduct his counter trade. He will always keep the position to choose his personal bank, so where is the problem? There should be a networked organisation between the banks which covers just the ‘fundamentals’, the infrastructure; and on top of that, each single bank will act as they want and try to create their competitive advantages.”

According to his understanding, even though there are some shared services in place, the banks do not want to push more in this direction. The Branch Manager believes that as soon the bank has to expose itself, shared services do not work anymore. It seems to him that every bank just wants to represent its own brand and no one else’s.

5.4.7 *Emotions in relationships and opportunism*

Emotions seem to be an essential element to describe relationships. The Branch Manager sees in this element a better explanation of how relationships are held together,

instead of focusing solely on social- or business relationship definitions. To illustrate the role of emotion, in a social- and business related context, he provided following thoughts:

*“Is there a clear differentiation between a social relationship and business relationship? In my opinion this switch is a dynamic process that is difficult to explain. For instance, what happens if you need a mortgage and you ask a friend of yours and someone else you do not know for an offer? Let us assume your friend offers you a credit with an interest rate of 4 per cent. The other bank, where you do not know anybody personally, makes an offer of 3.9 per cent. So, what will you do? Would you, just for 0.1 per cent difference, accept the offer of the other bank? If you accept it, what would be the impact towards your friend? **There is a big emotional factor, which will bring you to the decision, to accept the more expensive offer of your friend. It is not the better offer that activates the transaction, but the emotional relationship to your friend.**”*

The Branch Manager holds the view that the emotional connection between two parties affects business opportunities. According to his view, before talking about price advantages he sees in the emotions the chances to create business. **He sees the Swiss Finance Industry as a purely relationship-driven market or as he stated before, a purely ‘people business’ market.** In this sense the Branch Manager sees an underlying reality, namely the quality of the available products and services in the Swiss Finance Industry all have a common high level. Accordingly, customers have already a level of trust in the Swiss Finance Products. **Hence, how people in this industry steer customers’ emotions towards them affects the corresponding performance.** Also with third party companies, which need services from the bank, the Branch Manager sees emotions as the effective connector. Third parties that have business opportunities and who need a bank will refer to the bank where the emotions are ‘higher’, i.e. the ties are built on emotions towards the bank and the corresponding contact person. The Branch Manager sees opportunism as the underlying mechanism of these ties. **He thus means that connections are used when there is the need to do business together.**

5.4.8 Meaning of collaboration

On collaboration the Branch Manager sees major challenges. **He stated that business people should be able and willing to discuss new structures in collaboration, such as shared services.** He specifically stated that the will is the basis of any collaboration. Egoism and lack of communicative ability on the other hand kills any collaboration initiative. Envy and inconsiderateness of ethical values were also indicated as major ‘destroyers’ of any collaboration. It might happen that when people start collaborating, one

party has to reduce its expectations and role. Being able to take such a step is, he understands, also important. He stated:

*“An important recognition of my experience is that the absolute welfare is the customer’s welfare. **Whatever we do should focus on customers.** However, as the Branch Manager I have also the respect the employees’ welfare. Therefore, I have to understand these welfare needs before I start to understand the world of products, goods, marketing, etc. Focusing on the customer welfare and employee welfare can leverage your success on a long term perspective.”*

With these statements the Branch Manager connects any action, networking, relationship and the collaboration as necessary as long as it addresses the customer needs. He stated that any business activity, including collaboration, should seek first to resolve customer needs and then how the parties involved in the collaboration could get benefits.

5.4.9 Spray diagram EUACSF1-3

Spray diagrams are based on highlighted statements. Please also refer to section 5.8(Preface to Data Analysis: Spray diagrams creation) to review explanations about how spray diagrams were created.



Spray diagram 3: EUACSF1-3 Banking Company

5.5 EUACFSI-4 – Trustee Company

EUACFSI-4 is a Trustee Company based in Zurich. The following evidence illustrates EUACFSI-4's position on the subject under research. The data were collected during two semi-structured interviews of approximately 150 minutes, which were conducted with the CEO of EUACFSI-4 over a period of four weeks. Besides these interviews, information available in brochures and on the internet that refer to EUACFSI-4's services and history were also considered within the introduction of the company, according to the research method in chapter 2.9 (Data sources).

5.5.1 Introduction to the company

EUACFSI-4 was founded by the CEO together with a partner in 2001 and has operated since 2002. During the first year of operations the partner left the company. Today the CEO manages the company with a new partner with a minority share. EUACFSI-4 offers classical Trustee services and focuses on on-shore and off-shore services.¹⁹ These Trustee services are provided to individuals and organisations, mostly SMEs based in Switzerland. The business on the international arena focuses primarily on special requests and specific trading services. EUACFSI-4 operates with two assistants in the back office and one trainee. The CEO of EUACFSI-4 firmly believes in growth. She stated:

“We are strongly focused on growth, since we believe that if you hesitate and standstill your business will die.”

For this reason EUACFSI-4 is continuously identifying new business opportunities. One concrete opportunity that the CEO currently sees is the real estate business. The CEO said she had had luck so far, and EUACFSI-4 could register important successes over the last few years. She also stated that even though the focus is on SMEs there are circumstances where bigger enterprises contact EUACFSI-4 for certain business opportunities in the form of specific projects. These projects are mainly conducted by the CEO herself.

5.5.2 Partnering and collaborations

EUACFSI-4 is connected to several companies (with the exception of other Trustee Companies). These connections to third party service providers are required to ensure the best possible services can be delivered to EUACFSI-4's customers. All these connections represent **loose collaborations** where the connection is 'activated' at the

¹⁹ EUACFSI-4's CEO defines on-shore services those services that are provided to customers, who are based in Switzerland and are obliged to pay their taxes in Switzerland. Off-shore refers to international customers, who can be active in Switzerland but have their domicile – and tax obligations – outside of Switzerland.

moment **there is a concrete need to do business**. Such a business need emerges at the moment a customer asks for additional services that cannot be provided by EUACSFI-4 itself. All these collaborations are based on trust, where contracts represent only a secondary function. The CEO referred to how her experience has shown that other Trustees collaborate exclusively on a contract base. **This approach is according to her the wrong approach. The focus should not be the contracts between companies but always the customer.** She notes that **contracts cannot improve the service quality** that must be delivered; **only the will to work together, including the delivered quality of work through such collaboration, can support an appropriate treatment of customer needs**. She expressed her philosophy on contracts in the following manner:

“If my gut instinct is not there then there is no chance to experience a real collaboration. I personally, I can only collaborate when I have a personal relationship to the other party which is based on trust. Sometimes I might be naive and I might make mistakes, but I work like that. If necessary I can make a contract. However, a contract does not help in a network. In my opinion, a network only works with the right relationships, not with contracts. Contracts can only describe what the relationship is bringing already, but not, for example, new duties. Many people work only with contracts, but this is not our approach. I think that many business people want to have ‘fast’ money. I see things differently. In the end, the base of everything is the customer and its needs. Any activity in the network needs to ensure that customers can be served. Consequently, it depends on the customer’s needs in order to understand which partner makes more sense than another.”

EUACSFI-4 is connected to several Insurance Companies. Also in these connections the CEO never asked for a contract – such as a brokerage agreement – that usually is adopted in such collaboration. The CEO explains the reason for this approach by the fact that she does not aim to concentrate on commissions but on customer needs. She explicitly states:

“We are absolutely independent and we do not want to earn money with this business. We are independent from the Insurance Companies and independent from kickbacks. Our goal is to put the customer in the position to take his own decision whenever the customer needs an insurance product. The customer will pay us for our service indeed, which basically consists of collecting and preparing insurance offers. However, at the end, we do not really care which insurance the customer is going to choose.”

EUACSFI-4’s CEO believes that thanks to this approach, the Insurance Companies, and her personal contacts within these companies, award her with more attention. **The**

attention mainly emerges from the fact that she focuses on customer needs and not on the possible commissions. This collaboration with Insurance Companies has been in place since the foundation of EUACSF4. However, after all these years, only today are these partnerships bringing some business back to EUACSF4. **It took her 5 years of ‘giving’ and selling insurance products without asking for any commission before getting some business back from these companies.** The CEO explained:

„Since these Insurance Companies got so many contacts to Trust Firms, it becomes hard to get in the position where they start to consider you; the competition is very high. My advantage is the fact I am not asking for any commission; but even with this approach it took me over 5 years before I got back some business from them.”

EUACSF4 has also a strategic partnership with Brokers and Lawyers. **The motivation for EUACSF4 to collaborate with Brokers is explained by the fact that Brokers provide complementary services, which are required to serve EUACSF4’s customers.** The CEO of EUACSF4 has explained that the motivation for **collaborating with selected brokerage companies is not because of the companies themselves, but because of the personal relationship with specific employees in these companies.** Whenever she knows a person in such a company, and whenever she can trust this person, she will consider the company to provide brokerage services. Trust for her in these specific case means for her trust implicitly. With Lawyers and law companies the principle is the same as with brokerage companies: **the personal contact is the base for any collaboration.** She stated:

“The driver of our business is trust, nothing but trust. There is no space to put myself with my company in a bad position just because the partner is not trustful. Having a non-trustful partner could create the consequence that customers suffer because of the poor quality of delivery.”

The CEO also explained that the collaboration is not something forced by single members but is activated in the appropriate time. **She only contacts her partners if there is a real business opportunity for both parties.** On collaboration with law companies the CEO stated:

“I am not a legal practitioner and I do not want to become one. Therefore, in special cases we need to collaborate with law companies to ensure the right advice to our customers. For instance, there are cases where our customers have

*financial problems because of a divorce. We, as a trust company, can manage the financial issue, but sometimes they also ask for advice regarding the divorce itself. Obviously these are really delicate cases where we try to find the best solution, i.e. the best partner for this customer. **These special cases arise from the fact that the customer has already built a relationship based on trust with us; otherwise the customer would not talk about private issues.***

Besides collaborating with companies that provide complementary services, the CEO sees the need to partner with other Trustees only on an international level. **According to the CEO, there is no need to network on a local level since in her opinion the mindset of the companies does not support such collaboration.** EUACFSFI-4's CEO could also see notable advantages in case local Trustees could network for instance to share information, but she states:

"I do not work with other trust companies within Switzerland since it would not make sense. Additionally, the mindset that would be required to support networked strategies with these companies simply does not exist. As a networked strategy I mean for instance the opportunity to share experiences and information. There are only collaborations with other Trustees outside of Switzerland. These international collaborations are all build on specific collaboration contracts."

5.5.3 *The role of networks*

The CEO of EUACFSFI-4 sees the membership of organised networks such as business clubs a private adventure. She clearly stated that these memberships need to be *a priori* driven from a private perspective. If one would focus on the business itself, such as expecting new business leads because of the membership, it would only fail. She stated:

"Well yes, networks such as business clubs are mainly based on private relations, but of course there are opportunities. However, first of all you have to invest in the association, in the members; it is important that you take your time. If you focus on the fact that you need a customer, then you will lose. You need sufficient time to develop the relationship and then, when a business opportunity comes, it is welcomed. Putting the focus in the need of a business is bad; it destroys the opportunities."

Her experience suggests that letting other members understand that one only needs customers can create a negative image of oneself. She further stated:

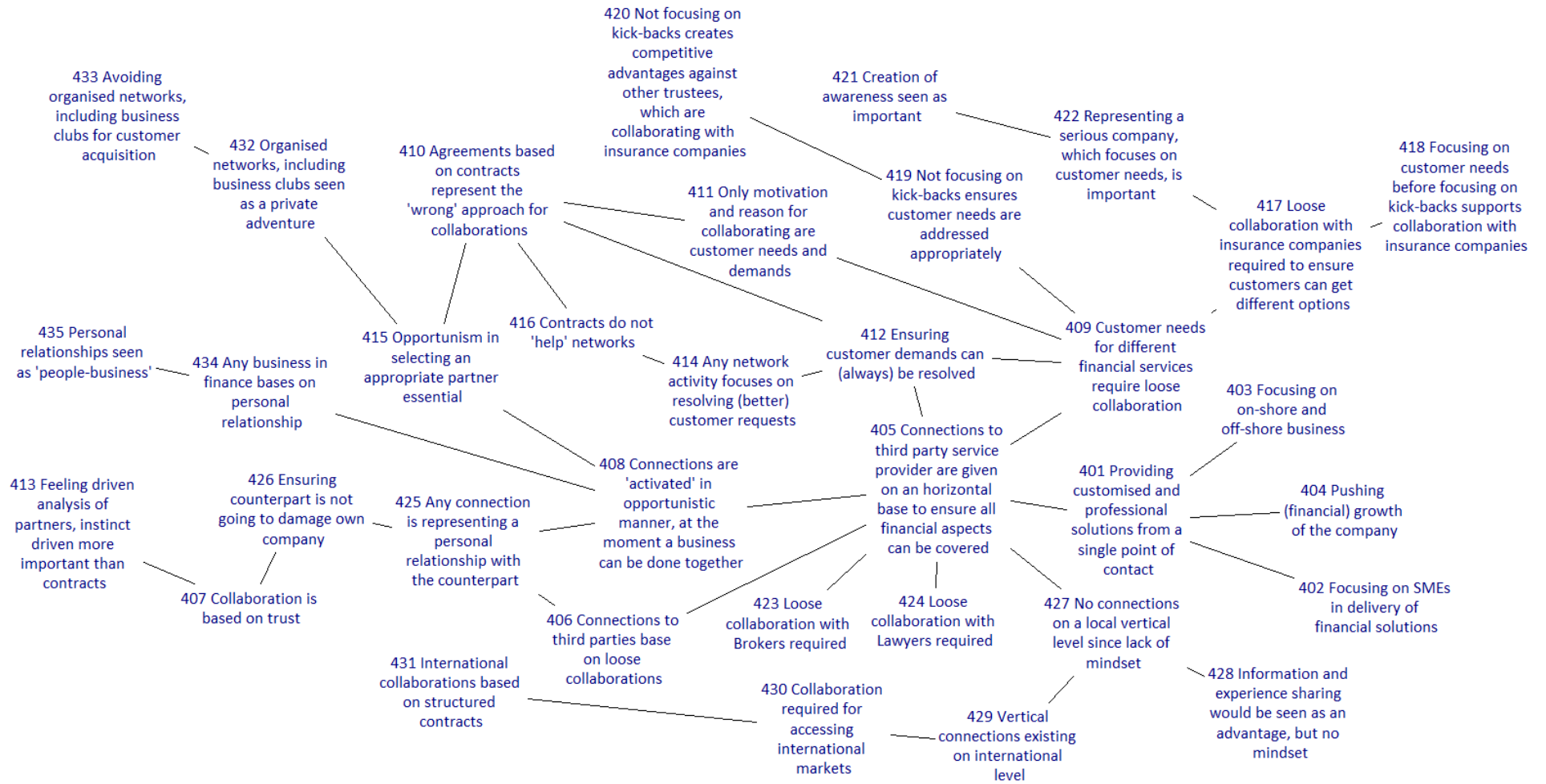
*“Well, you always have to be able to let go. It is important that you can give the feeling that ‘somehow’ you are not interested in the other party. Keep alive the discussion, but never put the other party under pressure. **If you are building the second contact, at the second meeting, do not make it too obvious that the reason for this contact is your personal need for business.** For instance, if the customer needs four months, to prepare everything, to prepare the necessary structures for a new project or whatever, then he needs four months. You cannot change this fact. And maybe he needs five months and as such it is good that you give him these five months and the time that he requires to get back to you. **Never apply pressure.**”*

The CEO states that behaviour in networking might change from one case to another. **However, she holds the position that the basis for everything in networking is the personal relationship.** According to her understanding, if this personal relationship is not working, no business opportunity can be developed. **The CEO stated that business is driven by people. Therefore, she defines the business as a ‘people business’.** For this reason she spends a lot of her time at night and weekends managing her contacts within her network. Accordingly she states:

“You need to know that our company only exists due to the network. Without an existing network I would have failed with my business.”

5.5.4 Spray diagram EUACSF1-4

Spray diagrams are based on highlighted statements. Please also refer to section 5.8(Preface to Data Analysis: Spray diagrams creation) to review explanations about how spray diagrams were created.



Spray diagram 4: EUACSF1-4 Trustee Company

5.6 EUACSF-5 – Asset Management Company

EUACSF-5 is an Asset Management Company based in Zurich. The following evidence illustrates EUACSF-5's position on the subject under research. The data was collected during two semi-structured interviews of approximately 150 minutes, conducted with a Director of EUACSF-5 over a period of four weeks. Besides these interviews, information available in brochures and on the internet that refer to EUACSF-5's services and history were also considered within the introduction of the company, according to the research method in chapter 2.9 (Data sources).

5.6.1 Introduction to the company

EUACSF-5 was co-founded by the Director in 2006 and runs its office in Zurich. The company's core business is Asset- and Fund Management and the company employs three asset management experts. The Director of EUACSF-5 covers a particular position, since he is personally responsible for the business development of the company. Included alongside his business development activities, the Director is also personally responsible for any client relationship issues. **EUACSF-5 aims to be totally independent and impartial.²⁰ The Director believes being a true independent asset management company precludes any conflicts of interest between its customers and EUACSF-5 itself.**

5.6.2 The Swiss SME sector

The Director interprets the Swiss SME sector as very important for the overall Swiss economy. His interpretation refers to the fact that the Swiss SME sector absorbs – at least to some extent – the personnel cutbacks of the big enterprises during economic downturns and provides to the same enterprises personnel during economical upturns. The current global economic crisis is according to his interpretation a good example of how this absorption should be understood. Even as the big banks are cutting personnel, the SME sector is absorbing a good part of it. The Director made clear that the Swiss SME sector has to be extremely innovative. Only by being extremely innovative can the sector earn its 'right of existence'. Referring to all industries of Switzerland the Director stated:

“The SMEs in Switzerland have to differentiate themselves for being competitive and providing added value to their customers. The consequence is SMEs can keep their customers and ensure the required existence.”

²⁰ Information gathered from the company's website.

In the finance industry the Director sees the same mechanisms in place. More precisely he states that the Swiss SME Finance Industry has the right to exist because many customers are unhappy with the big enterprises. Explicitly he stated that:

*“In my opinion this SME sector (finance industry) has the right of existence because there are many customers who are unhappy with big enterprises. In the big enterprises customers are referred by numbers. The big enterprises also have a high fluctuation rate, which means they always change their customer service representatives. Customers have to take proprietary financial products from these enterprises, and the big enterprises are using customers purely to increase their profits, including their customer profit ratio. **The problem with these enterprises is they do not really care about their customers. Consequently, I believe there is the right of existence for us, Swiss SME Asset Managers.**”*

The Director explained that in his opinion the Swiss SME Asset Managers service sector emerged because of these factors. **He states that thanks to the big enterprises and the way they deal with their customers, companies like EUACSFI-5 have a greater chance on the market.** He also stated that as long as big enterprises, particularly the big banks, do not change their approach and behaviour towards customers, companies EUACSFI-5 will always have opportunities to exist. **One of the biggest advantages for companies like EUACSFI-5 is the possibility of providing tailor made solutions to their customers.** The independence of SMEs ensures this reality can be lived. The Director stated:

*“The growth of banks which was mainly driven by mergers and acquisitions drove to the initial situation that some customers chose bigger banks for feeling safer. But, if you look at the current financial crisis, many of these customers are not feeling that safe anymore. **If you look at the origins of the big banks in Switzerland, history illustrates that they wanted to offer personal and tailor made solutions to their customers. Today, the situation shows that these tailor made solutions are not offered anymore. Now in contrast, EUACSFI-5 is able to offer personal and tailor made services to its customers.**”*

Besides offering tailor-made solutions the Director stated with emphasis that **the personal contact is essential in the finance industry.**

5.6.3 *The role of relationships and collaboration*

EUACSF1-5's Director awards to relationships, particularly to relationship management, very high significance. In fact he stated that in the asset management business, relationship management is absolutely indispensable. He stated:

“If you want to become an independent Asset Manager you need customers, and how can you get customers? This can only be done somehow with Relationship Management.”

To become an independent Asset Manager, the Director explained that this is not a matter of having a large customer base. Today's world has changed, he considers. There could be opportunities for someone, who is an experienced asset manager, to start his own business with only one good connection, one good customer. **One single customer, who is wealthy, can be sufficient to create the necessary turnover to cover the costs of a small company.** By switching the focus to possible connections with other asset managers, the Director stated that it could be relatively easy to connect to three or four other asset managers and so reduce fixed costs. He continues: the risk is that at the moment an asset manager starts to put in place a growth strategy, the focus to the customer could suffer. He sees as his duty to be an asset manager and ensure this 'core business' can be provided to its customer. Asset managers that decide to grow have to deal with the consequences. The Director sees as one consequence also the loss of work-life balance. For instance, growing with employees means also investing time that must be provided to care about internal structures, such as personnel care. **It might be that the collaboration with other asset managers should help to focus on the core business and also ensure growth. However, an asset manager needs to find its best strategy, what is best for him and to the collaboration needs to be clarified in more detail.**

5.6.4 *The role of networks*

Networks are important to EUACSF1-5's however, the Director states that type of networks plays a decisive role. The Director identifies **two typologies, a network in which it acquires customers and a network that cares for customers.** By referring to customer acquisition the Director stated that a network that could make sense is built by companies that act in the same customer segment but are offering different services. The segment can be defined by the asset volume that needs to be managed. EUACSF1-5's customers have usually an asset of approximately 2 Million Swiss Francs. **These customers need, besides asset managers, also financial planners or Trustees. These service providers offer different services and are therefore not competitors. Building**

a network with these companies could make sense to the Director. The network could thus offer the opportunity to share customers and provide complementary services. For the purpose of customer care, the Director is interested in finding other specialised companies, as for instance tax consultants. In either case, both networks make only sense with companies that provide complementary services. The only exception where the Director would consider **other asset managers as network partner would be if a customer is too big for EUACSFI-5.** The Director stated:

“Principally, these partners are not competitors. However, if a customer is really wealthy, then even if we would like to stay in line with our strategy and care about this customer, it would be illusory to mean we could do it seriously. In this case we prefer to work together with competitors, who offer different services, respectively acting in different segments. But thus are asset managers that have more appropriate structures than we have for handling wealthy customers.”

For the Director, if the customer is very big (i.e. wealthy) then it is important to offer the best services to that customer as is done with smaller customers. **In such cases it is important to collaborate with similar companies, for instance in the area of private equity.** EUACSFI-5 is not offering any services in this area, since it is not part of its core business. Thanks to this collaboration, EUACSFI-5 can still build the essential good relationship with that customer. Similar needs emerge at the moment EUACSFI-5 needs to provide services on an international basis as local access to the corresponding country is mandatory. **The contact to local specialists is in such a case always a personal contact. In cases where this personal relationship is not given, to ensure that the quality requested by EUACSFI-5 can be given to the customers, the Director verifies the ratings of such possible companies.** In case of funds management corresponding public statistics are available.

According to the Director a network is a ‘delicate topic’, and as he stated: a ‘network’ is not always ‘network’. In his understanding a network sometimes could look like a network but is **rather something ‘felt’ that from a business point of view is not stable.** He stated:

“I have got a definition from my partner regarding the meaning of a network. My partner says there is a difference between a ‘felt’ and a ‘net’. What is a felt? A felt is when you are giving something to somebody just because of a social connection. It might be that you are pursuing the same sports or that you participate in the same association like a yachting club with this person. If you then assign a business opportunity to this someone just because of this connection,

*even though the counterpart has no track record and hands-on experience, just because you 'like' this someone, then it becomes a 'felt'. **This felt-connection does not generate any added value to the customer.** The network is completely different. In a network you are getting back to the top specialists, to people and companies who have the necessary background and skills and where you can rely on each other. **In a network the customer receives concrete added value from your network partner.**"*

The ties that hold a network of business partners and customers together do not need to be based on a social level. The Director holds the view that there are requirements on social competences, but these need to be seen differently from the social contacts. **He sees in social competences the ability to manage the counterpart as, for instance, a customer.** On the other hand, in a social contact such as when pursuing the same sports or other private activities, it is not necessary. However, the most important fact is that the expected level of service can be delivered. The Director stated:

"If we talk about any sympathy between me and another third party manager, this factor is not that important as long as the delivered service is perfect."

Seriousness, quality and customer care are only a few dimensions that according to the Director make a network work and differentiate a 'net' from a 'felt'. In a network for instance, some competition with partners could have some positive benefits. Partners that win more mandates than EUACFSI-5 motivate the Director to push more his own business. **He stated there are always some companies – even where the network is based on loose ties – which have a 'dominant' role.** He thus connects dominance directly to more success, and hence more mandates. The rules in the networks are always the same and as stated. **Hoodwinking and bad service quality represents to the Director just some factors that kill any collaboration and networks.**

5.6.5 The role of independence

The importance to stay independent emerges from the fact that the Director needs and wants the flexibility to always provide best services to customers. According to the Director's experience, this can only be done when he can choose the kind of product and services that could be offered to his customers. **The collaboration, based on independence, builds the basis of the network he is interested in, namely a loose network. Independence means to the Director that he can always choose with whom and when to collaborate.** The Director stated:

*“Independence is something really important to my company. The more you lose your independence the more you generate potential conflicts. The best example is again given with the big banks. If you contact a bank and you ask that bank where you can get the best investments the bank will answer ‘here, at our bank’. The same is with any other service you ask of the bank. The bank will always answer you ‘at our bank’. We want to keep our independence. And here we are again the point of specialisation and talent. Everybody has somewhere his personal strengths. For instance some tax consultants are specialised in corporate tax issues. Others just fill the yearly tax declaration; some others again are specialised in the area of complex tax issues for private households. **For these reasons it is important to be part of a loose network. A loose network provides the opportunity to choose your counterpart with the specialised skills. It allows choosing the person you want and who could bring the most to your customer. If you would now merge your network, I believe because of the loss of independence, it would not make that much sense anymore. You would lose these advantages.**”*

The highest benefit of being independent is having the possibility to choose in a flexible manner any talent in the network pool according to the customer profile and customer request. For these purposes a close relationship is not mandatory. Accordingly, the Director does not see any reason to manage these network relationships proactively. However, when establishing the needs of managing the network actively or opportunistically, the profile of the network partner needs to be considered. EUACSF-5’s Director stated there are two major roles that need to be considered in this regard. **If a network partner is not bringing any business to EUACSF-5 then there is no need for a close relationship.** In case the network partner is bringing new mandates on a regular base the situation changes. In such a situation the Director represents the ‘demander’. The role of the ‘demander’ emerges through the fact that a network partner that brought in the past many customers has the potential also to bring new customers in the future. Thus, he ‘demands’ for new business opportunities and manages the relationship accordingly. **However, according to his experience, working too closely with network partners is seen by him and by many companies as a risk.** Many companies are scared to bring in, or recommend, third party companies. **This situation is based on the fear that the third party company could make mistakes that could lead to the customer’s loss of confidence in the owned company.** This situation does not represent the rule of the industry but, according to the Director, several companies think and behave like this. The Director put in place a ‘beauty contest’ to manage this dilemma, namely:

*“Occasionally, to manage this dilemma some companies arrange a beauty contest, where they organise 3, 4 or 5 meetings with different asset managers. With these events they support their customer with a pre-selection of asset managers, **but they give to the customer the final decision to choose an appropriate service provider.**”*

Independence means to the Director avoiding any form of organised networks. He stated he would always prefer to stay independent. Being independent brings at least one notable disadvantage to EUACSF-5’s business, namely the fact that EUACSF-5 is for specific customers too small. **According to the Director, some potential customers would not opt for EUACSF-5 because of the risks that emerge due to the size of EUACSF-5.** The Director explained that if something happens to EUACSF-5 it could affect also the customer. To mitigate this risk and provide a better sense of security to EUACSF-5’s customers, the Director put in place a risk list that includes action which should be taken in case of an incident. With this risk management approach continuity to the customers should be ensured. **The Director is aware that there are other options to mitigate some of the risks, such as building organised Alliances. Alliances would have the benefit of ‘becoming’ bigger and reducing some specific risks that are related to the size of the company. In addition, there would also be benefits from a cost-sharing perspective, specifically operational costs.** However, the Director prefers to stay independent. He explained his reservations about Alliances as follows:

“If you are working close with others within a network, then it is the same as if you would be in the same boat with all them. So, if one of these entities in the boat has a problem, then the whole network (boat) could react in bad manner. This means the problem of a single entity can create problems to the whole network.”

The last issue that according to the Director needs to be considered on independence is the possibility of putting in place his own, personal strategy. **He stated that in such a case he would not be able to pursue his personal strategy he would have a problem with that.** The chance to implement his own strategy is his major interest since it represents to him the opportunity to differentiate his company from others. This interest also emerged through the fact that the Director decided to become an entrepreneur. **Entrepreneurship does not mean to him that there cannot be other and better skilled people in the company.** He sees in entrepreneurship the opportunity to live his business philosophy. Accordingly he states:

*“The strategy as it is defined by us has the right of existence because it is our way to do business and of how we want to differentiate ourselves from other companies. **What we do not want is to collaborate with others who offer different services. When we work together with them and where we have to manifest our strategy, if there is a company with exactly the same services and exactly the same philosophy, then why not. Then I could imagine working closer together.**”*

5.6.6 Spray diagram EUACSF1-5

Spray diagrams are based on highlighted statements. Please also refer to section 5.8(Preface to Data Analysis: Spray diagrams creation) to review explanations about how spray diagrams were created.



Spray diagram 5: EUACSF1-5 Asset Management Company

5.7 EUACSF-6 – Wealth Management Company

EUACSF-6 is a Wealth Management Company based in Zurich. The following evidence illustrates EUACSF-6's position on the subject under research. The data were collected during two semi-structured interviews of approximately 130 minutes, which were conducted with a Director of EUACSF-6 over a period of one week. Besides these interviews, information available in brochures and on the internet that refer to EUACSF-6's services and history were also considered within the introduction of the company, according to the research method in chapter 2.9 (Data sources).

5.7.1 Introduction to the company

EUACSF-6 was founded in 1998 and is run today by three Wealth Management Experts, each employed as a Director of EUACSF-6. The interviewed Director joined EUACSF-6 ten years after the foundation of the company and is the newest member of this company. **EUACSF-6 focuses on Wealth Management with a strong focus on providing tailor-made solutions to its customers.** To this end, all Directors give high importance to any customers' wishes before they invest their capital. The provisioning of wealth management services is managed closely with the banks, mainly to access their products and to gain access to market information. EUACSF-6 does not conduct any marketing activities and has no internet presence.

5.7.2 The Swiss SME Sector

The Director sees the Swiss SME Sector as an important economic sector for Switzerland. This market represents to him a fascinating and volatile market that is strongly dependent on the finance industry. In his view, if the finance industry is not working, then the Swiss SME Sector will encounter serious problems. He described this dependency with following statements:

*“If the finance industry does not work, then we have serious problems. For instance, each single company needs well-functioning banks and insurance companies for its cash management. Functioning banks and insurances represent critical success factors for the SME Sector. All SMEs need the possibilities to invest. Consequently, SMEs need somebody who offers these investment possibilities, i.e. banks and insurances. **All these companies are connected quite close together and there are many dependencies.**”*

Besides these dependencies the Director sees traditional values, such as ensuring outstanding quality and safety, as typical for the Swiss SME sector, particularly within the

Finance Industry. **He states that due to its tradition to provide security the Swiss SME Finance Industry benefits from a good reputation.** This reputation is essential since the competition over the world is growing. Locations such as Liechtenstein, Singapore, London, Dubai and other emerging cities, and countries could soon build a significant threat to the position of Switzerland. By referring to the dependencies given between the finance industry and the Swiss SME sector, this competition could create a bigger problem to the whole Swiss economy, including the SME sector.

5.7.3 *The role of collaboration*

Banks represent primary collaboration partners to EUACSFI-6. This collaboration is required since EUACSFI-6 provides banking products to its customers. The Director needs also good access to banks in order to obtain market information. Collaboration with other companies is required whenever a customer needs complementary services that cannot be provided by EUACSFI-6, such as Trustee- or insurance brokerage services. Usually the Director does not work together with other wealth managers, which provide the same core competencies. **The rational to collaborate with other companies is that the Director does not want to leave its customers ‘alone’.** He stated:

“We never leave the customer alone. If a customer has a request for a service we do not offer, then we will look in our network for a partner who is able to offer the requested service.”

The approach of this collaboration is always based on the same principle. **The Director explained that network partners are always contacted on a free basis, if there is an opportunity. The criteria for choosing a collaborating partner are mainly based on a reciprocal mechanism that considers what the Director received in the past. This exchange of giving and taking of customer requests is always based on a free basis and collegueship.** For this reciprocal exchange of business opportunities, the Director considers only personal relationships and defines such a relationship as:

“The collaboration with other companies for complementary services is built on a personal relationship, but this does not mean they are my friends. A personal relationship means we keep in touch and, when opportune, we work together.”

The **collaboration with companies of the same sector**, those other wealth managers, is **not ‘strategically’ pursued.** There are some exceptions, such as because of a personal contact and for the purpose of exchanging information. **A collaboration with wealth**

managers could also be pursued at the moment there was a business opportunity with a customer, who was too big for EUACSFI-6. In such cases the Director would need to find an appropriate solution for that particular customer. **However, the Director stated that the collaboration would stop if the owner company's strategy was revealed.** The Director made clear he would never exchange EUACSFI-6's strategy.

Generally, partnering with other wealth managers would not make sense to the Director. Neither would he see any advantages in building any Alliances. He observed:

“A strategic cooperation would not make sense to me. To be small and flexible is exactly our purpose. At that moment you would start to build cooperation with other wealth managers you lose your flexibility. Losing this flexibility would mean you cannot move freely; you cannot take your own decisions. Look at the big banks for instance; they cannot be that flexible as we are because of their size. Becoming bigger does not mean you are able to give more security to the customers. So, what is the purpose of getting in a close relationship where you lose flexibility?”

A major benefit that emerges by staying alone, namely being flexible, ensures trust towards the customer can be retained. The Director stated that starting a close collaboration with other companies could lead the customer to mistrust him. If EUACSFI-6 became part of an Alliance of wealth managers, customers would be put in the same situation as before when they used to work directly with a bank. **An Alliance would mean losing flexibility and not being able to address customer needs appropriately.**

5.7.4 The role of independence

The Director sees in independence the chance to advise customers in the manner he thinks required. **Independence means to him being able to make his own decisions and being able to choose products from any bank to address best possible customer needs.** Additionally, independence means to the Director being able to provide safety to his customers. He stated:

“In a bank, before you can take a final decision, many people have to agree to it. Today, I can take decisions by myself, completely independently. I can change bank whenever I want, I can change products whenever I want and I can do all this completely independently.”

This fact, the possibility to own and take independent decisions, represents to him the reason for having joined EUACSF-6. **The Director stated that wealth management is a ‘people business’, between him and his customers. People business means that the relationship is not between the customer and the company.** He explained this people business mechanism as following:

*“Customers want to feel that there is somebody looking out for their interests; this is a human want; especially in today’s financial world. Customers are often lost when they have their assets in a bank. Every two years they have to deal with a new consultant at the bank and hear the statement “Good morning, my name is xxx and I am your new advisor”. These changes make it extremely difficult for the customers. Even more, for those customers who live abroad, it is more difficult. **They want a personal contact, which cares about their needs.** They have to know and also feel “He, the personal advisor, is ‘there for me’!” Customers are not connected to the bank, but to the wealth manager.”*

The personal relationship with a customer is of high importance to the Director. **In line with this personal relationship the independence to take appropriate decisions that address the effective customer needs is also essential.** The Director would struggle with someone else influencing his decisions. Working with a bank does not mean that the bank is influencing his decisions. The banks have to ensure good financial products and services are developed and provided to the market. The customer then needs told which bank and which product would fit best to these needs. The Director sees it his duty to represent the customer when he talks to a bank. **Accordingly, the Director needs his independence to take any appropriate decision that supports the customer’s ideas. The moment he loses his independence he would no longer provide benefit to his customers.** He explained:

“Customers need a personal contact, somebody who looks for their needs and somebody who fights with the banks to represent their needs. As an independent wealth manager, I am flexible: I can choose any product and I am faster in the decision making process. I can discuss the situation with the customer, build a personal profile and cater for the customer who requests very specific solutions.”

According to the Director an Alliance would mean acting like a bank, where corporate governance would dictate what can be done and what not. Such a situation would represent a major issue to him.

5.7.5 The role of networks

The Director sees as essential the existence of networks. **However, networks are not always something customers need to see. Accordingly, the Director differentiates between a network that is visible to customers and the one that is hidden.** To the Director, the hidden network is a network of personal contacts and relationships, which he keeps ‘on the back burner’. **Whenever necessary and driven by a customer request, the Director ‘activates’ the appropriate connection of the hidden network and makes the corresponding party visible to the customer.** Activating means to him: using the connection for a business purpose. **Therefore, this definition, from a ‘status’ point of view, the network is always active, but not always from a business perspective.** Keeping the network on the back burner means to him also that network connections need to consider him. **It might then happen that such a connection needs a wealth manager, and then it is essential that this connection thinks of him and considers him as a possible service provider.** He states:

*“I am continuously keeping my network on the back burner and activate it when necessary. **For instance, we are not making promotions; people talk about us.** The network is therefore always active, but not always for business purposes; keeping in touch is sufficient. Keeping on the back burner network contacts makes the counterparts think of you. Then, maybe at some stage it will be in a position where it needs a Wealth Manager. At such a moment it is essential that it will think of you and consider you for providing the service.”*

Whatever the Director does within the network is done because there must be a benefit from a business perspective. **In this regard he stated the absolute independence is indeed not possible, and there will always be a level of collaboration within the network.** This is again explained from a different point of view:

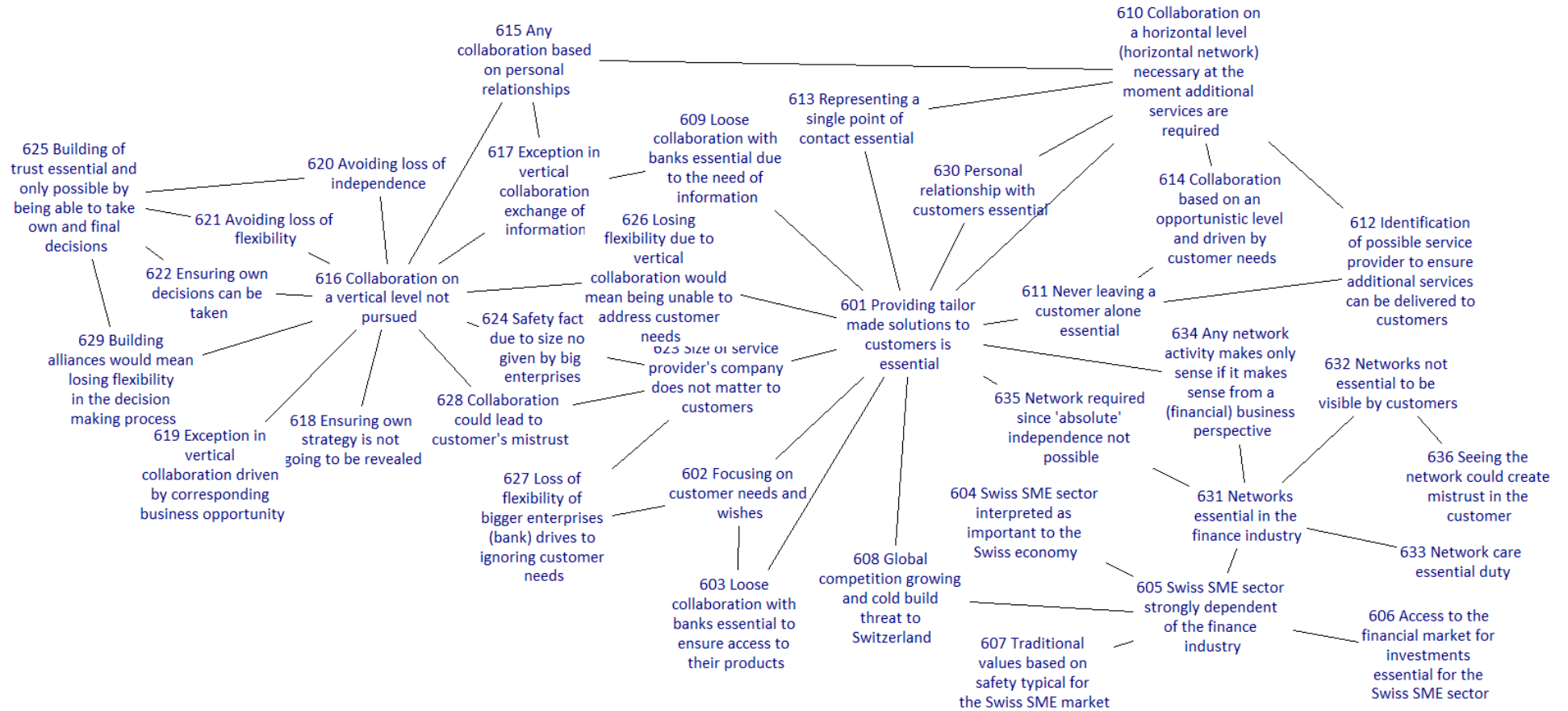
“It would be quite difficult to work only on your own. You need some collaboration but just not too much. You need serious experts, which can advise you in a professional manner. You need the skills to ensure your customer can benefit.”

The benefit is according to the Director always the one that refers to the customer. **If there is a need to network, only collaborate when it creates specific benefits for customers.** The hidden network does not mean the customer should not know about ones connections. The hidden network means only that the customer should not be influenced, which could lead to unnecessary questions and mistrust. Finally, the Director made clear that there is no

need for a social engagement with the network connections. **Knowing each other and knowing what kind of services can be delivered is sufficient. As stated earlier, at the moment there is a concrete business need, the network connection would turn into collaboration for that specific business purpose.**

5.7.6 Spray diagram EUACSF1-6

Spray diagrams are based on highlighted statements. Please also refer to section 5.8(Preface to Data Analysis: Spray diagrams creation) to review explanations about how spray diagrams were created.



Spray diagram 6: EUACSF1-6 Wealth Management Company

PART B: DATA ANALYSIS

This section focuses then on the data analysis of this case study. It starts with section 5.8 (Preface to Data Analysis: Spray diagrams creation) which with a few examples explains how the spray diagrams were created. This explanation links the **empirical data of both case studies** to the created spray diagrams. This part also illustrates how concepts of all embedded units of analysis that describe a common issue were considered for the identification of the sought-after inter-company pattern that could explain the strategic role of networks. Thereafter, with the use of the created spray diagrams, section 5.9 (Outcome of Data Analysis) provides final details of the data analysis outcome.

5.8 Preface to Data Analysis: Spray diagrams creation

This preface illustrates with practical examples how spray diagrams were created and used for the data analysis, in order to provide clarity with regards to the research approach adopted. With these examples the researcher provides the link between the empirical data of the earlier sections and the synthesised data illustrated by spray diagrams. This preface is split into two parts and follows the research method as explained in chapter 2.10 (Approach on data analysis). The first part starts with section 5.8.1 (Spray diagram creation with the use of EUACFSFI-1's empirical data) and describes the creation of spray diagrams of the single embedded units of analysis. For this purpose, empirical data of the embedded unit of analysis EUACFSFI-1 (Financial Consulting Company) is used. With the use of this empirical data, a small selection of concepts, which relate to following issues, are discussed:

- › Customer satisfaction
- › The Alliance network
and
- › Collaboration

Thereafter, the second part, which starts with section 5.8.10 (Identification of inter-company patterns and key variables), illustrates how same and similar concepts of all created spray diagrams (of all embedded units of analysis), were bundled in common categories. These categories were analysed through the *lens* of this research, the base map as illustrated in chapter 3 (Pre-Research Conceptual Development). Hence, this analysis supported the identification of the sought-after context-related inter-company patterns, which could explain the strategic role of networks according to the details in chapter 2.4 (Nature and aim of the research).

5.8.1 Spray diagram creation with the use of EUACSF1-1's empirical data

From the very beginning of the interview the Managing Partner of EUACSF1-1 affirmed several times and from various perspectives the importance of a *strategic goal*: **ensuring customer satisfaction**. He also confirmed the statement made public on the company's homepage, namely: **all members of the Alliance follow one common goal: the complete satisfaction of our customers**. This resulted in the first concept being identified. The spray diagram creation started with concept 101²¹, which is named '*ensuring complete customer satisfaction*', as illustrated in following figure:

101 Ensuring
complete customer
satisfaction

Figure 18: Spray diagram creation of EUACSF1-1 – Consideration of 'customer satisfaction'

Concept 101 only indicates that 'ensuring complete customer satisfaction' is a goal. The wording chosen does not describe further details about this goal. This concept also **does not state** that this is EUACSF1-1's **only** goal. The researcher opted for this wording to give the opportunity to the remaining empirical data to describe how this goal should or could be interpreted. Hence, after placing this first spray diagram concept, the review of the data focussed first on identifying further statements or phrases that could be related to concept 101 'ensuring complete customer satisfaction', before analysing further concepts.

For this first purpose, the data was reviewed by focussing on phrases and statements that describe **what exactly EUACSF1-1 is doing for its customers**. This also includes statements that describe for instance **when, why** or **how EUACSF1-1 is doing** something, where **customers should or could get a benefit**. Therefore, statements or phrases that refer for instance to **customer needs and satisfaction**, activities conducted with the goal to **resolve customer needs** or to **improve satisfaction**, activities that refer to the **quality of delivered services**, which could **benefit customers** and other **similar statements**, were considered.

²¹ All concept numbers are automatically generated by Decision Explorer®, the software used for the creation of these spray diagrams as mentioned in chapter 2.11.1 (Decision Explorer®). There is no particular function behind these numbers except the function of representing an identification number of the corresponding concept.

5.8.2 Spray diagram creation: Analysis on Customer Satisfaction

The review on ‘customer satisfaction’ showed that the Managing Partner addresses this concept from various perspectives. For instance, he stated that a major objective is **always to elaborate and provide optimal**, respectively **tailor-made-solutions to its customers**. The Managing Partner stated he **aims to ensure** that **customers receive services**, which **resolve their needs** in an *optimal* manner. He **aims to make customers benefit from tailor-made-solutions**. According to these details, a second concept, which is associated to customer satisfaction, could be defined. The following figure illustrates this new concept with the id 105, including its association to concept 101 ‘ensuring customer satisfaction’:

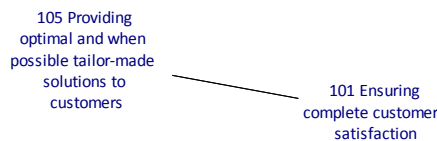


Figure 19: EUACSF1-1’s spray diagram creation – Consideration of ‘tailor-made solutions’

The link between these two concepts could be interpreted as ‘the company aims to provide optimal and tailor-made solutions’ *because* the company aims to ensure customer satisfaction. However, to understand the complete details of this link **the data needs to be reviewed. This comparison between spray diagram and empirical data is essential and follows the research method as explained in chapter 2.10 (Approach on data analysis).**

By proceeding with this focus on ‘ensuring complete customer satisfaction’, additional concepts could be found. For instance, the following two statements were made by the Managing Partner:

“Thanks to EUACSF1-1’s outstanding infrastructure and know-how of its experts which is continuously kept up to date, EUACSF1-1 has the ability to offer outstanding services. Confidence in the own skills and abilities, a great personal atmosphere and relationships based on trust guarantee to our customers a secure future.”

The first statement indicates that **outstanding infrastructure** and **know-how of EUACSF1-1’s experts** are **required to offer outstanding services**. The second statement proceeds then with additional details such as **confidence in own skills and abilities, great personal atmosphere** and **relationship based on trust** are **required to guarantee a secure future**

to customers. Both statements **refer to customers.** Furthermore, the first statement indicates that **offering outstanding services is a goal.** The second statement explains why this goal is important: **EUACSF1-1's Managing Partner aims to guarantee a secure future to customers.**

With these statements the Managing Partner provided further spray diagram concepts, which have a direct or indirect effect on the mentioned goal of ensuring customer satisfaction. Thus, new concepts with the identification numbers 103, 104, 106 and 107 and which are linked to concept 101 emerged, as illustrated in following figure:

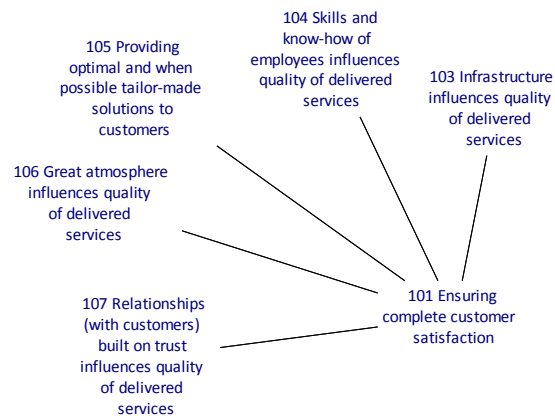


Figure 20: EUACSF1-1's spray diagram creation – Consideration of further requirements to ensure customer satisfaction

All these new spray diagram concepts use the wording '*influences*', such as 'infrastructure *influences* quality of delivered services' or 'great atmosphere *influences* quality of delivered services'. The researcher opted for this wording to express that there is an *explicit* relationship between these *factors* (infrastructure, skills, atmosphere, ...) and the quality of services. This relationship is made again to keep the spray diagram simple. Thus, the full details of these concepts are only understandable by reviewing the corresponding data.

5.8.3 Spray diagram creation: Analysis on the Alliance

EUACSF1-1's rationale to participate in the Alliance starts with following concept: participating in an Alliance of horizontal integrated companies, which is seen as a *strategic goal*. This circumstance is illustrated in following figure with concept 117 and explained in detail just after the figure:

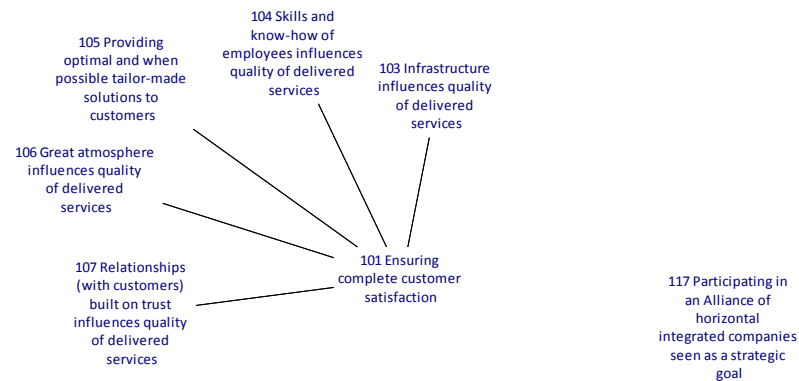


Figure 21: EUACSF1-1's spray diagram creation – Participation in the Alliance as a *strategic goal*

Concept 117 represents several *strategic motivations* of the Managing Partner to participate in the Alliance. For instance, he stated that thanks to the Alliance, **EUACSF1-1 can share costs**, such as office facility costs and IT costs. Another statement refers to the **opportunity to share customers**. The Managing Partner explained that *sharing* customers refers to the Alliance's ability to address the customer's **life cycle of needs**. He explained this particular circumstance as follows:

*“You need to understand the **different needs from the customer's point of view**. For instance, if we look at a customer, **for instance a company and not an individual**, then **my company is rather at the end of this customer's life cycle of needs**. To make it clearer to you: if this customer is, for instance, a foreign company which wants to settle in a Swiss based location, then **first of all there are tax issues which need to be resolved**. This customer needs to know, from a tax perspective if it makes sense to settle up a local Swiss branch or not. Once this issue is resolved, **there is the need to found the company**. Afterwards **there is the need to set up a Board of Administration and so on**. **Only afterwards, as soon everything is ready, is it my turn**. This is the moment when internal issues have to be resolved, such as providing insurances necessary to the company.”*

In line with these statements, the Managing Partner explained the Alliance's position: the position to offer *all* financial services to customers from one single legal body. With other

statements made, the Managing Partner explained how he sees in this **single legal body a ‘one-stop-shop’**, which benefits customers. Because of this one-stop-shop customers who need different financial services can obtain them directly within the Alliance. From the Alliance’s perspective, there is no risk to lose customers to third party service providers. Hence and according to the Managing Partner, with this one-stop-shop approach, by *sharing* customers, **the Alliance aims to create higher turnover and profits**, since customers are *shared*, respectively *kept* within the Alliance.

According to these details, three new concepts, which are related to concept 117, emerged. These concepts are concept 124, 125 and 130, as illustrated in following figure:

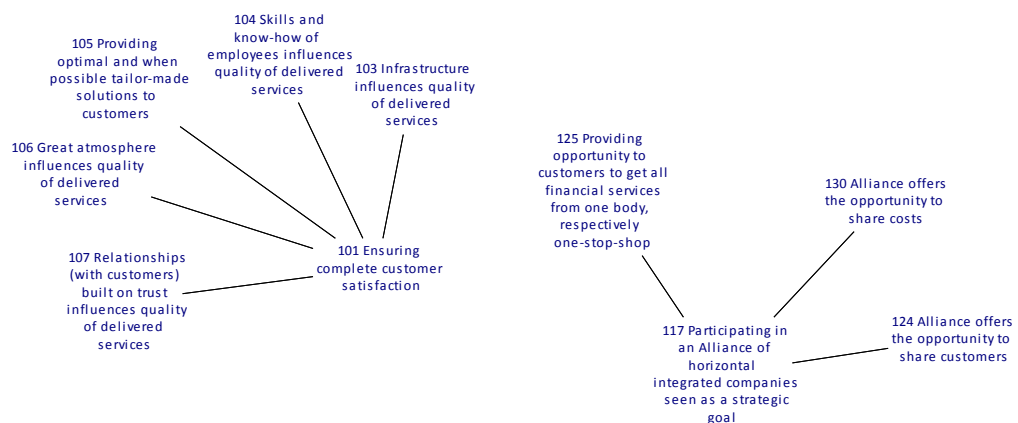


Figure 22: EUACSFI-1’s spray diagram creation – Strategic motivations to participate within the Alliance

At this stage the spray diagram is built by two *decoupled* groups, which represent the statements given earlier, including their links: a first group, which sees concept 101 as a *central concept* and a second group, which sees concept 117 as a *central concept*. The Term *central concept* refers only to the fact that these concepts (101 and 117) are central to all other concepts of the corresponding group. Consequently, from the spray diagram’s perspective, these concepts embody a central role within these groups.

5.8.4 Spray diagram creation: Emerging link between the Alliance and Customer Satisfaction

Based on the current spray diagram and the identified central concepts 117 and 101, the role of concept 125 becomes significant. Concept 125 can, besides the link to concept 117, also be linked to concept 101 ‘ensuring complete customer satisfaction’. The rationale for this link is based on the Managing Partner’s perspective, respectively aimed *customer value proposition* of the Alliance. As stated earlier, the Alliance, because of its *horizontal integration* of financial consulting companies, aims to ensure customer needs can be

resolved along their life cycle. Thus, the Managing Partner believes that **customers benefit from the before mentioned one-stop-shop** of horizontally integrated companies.

Following figure illustrates this link between concept 125 and 101.

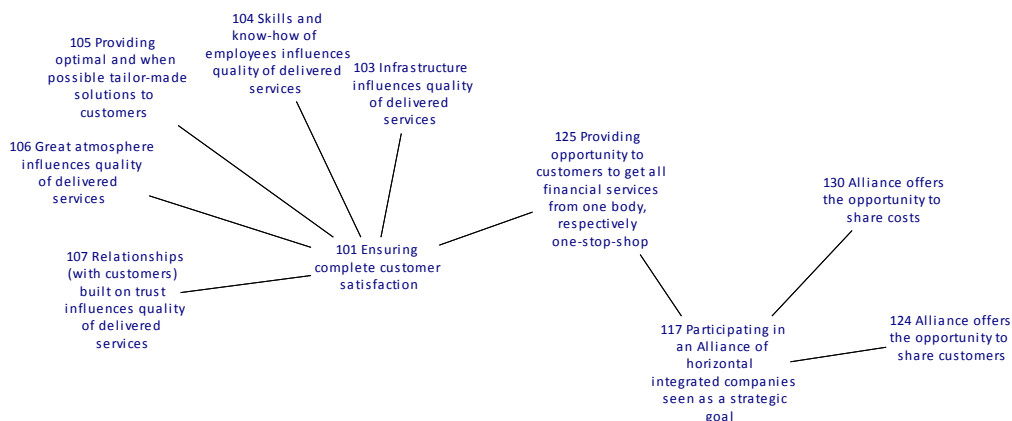


Figure 23: EUACFSFI-1's spray diagram creation – Emerging link between the Alliance and customer satisfaction

The Alliances' horizontal integration of financial service provides according to the Managing Partner further benefits. These benefits can be summarized as *business benefits*, as explained in the next section.

5.8.5 Spray diagram creation: Analysis on Business Benefits

The Managing Partner stated that because of this one-stop-shop the Alliance is able to *share* customers between the single member companies. This circumstance was represented before in the spray diagram with concept 125 (one-stop-shop) but also with concept 124 (sharing customers). With reference to concept 124 the Managing Partner explained that with this sharing opportunity, the creation of additional turnover is possible. He explained that customers, who are supervised by other Alliance members, could require particular services from EUACFSFI-1. Hence, the other Alliance members are potential *customer acquisition channels* to EUACFSFI-1, and *vice versa*. Accordingly, *business benefits* of the Alliance members can be improved because of the membership in the Alliance.

Business benefits were mentioned by the Managing Partner from various perspectives but refer all to financial benefits. For instance, the identified concept 130 refers to the creation of business benefits since according to the Managing Partner, because of to the Alliance, EUACFSFI-1 can share specific costs with the other members. By using the simple principle

that profit is equal turnover minus costs, this possibility of sharing costs improves business benefits (profits), since the lower the costs the higher the profits. Further, the Managing Partner also provided an example referring to customer’s contribution to EUACSF1-1 overall premium volume. Ensuring higher premium volume is one of the Managing Partner’s major goals. The Managing Partner made clear that the higher the premium volume, the higher EUACSF1-1’s turnover and profit.

Because of these and further statements made, which refer to business benefits, a new concept could be identified. Concept 112, as illustrated in following figure, represents the mentioned aim of the Managing Partner, namely ‘ensuring higher contribution to overall premium volume, turnover and profit’. Accordingly, concept 112 represents for the purpose of the spray diagram the central concept that refers to business benefits.

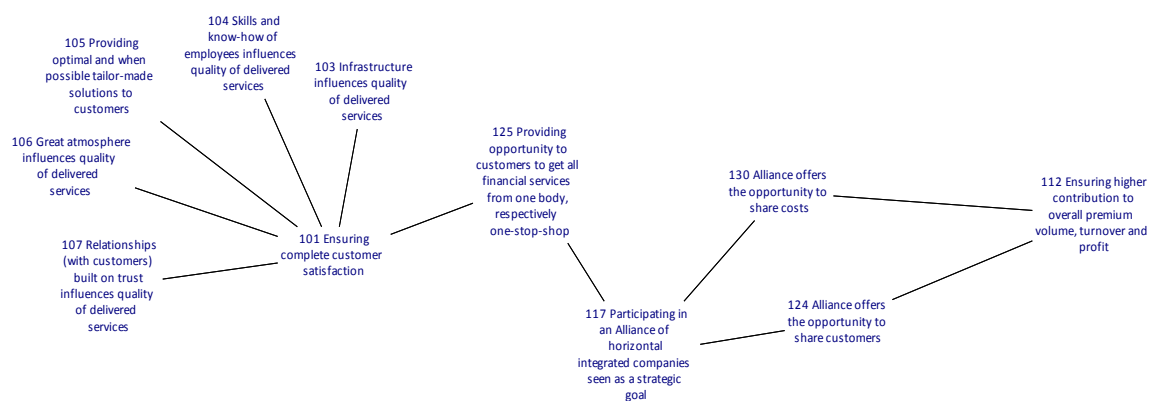


Figure 24: EUACSF1-1’s spray diagram creation – Consideration of business benefits

As explained before, the existing concepts 124 and 130 refer to business benefits. Hence and for the spray diagram’s purpose, a link is made between these concepts to the new concept 112.

5.8.6 Spray diagram creation: Analysis on Collaboration

The last examples illustrate how spray diagram concepts, which refer to collaboration, were created. Collaboration was mentioned by the Managing Partner from two major perspectives: from the internal perspective, which refers to collaboration within the Alliance, and from the external perspective. This external perspective refers to collaboration with third party service providers outside the Alliance. Such third party service providers could be for instance insurance companies, defined by the Managing Partner as ‘suppliers of financial products’, or other service providers. The next two sections focus first on the internal collaboration before providing some details about the external collaboration.

5.8.7 The internal collaboration

The Managing Partner mentioned that the Alliance is an **internal network**. He further referred that this internal network is a network, which is based on a **loose collaboration**. This loose collaboration refers for instance to the fact that each single company within the Alliance aims to be **independent** and aims to keep its **power of decision**. According to the Managing Partner, this power of decision is required to ensure a certain level of **flexibility** to the single member companies. Such flexibility is required, for instance, in the budgeting process that concerns the own company, in his case EUACSFI-1.

According to this set of statements made, new concepts for the spray diagram were identified. These concepts are, as illustrated in following figure, concepts 122, 123, 131, 132 and 133:

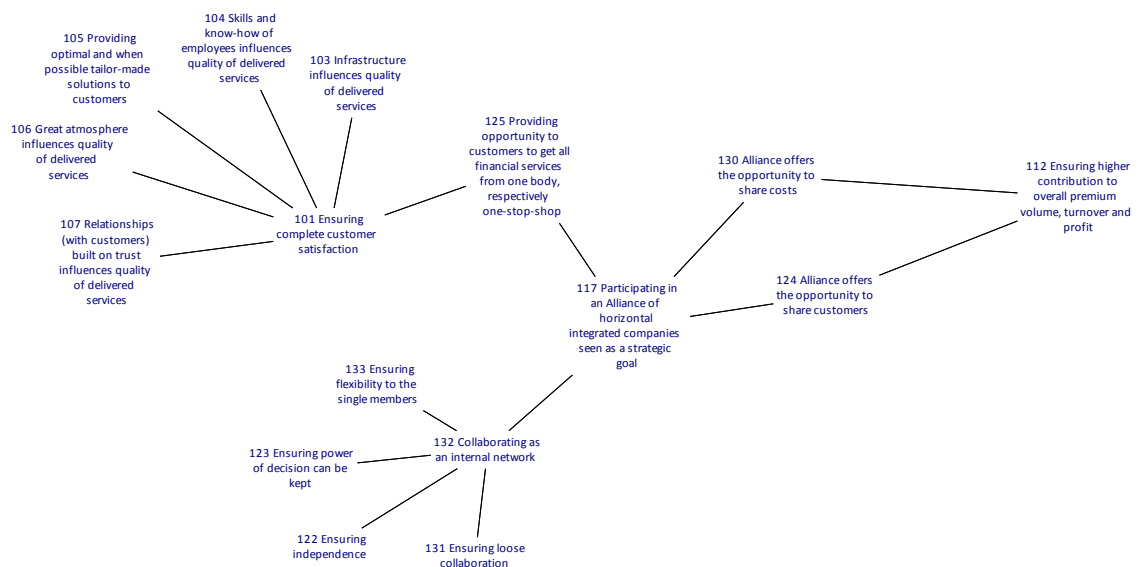


Figure 25: EUACSFI-1's spray diagram creation – Consideration of 'internal' collaboration

The spray diagram structure of these new concepts sees concept 132, which refers to the **internal network**, as a central element. This concept 132 is directly linked to concept 117, since it represents statements concerning the Alliance, the Managing Partner's interpretation of this Alliance as an 'internal network', and the fact that this internal network 'collaborates'. The other concepts (122, 123, 131 and 133) represent the other statements made, which describe closer this collaboration within the Alliance. Hence, these other concepts were linked to concept 132. For instance, according to the details given before, concept 122 represents the **need of being independent**. Concept 123 represents a reason of being independent, namely **keeping the power of decision**. Concept 131 represents statements that refer to the interpretation of this **internal network as a loose**

collaboration. Last, concept 133 represents statements made that refer to the goal of **keeping flexibility** within this internal network.

5.8.8 *The external collaboration*

The Managing Partner explained with numerous statements the rationale of having a network of third party solution providers. For instance, the Managing Partner explained that this *external network* is **required to provide adequate solutions** to customers. Providing *adequate* solutions refers here again to providing *optimal* or *best possible* solutions. Further, the Managing Partner explained that EUACSFI-1 faces regularly requests, which cannot be resolved by EUACSFI-1 nor by the Alliance. To resolve these requests, respectively to ensure services for these requests can be provided, the collaboration with third party service providers is required. The Managing Partner further stated that such collaboration with external third party service providers is **selective**. This selective collaboration is *inter alia* seen as **opportunistic collaboration**. Last, this opportunistic collaboration was explained as: EUACSFI-1 collaborates with a third party service provider when it is *appropriate*.

According to the Managing Partner there is *no obligation* to collaborate with any of the network partners. Accordingly, the Managing Partner explained that **collaboration contracts** between EUACSFI-1 and these third parties **are not required**. The Managing Partner does not see any benefits from a formal contract, which defines such collaboration. He stated contracts **do not support the quality of delivered services**. The **quality of delivered services** is seen as important, since EUACSFI-1's goal is always **to ensure customer receive best services**.

With this set of statements two new concepts could be identified. The first one represents statements made about selective collaboration. The second one refers to statements made about 'no need of contracts'. These concepts are illustrated in following figure with concept 149 and concept 155. Further explanations about these concepts and their links are provided just after the figure.

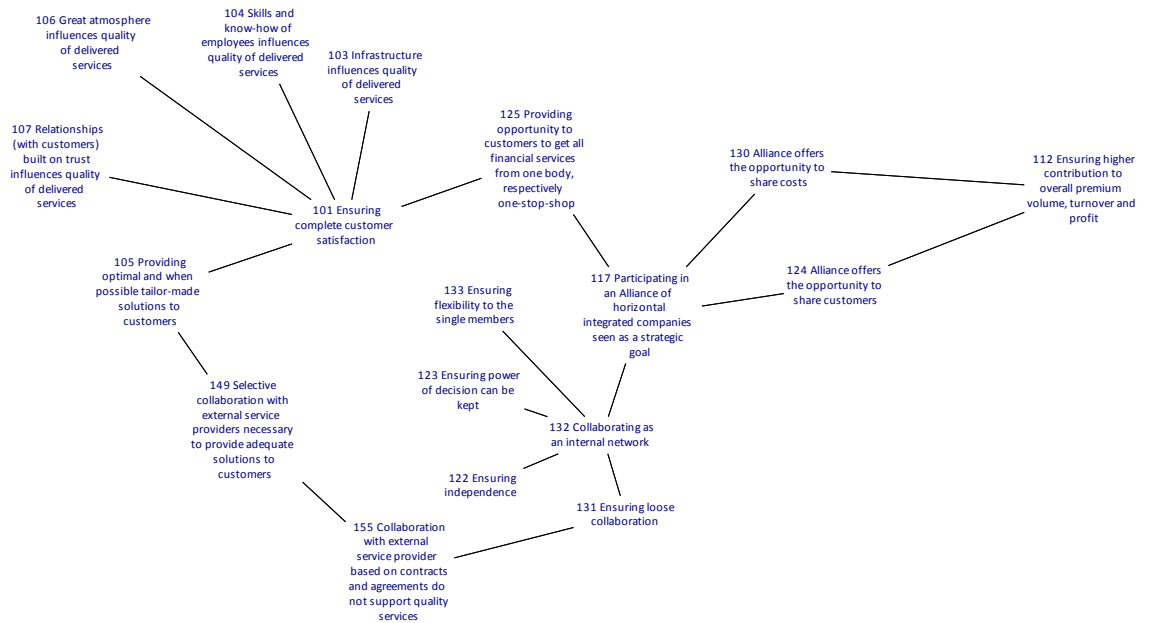


Figure 26: EUACSF1-1’s spray diagram creation – Consideration of ‘external’ collaboration

Concept 149 represents a major goal, which the Managing Partner is following with the support of external service providers. The Managing Partner stated that third party companies support EUACSF1-1 in providing adequate solutions to its customers. The principles of this support are based on the same principles as used within the Alliance. Third party service providers are considered at the moment EUACSF1-1 aims to resolve customer requests, which cannot be resolved by EUACSF1-1. The corresponding major goal however remains broadly the same as the one with the Alliance: the Managing Partner aims to ensure customers receive best possible solutions. Therefore, concept 149 is linked to concept 105 ‘providing optimal and when possible tailor made solutions to customers’. Thus, these two concepts are linked together.

This concept 149 is also linked to concept 155 ‘collaboration based on contracts and agreements do not support quality of services’. This link connects the statements referring to ‘selective collaboration’ as illustrated in concept 149 with the Managing Partners philosophy to (selectively, when appropriate) collaborate in an *informal* (with no formal contract) manner. Further, the spray diagram also shows that concept 131 ‘ensuring loose collaboration’ is linked to the new concept 155. This link is made since the informal collaboration is seen closely connected to the Managing Partner’s aim collaborate in a loose manner with third party companies.

5.8.9 Conclusion

These examples illustrated the approach about how spray diagrams were created. With these examples the link between empirical data and these spray diagrams could be provided. The created spray diagrams are based on concepts and links, which represent phrases and statements researched. According to the research method, chapter 2.10 (Approach on data analysis), these spray diagrams thus support the researcher to ‘visualise’ the collected data. Accordingly, they simplify the ‘navigation’ through the data. Hence, these spray diagrams do not replace the data but support the researcher in the identification of possible inter-company patterns within the data, as explained in detail in the next section.

5.8.10 Identification of inter-company patterns and key variables

The spray diagram inter-company pattern identification aims to detect context-related network strategies as explained in chapter 2.4 (Nature and aim of the research). Accordingly, this inter-company pattern identification is conducted separately for each case study, whereby each case study represents such a context. For this purpose, created spray diagrams of each case study were examined through the ‘lens’ as described chapter 3 (Pre-Research Conceptual Development). This lens is defined as the ‘base map’, which consists of four concepts, as again illustrated in following figure:

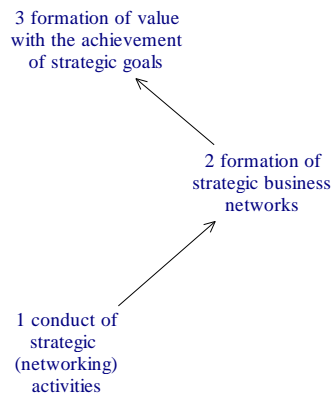


Figure 27: The base map – Research ‘lens’ for the spray diagram analyses

According to the details in chapter 3, this base map illustrates a *path of concept dependencies*, which is represented by concept 1, 2 and 3. Each context (each case study) was examined by this path of dependencies, according to following figure:

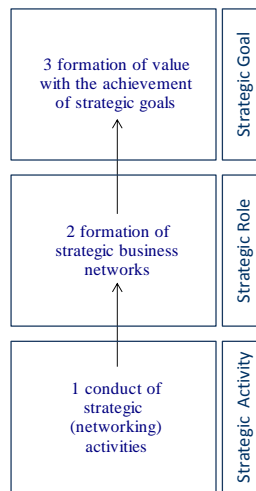


Figure 28: Research ‘lens’ for the spray diagram analyses

Figure 28 illustrates three layers, namely the layer of the strategic (networking) activity, the strategic role (of networks) and the strategic goal. According to the details of chapter 3 (Pre-Research Conceptual Development), the inter-company pattern identification focuses on identifying same and similar spray diagram concepts within a case study, which could be first categorised to represent a common theme, and then assigned to these layers and dependencies.

The following examples illustrate this inter-company concept categorisation and assignment to the layers of the base map with the use of the Swiss SME Finance Industry Case Study (CSFI) spray diagrams. These examples start first with inspecting concepts, which could be categorised and referred to the group ‘strategic goal’. Thereafter, concepts which could be categorised and referred to the strategic role (of networks), including their link to concepts belonging to the strategic goal, will be discussed. In the end, concepts, which could be categorised and referred to the group ‘strategic activity’, including their link to the ‘strategic role’ (of networks), is explained.

5.8.11 Inter-company pattern and key variable identification: On strategic goals

With the examination of CSFI's spray diagrams, two major strategic goals could be identified. The first strategic goal refers to customer related issues, such as **ensuring customer satisfaction**. The second strategic goal refers to the **creation of business benefits**, such as creation of turnover or profits. The following explanations start first with illustrating the bundling of customer related (centricity) concepts. Thereafter, the bundling of concepts, which relate to business benefits will be explained.

5.8.12 Inter-company pattern and key variable identification: On the Strategic Goal Customer Centricity

As it was explained earlier during EUACSFI-1's spray diagram creation, 'ensuring complete customer satisfaction' represents a major goal to EUACSFI-1's Managing Partner. In addition to EUACSFI-1, the other researched companies also emphasised the importance of such a **customer oriented**, respectively **customer centric goal** – representing a **common theme around customer centricity**. The chosen wording for this cluster i.e. *customer centricity* is based on Levitt's proposition noted in 'Marketing Myopia' (1960). Levitt (1960) basically states that companies should focus on resolving customer needs (being customer-oriented) rather than on selling products (being product-oriented). The researched companies seem to live this proposition.

Now, within CSFI following customer centric goals were *inter alia* declared:

- › EUACSFI-1: As it was illustrated in the earlier section, 'ensuring complete customer satisfaction' represents a major goal.
- › EUACSFI-2: Is a member of the same Alliance as EUACSFI-1. The Alliance's goal 'ensuring complete customer satisfaction' was confirmed by EUACSFI-2's Director.
- › EUACSFI-3: Focuses on ensuring better services to Customers, whereby 'ensuring closer distance to customers' is seen as essential.
- › EUACSFI-4: Described with two major statements its customer centricity. The first statement refers to 'ensuring customer demands can (always) be resolved'. The second statement refers to the company, which cares seriously about customer needs.

- › EUACSFI-5: The ability to provide tailor made solutions is a major goal of the company. Further, the interpretation was made that providing tailor made solutions is generally important in the finance industry.
- › EUACSFI-6: Again, providing tailor made solutions represents a major goal.

According to the definitions provided earlier, all these statements represent strategic goals to the researched companies. **Further, these statements also represent key variables**, as defined in the research methodology chapter 2.10.4 (Coding), required to lead the cross case analysis as described in chapter 2.10.7 (Cross-case analysis). These key variables refer to a category of spray diagram concepts, which describe the *nature of* these key variables, namely the nature of customer centricity. Hence, the naming chosen for this category, respectively this strategic goal is ‘On the Nature of Customer Centricity’.

The following figure illustrates this category, including its central concept 1000²² ‘On the Nature of Customer Centricity’:

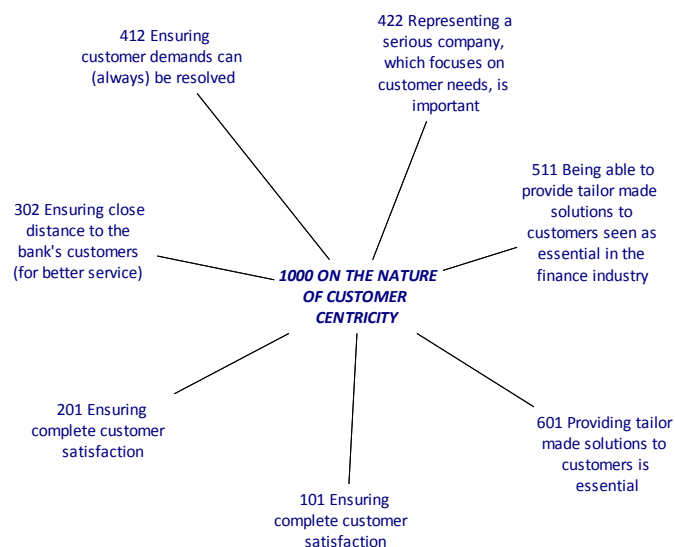


Figure 29: Inter-company pattern and key variables identification – On the Nature of Customer Centricity

These concepts represent the key variables listed before, whereby:

- › concept 101 refers statements made by EUACSFI-1;
- › concept 201 refers statements made by EUACSFI-2;
- › concept 301 refers statements made by EUACSFI-3;

²² There is no particular function behind this number except the function of representing an identification number of the corresponding concept.

- › concept 412 and 422 refer statements made by EUACSF1-4;
- › concept 511 refers statements made by EUACSF1-5;
- and
- › concept 601 refers statements made by EUACSF1-6.

A first inter-company pattern could be identified, namely all researched companies pursue with similar approaches a common strategic goal: ensuring customer centricity. To understand these concepts in detail, the empirical data needs to be reviewed, as defined in the research method chapter 2.10 (Approach on data analysis).

5.8.13 Inter-company pattern and key variable identification: On the Strategic Goal Business Benefits

All researched companies, with exception of EUACSF1-5, made explicit statements with reference to business benefits, as for instance:

- › EUACSF1-1: As illustrated in the section earlier, higher premium volume, turnover and profits.
- › EUACSF1-2: Follows the same principles as EUACSF1-1, overall premium volume, turnover and profits.
- › EUACSF1-3: Referred to general business performance, which implies turnover and profits.
- › EUACSF1-4: A major goal of the company is to ‘push’ the financial growth of the company.
- and
- › EUACSF1-6: Aims to provide (sell) additional services to customers

In line with the customer centricity definition, all these statements represent key variables and can be bundled in a category, which represents a strategic goal. The difference of this new category to the earlier customer centricity category is only its nature, this time business benefits. Accordingly, the naming chosen for this strategic goal is ‘On the Nature of Business Benefits’, as illustrated in following figure.

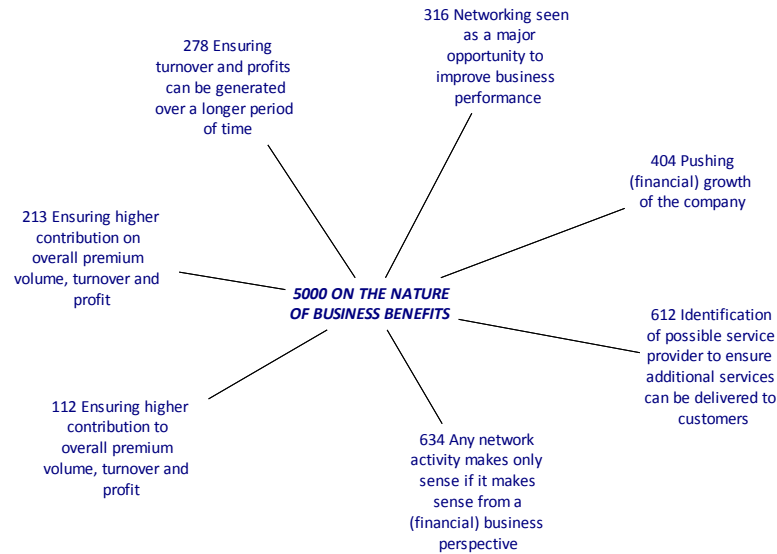


Figure 30: Inter-company pattern and key variables identification – On the Nature of Business Benefits

These concepts represent the key variables listed before, whereby:

- › concept 112 refers to statements made by EUACSF1-1;
- › concept 213 and 278 refer to statements made by EUACSF1-2;
- › concept 316 refers to statements made by EUACSF1-3;
- › concept 404 refers to statements made by EUACSF1-4;
- and
- › concept 601 and 634 refer to statements made by EUACSF1-6.

As indicated earlier with the strategic role of customer centricity, at this stage this figure is decoupled from the sought strategic role of networks. However, a **second inter-company pattern** could be identified, namely **most** (five out of six) researched companies **explicitly** pursue the same strategic goal: ensuring business benefits. Again, to understand these concepts in detail, the empirical data needs to be reviewed, as defined in the research method chapter 2.10 (Approach on data analysis).

5.8.14 Assignment of both categories to the base map layer strategic goal

With the identified strategic goals first assignments according to Figure 28, the lens of this research, can be made, as illustrated in following figure:

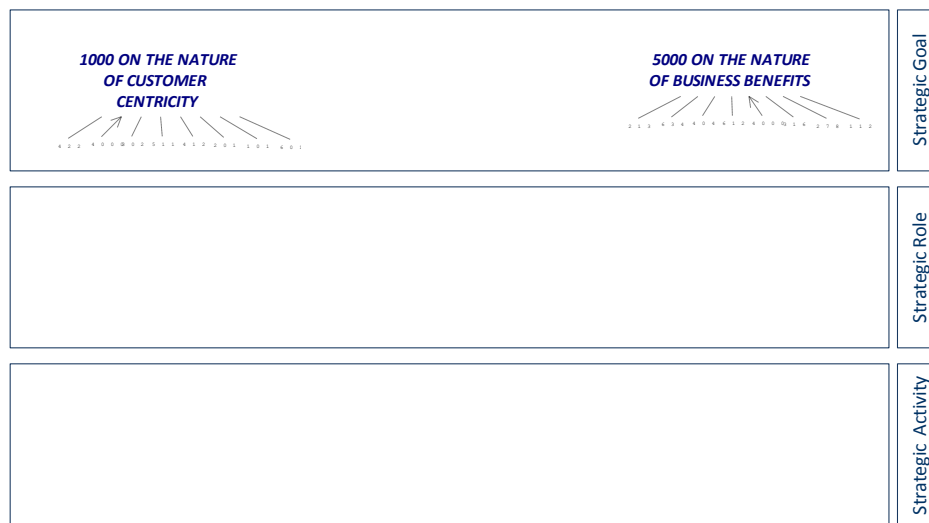


Figure 31: Inter-company pattern and key variables identification – Assignment of Customer Centricity and Business Benefits to the base map group ‘Strategic Goal’

Figure 31 illustrates the existence of these strategic goals. The numbers, which are linked to both strategic goals, represent the corresponding spray diagram concept identification numbers. For the purpose of this figure, these concepts were hidden.

5.8.15 Inter-company pattern and key variable identification: On the Strategic Role of Networks

In the same manner as illustrated just before with customer centricity and business benefits, further concepts, which refer to the strategic role of networks, were bundled in a category. Furthermore, the relationship of this new category with the identified strategic goals was also examined.

From perspective of the strategic role of networks, all researched companies made various statements, as for instance:

- › EUACFSI-1: With reference to the Alliance network and the network of third party service providers. Furthermore statements were made with reference to a relationship network, required to create business benefits.
- › EUACFSI-2: Pursues again the same principles as EUACFSI-1, Alliance network, network with third parties and importance of a relationship network for business generation.

- › EUACFSFI-3: Referenced networking within the own company and generally, in the Swiss Finance Industry.
- › EUACFSFI-4: Explained that a relationship network is essential, network with third parties only on an opportunistic base.
- › EUACFSFI-5: Sees networks as essential, as long as they help to resolve customer requests.
and
- › EUACFSFI-6: Same as EUACFSFI-3 mentioned that networks are essential in the Swiss SME Finance Industry. Further, collaboration network required at the moment additional services are required to resolve customer requests.

The corresponding concepts, which represent these statements, are illustrated in the next figure, including their central concept named ‘On the Nature of Networks’. These concepts again represent key variables of the central concept ‘On the Nature of Networks’. The rationale for this naming is based on the same principle of the other two identified categories, namely ‘On the Nature of Customer Centricity’ and ‘On the Nature of Business Benefits’. The naming ‘On the Nature of Networks’ describes the *nature of* this new concept category.

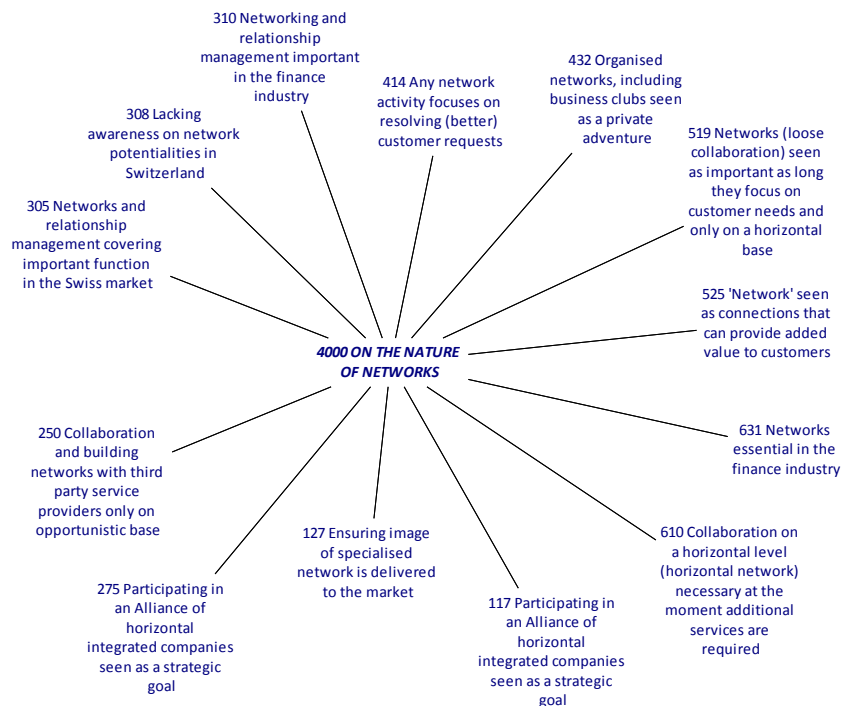


Figure 32: Inter-company pattern and key variables identification – On the Nature of Networks

The identification numbers of these concepts indicate again their affiliation to their corresponding units of analysis. For instance, concepts, which start with ‘1’, such as ‘127’ belong to the unit of analysis EUACSFI-1, those which start with a ‘2’, such as ‘275’ belong to EUACSFI-2, and so on.

Besides representing the strategic role of networks, these concepts also represent statements, which refer to the **strategic goals** of networks. All researched companies stated that their network relate either to customer centrality **or** to business benefits. Hence, as it will be illustrated later in chapter 5.9 (Outcome of Data Analysis), the strategic role of networks is to address these strategic goals. According to these findings, two links could be identified: a first link between the strategic role of networks and customer centrality and a second link between the strategic role of networks and business benefits. By using again the lens of this research according to Figure 28, this circumstance can be illustrated as follows:

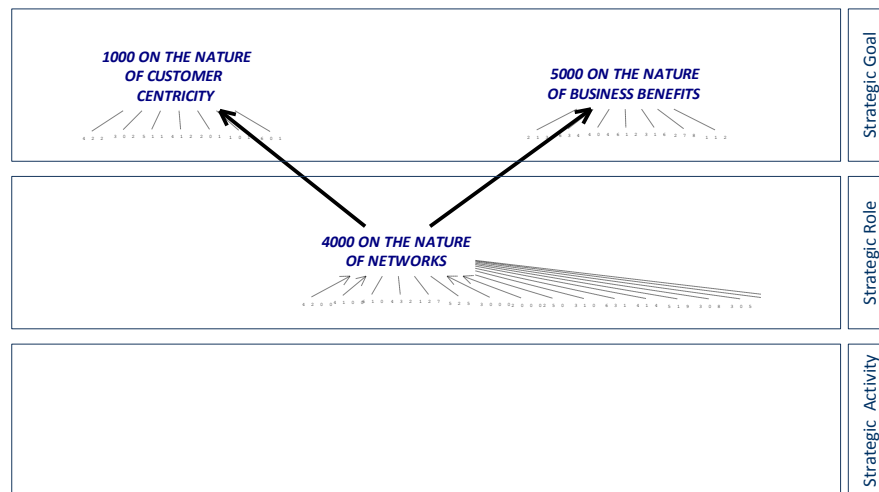


Figure 33: Inter-company pattern and key variables identification – The Strategic Role of Networks including to its links to the Strategic Goals

This figure illustrates the **existence** and also the **purpose** of this strategic role of networks. However, to understand the full details of first, this existing strategic role of networks and second its relationships to these strategic goals (purpose), it is again necessary to review the data. To support the review of the data, details of the link, as for instance between concept 4000 and concept 1000, need to be considered. The following example illustrates such a consideration, by illustrating EUACSFI-1’s concepts, which link (solid lines) the strategic role to the strategic goal:

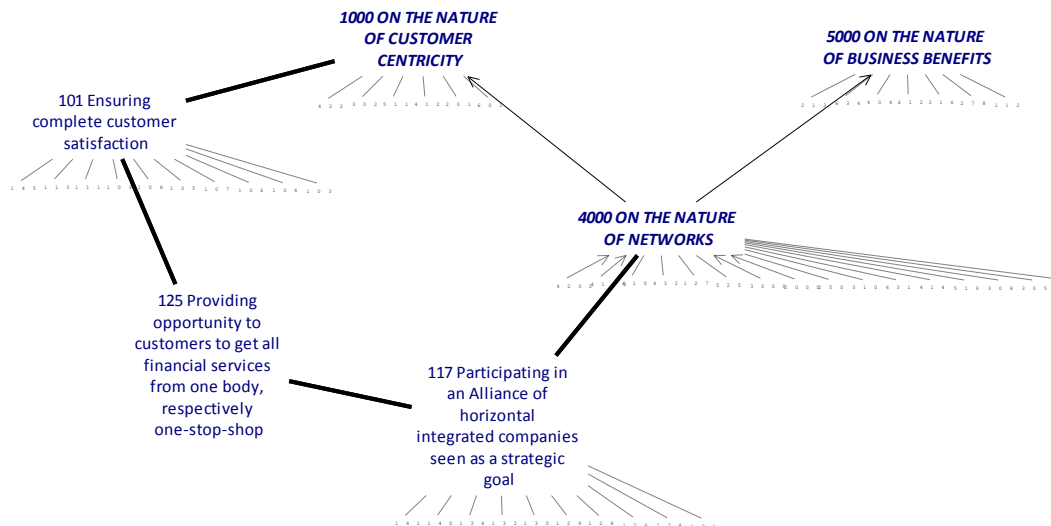


Figure 34: Inter-company pattern and key variables identification – Example path between the Strategic Role of Networks and Strategic Goal ‘Customer Centricity’

This example illustrates how the Nature of Networks is linked through concepts 117, 125 and 101 to the Nature of Customer Centricity. Hence, this illustration provides evidence of the link between nature and goal, as well as the details about the link’s structure. With these details the empirical data can be reviewed to understand the complete picture about this link.

5.8.16 Inter-company pattern and key variable identification: On Strategic Activities

The last part of the inter-company pattern identification refers to strategic activities. According to the definitions given in chapter 3 (Pre-Research Conceptual Development) these strategic activities refer to concepts, which *lead to*, respectively *make emerge* the strategic role of networks.

From this perspective, two such strategic activities could be identified. The first refers to collaboration. With the analysis of CSFI several concepts that refer to a collaboration network could be identified. These concepts were bundled in a category ‘On the Nature of collaboration’ and represent the rationales of collaborating. Then, the second refers to relationships. All researched companies explained the importance of relationships in their business. These relationships, particularly their management, represent as such also an ‘activity’, which leads to a relationship network. All corresponding concepts were bundled in a category called ‘On the Nature of Relationships’.

Since the procedure of identifying and bundling concepts was already explained before, only the results of these two strategic activities are illustrated in following figure:

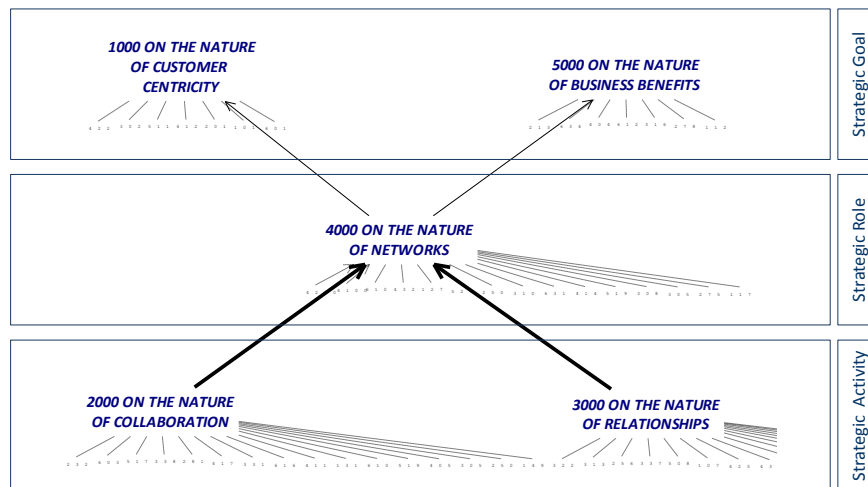


Figure 35: Inter-company pattern and key variables identification – Strategic Activities including their relationship to the Strategic Role of Networks

In the same manner as before, for the purpose of data analysis, the figure illustrates the **existence** and also the **purpose** of these strategic activities. To understand the full details of first, these existing strategic activities ‘collaboration’ and ‘relationships’ and second their relationships to the strategic role of networks, the data needs to be reviewed. To support the review of the data, details of the link, as for instance between concept 2000 and concept 4000, need to be considered.

The following example illustrates such a consideration, by illustrating EUACFSI-1’s concepts, which link (solid lines) the strategic role to the strategic goal:

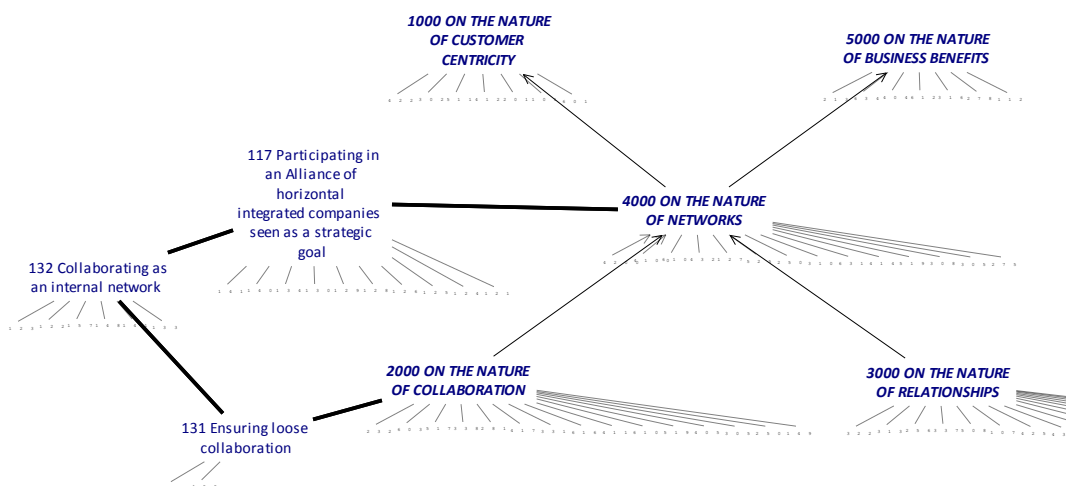


Figure 36: Inter-company pattern and key variables identification – Example path between the Strategic Activity ‘Collaboration’ and the Strategic Role of Networks

This example illustrates how the Nature of Collaboration is linked through concepts 131, 132 and 117 to the Nature of Networks. Hence, this illustration provides evidence of the link between nature and goal, as well as the details about the link's structure. With these details the empirical data can be reviewed to understand the complete picture about this link.

5.8.17 Conclusion

These examples illustrated the approach about how spray diagrams of a case study (context) were analysed according to the base map, as explained in chapter 3 (Pre-Research Conceptual Development). With this analysis, same and similar concepts were bundled in categories and links, with the aim to identify inter-company patterns, which could describe the strategic role of networks, according to chapter 2.4 (Nature and aim of the research). These inter-company patterns were used for the data analysis, as explained in detail in the next chapter 5.9 (Outcome of Data Analysis). These examples also illustrated the meaning of 'key variables' as explained in chapter 2.10.4 (Coding). These key variables refer to the identified categories, and support the researcher in leading the cross-case analysis, as explained in chapter 2.10.7 (Cross-case analysis).

5.8.18 Reliability of created spray diagrams

According to the details in chapter 2.10.5 (Spray diagrams) the approach documented to create spray diagrams, including the final spray diagrams could be reviewed with other doctoral students, working colleagues and interviewees themselves. The purpose of these reviews was to improve the reliability of the spray diagrams. Further, these reviews supported the researcher in avoiding 'taken for granted' interpretations. The method adopted for these reviews was to explain first approach and aim of the review, according to the given details in this chapter. Then, created codes and links were explained and debated by adopting the 'lens' of this research, as illustrated in chapter 3 (Pre-Research Conceptual Development). Spray diagrams were interpreted as completed at the moment particular choices of codes and links were agreed and hence, no further changes on the spray diagrams required.

The researcher could experience that the approach chosen, was not easy to follow by other reviewers. However, after having introduced and explained 'lens' of this research as described in chapter 3 (Pre-Research Conceptual Development) and the meaning of spray diagram codes and links, other reviewers could definitely understand the 'direction' of the research and agree with the interpretations made by the researcher.

Following feedbacks received underline the evidence received from interviewees:

“The use of spray diagrams, particularly in identifying inter-company pattern, makes absolutely sense”.

“Documentation and spray diagram are valid. The spray diagram correctly and objectively represents the data. However, transcribed data needs to be considered to fully understand the spray diagram.”

Researcher’s note: As explained in chapter 2.10.2 (Data display), the complete data display is represented by the created spray diagrams together with the interview data. The data display “spray diagrams” were used to ‘navigate’ through the interview data. For the final analysis and sense-making process, both displays were always considered in combination with each other.

“The spray diagram is comprehensible and reproducible but requires some explanations”.

“The approach as it is explained in chapter 5.8 (Preface to Data Analysis: Spray diagrams creation) about how spray diagrams were created is comprehensible”.

“I’m very surprised about the quality of work, well done.”

I am particularly astonished about the correct interpretation of the data collected and the translation into this spray diagram.

5.9 Outcome of Data Analysis

The review of the Swiss SME Finance Industry Case Study (CSFI) followed the process as explained in section 5.8 (Preface to Data Analysis: Spray diagrams creation). Accordingly, with this review, two major strategic roles of networks could be identified, namely:

- › the strategic role of a Customer Centricity Network;
- and
- › the strategic role of a People Business Network.

In line with the details in section 5.8 (Preface to Data Analysis: Spray diagrams creation), these strategic roles can be described with the base map, particularly through its layers ‘strategic activity’, ‘strategic role’ (of networks) and ‘strategic goal’.

Essentially, by analysing all embedded units of analysis of the Swiss SME Finance Industry Case Study regularities, which can be synthesised within a single inter-company pattern, could be identified. This inter-company pattern allows illustrating and explaining both, categories that emerge and strategic roles of networks. **The pattern is defined as the Inter-Company Pattern of the Swiss SME Finance Industry (ICP-FI).**

The following details explain first emerged categories of this ICP-FI, including their dependencies. Thereafter, concepts, which were bundled in these categories, are discussed. To re-emphasise the meaning and to provide broader understanding of these concepts, corresponding empirical data, particularly quotes of the interviewees, is also provided. The overall conclusion (PART C: CONCLUSIONS) synthesises these explanations.

5.9.1 *Inter-Company Pattern of CSFI (ICP-FI)*

The review of the collected data and corresponding spray diagrams, through the logical layers of the base map (the lens of this research), made emerge major categories, including their dependencies, which refer to:

- › Customer Centricity
- › Business Benefits
- › Networks, which includes an ‘active’ and an ‘inactive’ role
- › Collaboration
- and
- › Relationships

These categories, including their dependencies represent the base map structure, as illustrated earlier. These emerged categories, including their relationships were named by the researcher as the Inter-Company Pattern of the Swiss SME Finance Industry Case Study (ICP-FI), and illustrated in following figure:

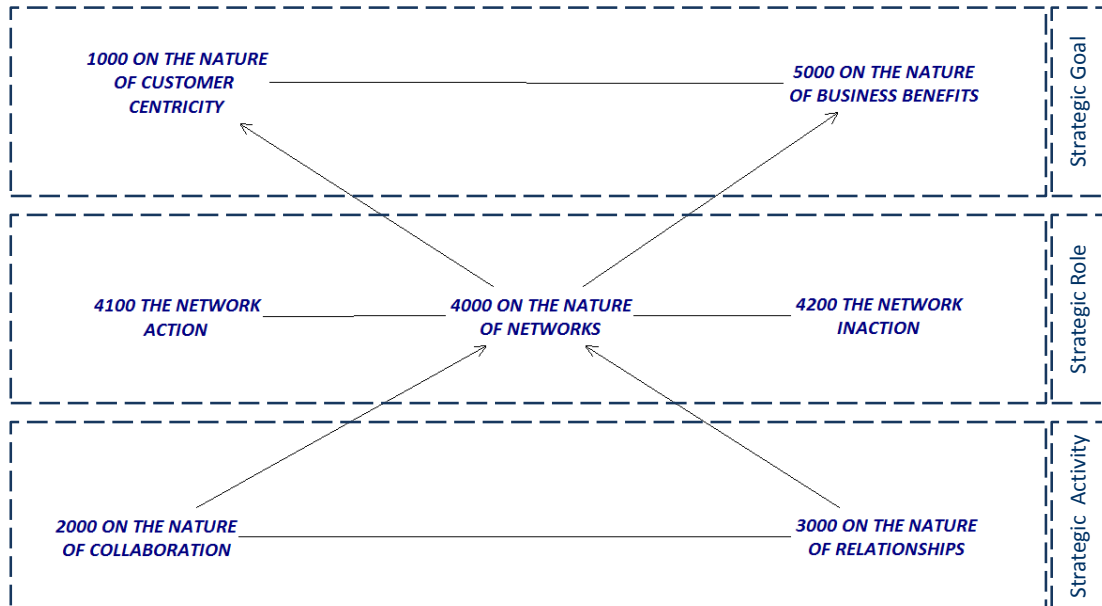


Figure 37: Inter-Company Pattern of the Swiss SME Finance Industry Case Study (ICP-FI)²³

According to the explanations in section 5.8 (Preface to Data Analysis: Spray diagrams creation) these categories represent sets of evidence based on the specific *nature*. For instance, the identified category ‘Customer Centricity’ represents a set of evidence based ‘On the Nature of Customer Centricity’. Accordingly, by adopting this view, all mentioned categories turn into following classification:

- › On the Nature of Customer Centricity
- › On the Nature of Collaboration
- › On the Nature of Networks, whereby the ‘network Action’ and ‘network Inaction’ describe this nature.
- › On the Nature of Relationships
and
- › On the Nature of Business Benefits

²³ The given numeration of the single groups (1000, 2000, 3000, 4000, 4100, 4200 and 5000) does not represent any prioritisation or any other quantification, or qualification of the single groups. These numbers just represent the group ID of the single categories.

The details of the analysis of this figure will be presented in subsequent sections, namely 5.9.2 (On the Nature of Customer Centricity and Business Benefits), 5.9.3 (On the Nature of Networks) and 5.9.7 (On the Nature of Collaboration and Relationships).

The Concept ‘On the Nature of Networks’ represents the identified Strategic Roles of Networks. The researcher will illustrate how this nature refers to the Strategic Role of a Customer Centricity Network and also a People Business Network.

5.9.2 *On the Nature of Customer Centricity and Business Benefits*

To understand the Nature of Networks within the Swiss SME Finance Industry it seems to be essential to understand *a priori* a major goal, which the researched companies aim to achieve. The collected and analysed data decided the researcher to describe this goal as ‘Customer Centricity’. The researcher opted for this definition since it seems that any of the activities that the researched companies conduct, aims to ensure that customers can be served in a best possible manner. Accordingly, serving customers in the best possible manner is the researcher’s interpretation of Customer Centricity. This naming is based on Levitt’s proposition noted in ‘Marketing Myopia’ (1960), which basically states that companies should focus on resolving customer needs (being customer-oriented) rather than on selling products (being product-oriented).

The following figure illustrates the spray diagram with the focus in this Customer Centricity, including its dependencies, i.e. references to major statements given by the researched companies, which point to this Customer Centricity:

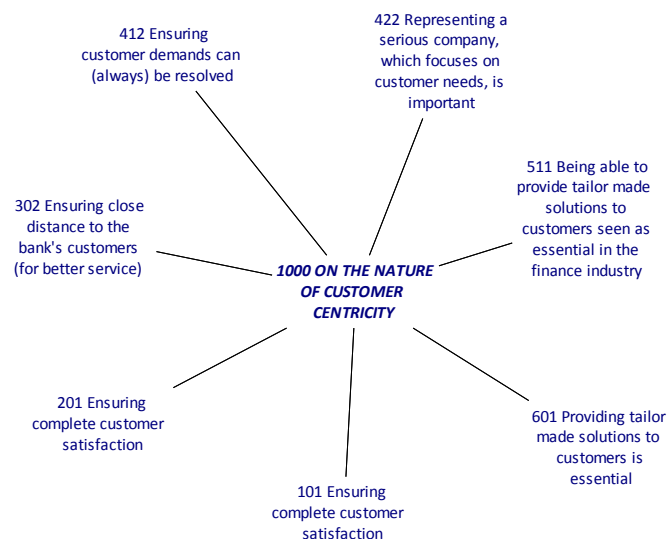


Figure 38: ICP-FI – On the Nature of Customer Centricity

Embedded Unit of Analysis	Concept ID	Concept Description
EUACSF1-1	101	Ensuring complete customer satisfaction
EUACSF1-2	201	Ensuring complete customer satisfaction
EUACSF1-3	302	Ensuring close distance to the bank's customers (for better service)
EUACSF1-4	412	Ensuring customer demands can (always) be resolved
EUACSF1-4	422	Representing a serious company, which focuses on customer needs, is important
EUACSF1-5	511	Being able to provide tailor made solutions to customers seen as essential in the finance industry
EUACSF1-6	601	Providing tailor made solutions to customers is essential

Table 3: ICP-FI – Details of the spray diagram ‘On the Nature of Customer Centricity’

This spray diagram provides first evidence on how Customer Centricity should be understood, as for instance through the concepts 101 and 102 ‘Ensuring complete customer satisfaction’ or concept 601 ‘Providing tailor-made solutions essential to customers’. The *value* of Customer Centricity can be seen as a major goal of any company, which is participating in the arena of the Swiss Finance Industry. In particular concept 422 ‘Representing a serious company, which focuses on customer, needs important’ and concept 511 ‘Being able to provide tailor made solutions to customers seen as essential in the finance industry’ underline this fact.

‘Customer Centricity’ refers to the fact that the researched companies focus on ‘listening to the voice of their customers’. This listening to the voice refers particularly to focusing on resolving customer needs and requests. The data suggests to the researcher that resolving customer requests refers to finding ways to resolve these core issues always in the customer’s interest. EUACSF1-6’s Director explained this circumstance *inter alia* with following statement:

“We never leave the customer alone.”

This statement represents a fact that was raised (though using a different wording) repeatedly by all the researched companies, for instance from EUACSF1-2’s Partner:

“We need to ensure first that customers get the right service.”

or also, especially expressed by EUACSF1-3’s Branch Manager:

“An important recognition of my experience is that the absolute welfare is the customer’s welfare. Whatever we do should focus on customers.”

Customer Centricity is a reality, which reflects the companies' aims to provide professional services in a manner where they create real added value to customers. The 'real added value to customers' refers to the fact that customers' requests have to be successfully resolved in an appropriate and qualitative manner, as stated for instance by the Managing Partner of EUACSFI-1.

At this stage, a question for the researcher was: what exactly supports these companies in practising this Customer Centricity? The answer to this question could be found (and used representatively for all researched companies) in a statement given by the Managing Partner of the Tax Consulting Company, EUACSFI-1. The Managing Partner explained in detail an important factor, which influences Customer Centricity, namely the role of skills and know-how available in the company.

Customer Centricity predominantly means, according to the available data: possessing the necessary skills and know-how to understand customer requests and being able to resolve them. The Partner of the Tax Consulting Company EUACSFI-2 explained:

"We only employ high qualified Tax Experts, to ensure, our customer needs can be addressed in an appropriate manner."

and she also expressed a few statements later:

"It is difficult to get the right employees. We do not need only Tax Experts who are specialised in the Swiss Market. We need employees with an international background, which means employees who know about the international tax laws and, of course, employees who speak English. There are not that many available people in the market."

The circumstance in which specialised skills are essential seems significant to those companies researched. Since they aim to ensure Customer Centricity, they need to ensure skills are available within the company, which allow them to provide the services requested to their customers. Consequently, these skills can be directly related to the goal, as stated before by EUACSFI-2 Partner of providing services in an 'appropriate' manner. EUACSFI-3's Branch Manager, by referring to the duties of his customer service representative, describes this circumstance thus:

“They (the customer service representative) have to provide quality, the ability to managing the customer in a qualitative good manner which includes understanding the customer needs and getting back to the organisation with the corresponding details, so that the organisation can offer the right services.”

This ‘network decoupled’ view of Customer Centricity led the researcher to understand that Customer Centricity is a major way, which the researched companies consider to create Business Benefits. The data show that being able to deliver Customer Centricity means being able to sell outstanding services to customers. Consequently, the analysed data illustrated that Customer Centricity affects Business Benefits, where Business Benefits represent measurable financial factors such as turnover or profit. It seems that as long as the researched companies focus on delivering Customer Centricity, a corresponding emerging Business Benefit can be expected. At the same time, Business Benefits influence Customer Centricity, since the higher Business Benefits, the higher are the available funds which emerge from the services sold, and thus the higher the potential to re-invest these funds for the development of skills and know-how within the own company.

The data also show that Customer Centricity represents an *intentional willingness* to provide this Customer Centricity. This intentional willingness mainly reflects the researched companies wish always to try to find a solution to resolve customer requests. It seems that in this regard customers rely on the researched companies. It seems customer expect these companies to find a solution for their issues. These features, ensuring customer centricity and the intentional willingness to care about customers, seem to represent the threshold where the ‘network’ starts to gain importance. The data shows that some customer requests create a situation where the enquired companies can no longer provide the services requested. Three reasons could be identified in this regard, namely:

- 1) The customer needs financial services, which do not belong to the core competencies of the focal company.
- 2) The customer needs different services other than financial services.
and
- 3) The delivering company is either too small or too big to resolve the customer requests to an appropriate level.

The solution to resolving these issues seem to be available in the company’s network. Through the network, companies are able to provide additional services. These additional services can be provided by the corresponding network parties. Further indications in this

regard are illustrated in following spray diagram ‘Figure 39: CSFI analysis – On the Nature of Business Benefits’:

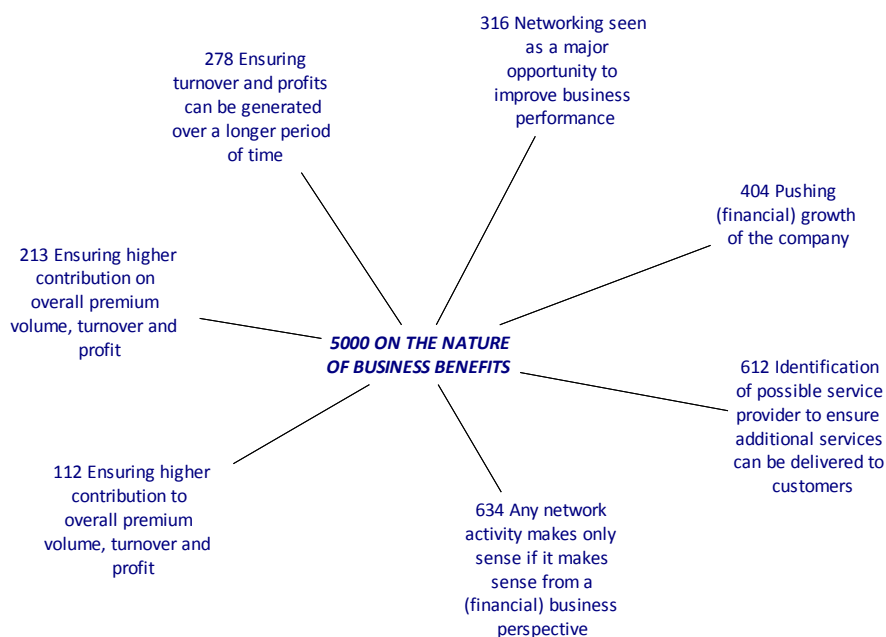


Figure 39: CSFI analysis – On the Nature of Business Benefits

Embedded Unit of Analysis	Concept ID	Concept Description
EUACSF1-1	112	Ensuring higher contribution on overall premium volume, turnover and profit to own company
EUACSF1-2	213	Ensuring higher contribution on overall premium volume, turnover and profit
EUACSF1-2	278	Ensuring turnover and profits can be generated over a longer period of time
EUACSF1-3	316	Networking seen as a major opportunity to improve business performance
EUACSF1-4	404	Pushing (financial) growth of the company
EUACSF1-6	612	Identification of possible service provider to ensure additional services can be delivered to customers
EUACSF1-6	634	Any network activity makes only sense if it makes sense from a (financial) business perspective

Table 4: ICP-FI – Details of the spray diagram ‘On the Nature of Business Benefits’

In this map, concept 612 indicates the need of providing Customer Centricity. Concepts 316 and 634 indicate the corresponding necessity of a network to become Customer Centred. Concepts 112 and 278 illustrate how the Alliance in this case study is aware of these necessities and how it aims to create from the organisational structure of the Alliance additional Business Benefits. Concepts 112 and 278 describe this circumstance, with ‘turnover and profit generated over a longer period of time’. According to the given definitions, these concepts can be interpreted as: because of the ability to provide the requested Customer Centricity, over a longer period of time, higher Business Benefits can be achieved.

SUMMARY ON CUSTOMER CENTRICITY AND BUSINESS BENEFITS

The evidence so far presented essentially refers to the circumstance that any action or activity put in place by a company of the Swiss SME Finance Industry is intended to sustain customer centricity. Customer centricity can be seen as the principle to care about customers with qualitative appropriate services. The data has shown that the company cannot provide customer centricity by itself. The company's network is contacting other third party solution providers who can deliver the requested services. Consequently, Customer Centricity requires a particular network, a *network of strategic alliance partners* to sustain 'Customer Centricity Network'. As suggested by the name of this network, the aim of such a network is to ensure services, required to resolve customer requests, can be delivered. Since strategic important Customer Centricity represents a Business Benefit to the company. Business Benefits identified also refer to the companies' financial performance – such as turnover or profit.

5.9.3 *On the Nature of Networks*

The following sections refer to networks and their role within the researched companies. For this exploration of the use of networks, the data analysed suggests approaching the data from two different perspectives. The first perspective focuses on the use of networks for specific purposes. The researcher defines this emerged reality as the 'emerged network action', since networks are used for pursuing specific goals. The second perspective focuses instead on the apparent reality, which illustrates for which purposes networks are NOT used. The researcher defines this emerging reality as the 'emerged network inaction' since networks are actively *avoided* for specific reasons.

5.9.4 *The emerged Network Action*

As it was stated, the analysed data illustrate that researched companies could face limits in providing the Customer Centricity sought. These limitations may emerge when a customer requires different or additional services, other than the services available from the company. Other limitations that could avoid delivering Customer Centricity could be due the company's size: the researched companies could either be too big or too small to deliver the services requested. To avoid these limitations, the use of networks seems to be an appropriate solution since it allows closing such gaps. 'Figure 39: CSFI analysis – On the Nature of Business Benefits' provides in this the first indications about the use of networks. According to those concepts networks could make sense to companies engaging in developing their Business Benefits.

Also, according to the findings emerged about Customer Centricity, this improvement of Business Benefits mainly refers to the fact that customer requests can and should be

handled, even if they require services beyond available capabilities. The following spray diagram summarises those concepts identified within the available data and which explicitly refer to the Nature of Networks, the ‘network action’:

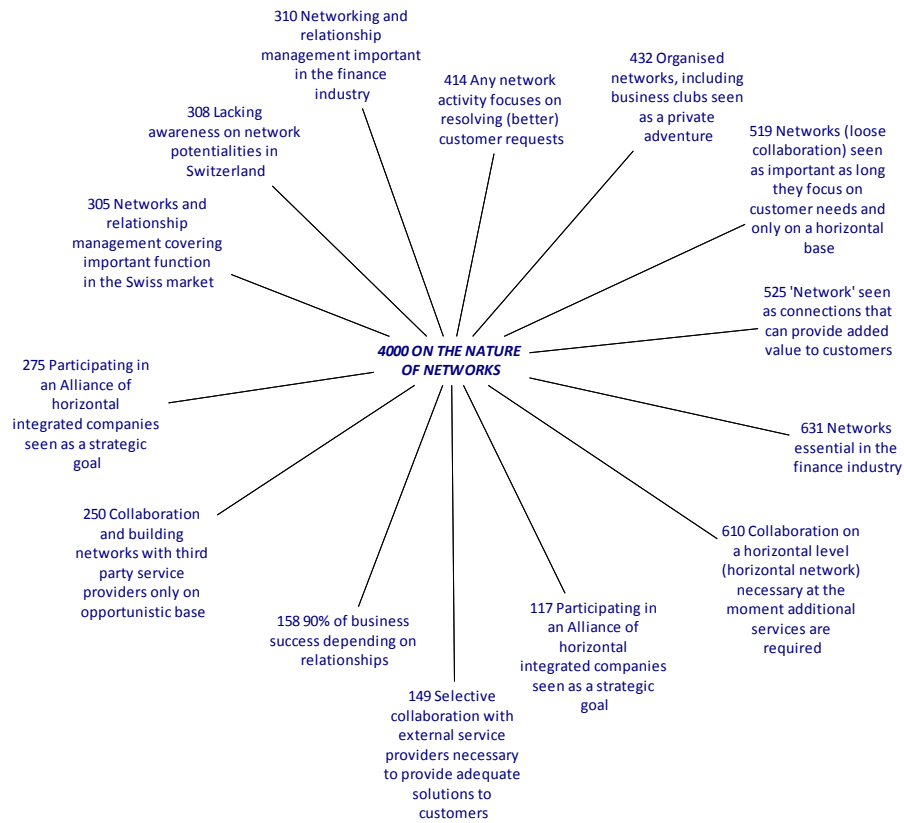


Figure 40: CSFI analysis – On the Nature of Networks (network action)

Embedded Unit of Analysis	Concept ID	Concept Description
EUACSF1-1	117	Participating in an Alliance of horizontal integrated companies seen as a strategic goal
EUACSF1-1	149	Selective collaboration with external service providers necessary to provide adequate solutions to customers
EUACSF1-2	250	Collaboration and building networks with third party service providers only on opportunistic base
EUACSF1-2	275	Participating in an Alliance of horizontal integrated companies seen as a strategic goal
EUACSF1-3	305	Networks and relationship management covering important function in the Swiss market
EUACSF1-3	308	Lacking awareness on network potentialities in Switzerland
EUACSF1-3	310	Networking and relationship management important in the finance industry
EUACSF1-4	414	Any network activity focuses on resolving (better) customer requests
EUACSF1-4	432	Organised networks, including business clubs seen as a private adventure
EUACSF1-5	519	Networks seen as important as long they focus on customer needs and only on a horizontal base
EUACSF1-5	525	'Network' seen as connections that can provide added value to customers
EUACSF1-6	610	Networks essential in the finance industry
EUACSF1-6	631	Collaboration on a horizontal level (horizontal network) necessary at the moment additional services are required

Table 5: ICP-FI – Details of the spray diagram ‘On the Nature of Networks’

These concepts and the corresponding data revealed to the researcher the importance of Networks. Concepts 117, 275, 414, 519, 525 and 610 in particular represent the data that relate to Networks and to Customer Centricity. This relationship can be described as ‘the need of networked horizontal services to ensure that customer requests can be resolved’. By focusing on concept 610, the Director of the corresponding company EUACFSI-6 stated in particular:

“We need the collaboration with other companies which offer complementary services, like Trustees or Insurance Brokers. With regard to our core business, usually we do not work together with others; our core business is covered directly from us. Only when we need complementary services then we work with other companies. We never leave the customer alone. In case a customer has a request for a service we do not offer, then we will look in our network for a partner which is able to offer the requested service.”

The interesting part of this statement for the researcher is the fact that customers ask EUACFSI-6’s Director to provide additional services. It seems that there are cases where customers request complementary services, which do not belong in EUACFSI-6’s core competencies. In such cases the Director is essential for providing solution for these kinds of requests. This particular characteristic of looking for a solution for customers and not neglecting the customer, accords to the researcher’s definition of ‘Customer Centricity’. The fact that the Director seeks to find a solution through collaboration with partners (the Network) translates as carrying about the customers’ wishes; as stated earlier by ‘listening to the voice of the customer’. In this regard, concepts 519 and 525 also provide evidence, evidence given by the Director of EUACFSI-5. The Director specifically stated:

“There is another important network which refers to our customer care. This network can also be offered to our customers. I mean, we would also like to offer other services to our customers, with the support of specialised companies, like for instance tax consultants.”

EUACFSI-4, as a Trustee Company does not aim to sell insurance policies. But also here it seems customer prefer to look to the CEO of the Trustee Company to provide a solution in this area. She stated:

“Usually we do not sell any insurance. But sometimes it can happen that we have to do it. In such a case, we usually work together with our network partners, the loose collaborations, where we contact an insurance broker who will take care of the customer.”

This principle of collaborating on a horizontal base, by contacting network partners, which are able to provide the required complementary services, seems to be a general reality in the Swiss Finance Industry. The only exception is EUACFSI-3 whose Branch Manager stated:

“Well, actually, no, there are no partnerships. Our bank, because of the big size, can usually offer all requested services to its customers.”

The Branch Manager can benefit from the services of the Bank to which his branch belongs. However, here customers also ask for services, which cannot always be covered by the branch itself. The difference between this particular branch and the other researched SMEs is not the network principle itself. The branch also needs ‘horizontal partnerships’. But in contrast to the SMEs, the branch can find such horizontal partners within the own bank and thus, from a bank’s perspective, the branch can benefit from its ‘internal’ network where SMEs have to find solutions within their ‘external’ network. The researcher defines differences between ‘internal’ and ‘external’ as follows:

- › Internal Network: The solution in which providers for services sought belong to the same company.
- › External Network: The solution in which providers for services sought belong to different companies.

The data analysed revealed that customers in the Finance Industry do not always have just a specific request, which can be covered by the focal company’s core competencies. The data show that in the Finance Industry there is a general need to provide different services on a horizontal base. This circumstance seems to be particularly recognised by EUACFSI-1 and EUACFSI-2. These two companies belong to an Alliance built by several companies that offer complementary services where the Founder of the Alliance has realised that this could offer a major opportunity for building greater Business Benefits; the members of this Alliance understood that it would make more sense to keep customers within their Alliance instead of networking with external partners. As previously explained, the Managing Partner of EUACFSI-1 stated:

“The scope of this Alliance is to offer a one stop shop to our customers. When customers visit us in our offices they get the complete package in the Financial Consulting area, such as Trust-, Financial- and Tax-Consulting Services. This Alliance is built on the idea, that in the future other companies can join this Alliance, for instance a Wealth Management company.”

The Managing Partner could also provide a feasible explanation as to why these complementary services are required by customers: He cites the ‘logic’ of the customer’s ‘life-cycle’, as illustrated in following statements:

“You need to understand the different needs from the customer’s point of view. For instance, if we look at a customer, for instance a company and not an individual, then my company is rather at the end of this customer’s life cycle of needs. To make it clearer to you: if this customer is, for instance, a foreign company which wants to settle in a Swiss based location, then first of all there are tax issues which need to be resolved. This customer needs to know, from a tax perspective if it makes sense to settle up a local Swiss branch or not. Once this issue is resolved, there is the need to found the company. Afterwards there is the need to set up a Board of Administration and so on. Only afterwards, as soon everything is ready, is it my turn. This is the moment when internal issues have to be resolved, such as providing insurances necessary to the company.”

The Alliance seems to be built on the principle of ensuring that any customer request can be solved in an appropriate manner. There are only few exceptions, which require external partners, as is stated by the Partner of EUACFSI-2:

“Usually we have only partners which offer complementary services.”

The data indicates that resolving customer requests and so providing Customer Centricity by ‘caring for’ the customer, is greatly important in the Finance Industry. It also seems that saying ‘no’ to a customer request would damage the company owned, as is stated by the CEO of EUACFSI-4:

“Well, we know how to say no. There are some businesses where we have to say ‘no’ to our customers. The authority defines some rules, which we have to respect. However, in the legal area, actually, we cannot say ‘no’ to our customers. We always have to find a solution for our customers. Whenever we can resolve (from a legal point of view) the customer’s request, we have to find a solution. If there are cases for we are not the appropriate service provider, then we try to find other

partners who offer better skills needed to resolve this particular customer request.”

Besides resolving customer requests on a horizontal base, networks in the Finance Industry are also required to resolve customer requests on a vertical base. On a ‘vertical base’ means collaborating with network partners, which offer the same services. However, again, the customer may request and because the researched companies aim to be Customer Centred, it initiates this specific need. Director of EUACSFI-6 is asked:

Question: “Are there no customer needs which require a closer collaboration with other Wealth Managers?”

Answer: “Only in cases where the asset would be too big. Then we would need to find an appropriate solution for our customer with another partner.”

The same principle was again also confirmed by the Managing Partner of EUACSFI-1:

“For instance: A CFO of a medium-sized and indeed good company needs advice, let’s say a standard company with low potential to grow and as such not interesting for us. We would give this mandate to a smaller broker.”

and also by the Director of EUACSFI-5:

“I told you if the customer is very big (wealthy) then it is important for us to offer the best services to that customer, and then it is important to work together with similar companies. For instance, in the area of Private Equity we are not offering any services, since it is not part of our core business. In such a case we would work together with Private Equity specialists, so that the customer will get the best service and we can still build a good relationship with him.”

These vertical demands refer to national as well as to international customer needs. In both cases, it is always the customer request, the will to be Customer Centred, and to provide appropriate solutions to customers. Again, this is illustrated by EUACSFI-5’s Director:

“We have a Funds-Strategy; this means we want to offer the complete set of Funds for our customers. Since we are not in a position to analyse, for instance, Japanese companies, we are looking for the contact with specialised companies/people in the corresponding area/country. In other words, this is our international network of (talents) specialists which allow us to expand our services for our customers.”

This is also stated by EUACSF1-4's CEO:

"We have some international collaboration since we need the local contact in the corresponding country."

SUMMARY ON NETWORK ACTION

The network action, which emerged illustrated to the researcher the strategic network, required to sustain customer centricity. According to the details in section 5.9.2 (On the Nature of Customer Centricity and Business Benefits) this network action refers to a network of *strategic alliance partners* required to ensure 'Customer Centricity'. Hence, the network action represents a 'Customer Centricity Network', which consists to sustain 'Customer Centricity'. The essence of this 'Customer Centricity Network' is *collaboration* with these strategic alliance partners. Therefore, this network represents a *collaboration network* with these strategic alliance partners. The details in chapter 5.9.7 (On the Nature of Collaboration and Relationships) will focus on this particular dimension and provide further insights in this regard.

5.9.5 *The emerged Network Inaction*

The researcher's data analysis revealed an additional reality about networks. This refers to where networks are *avoided*. This avoidance is defined by the researcher as 'network inaction'. Network inaction is important since it represents limits, where the researched companies stop focussing on their network and particularly on building the before mentioned collaboration network with strategic alliance partners. These limits can *inter alia* be directly related to the independence of the researched companies and their necessity to keep the power of decision. The following spray diagram summarises those concepts identified within the available data and which explicitly refer to the 'network inaction':

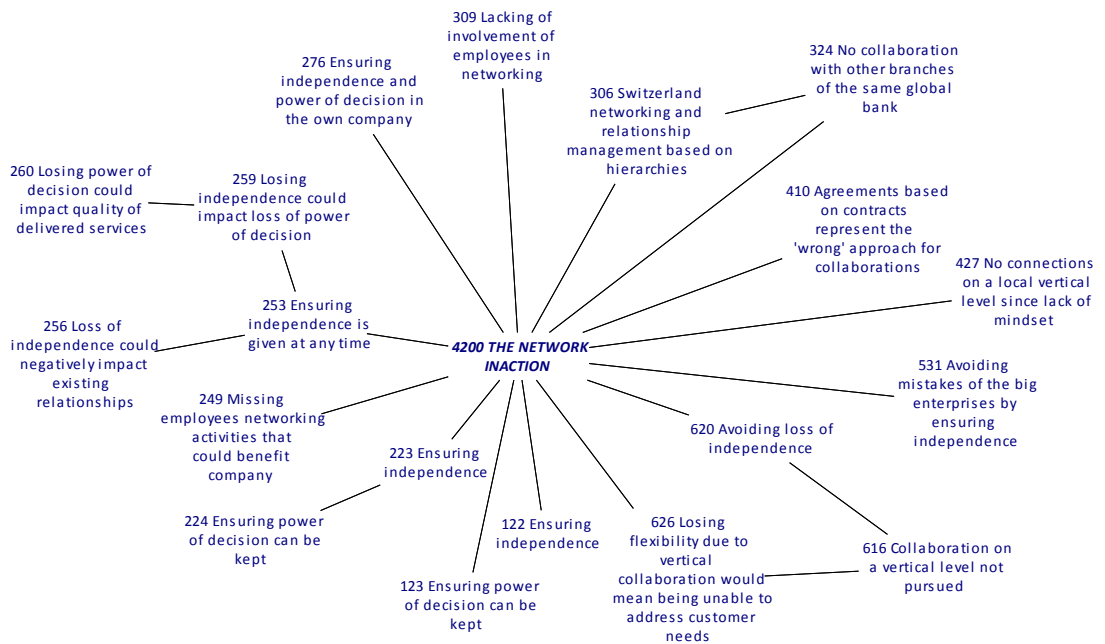


Figure 41: CSFI analysis – The Network Inaction

Embedded Unit of Analysis	Concept ID	Concept Description
EUACSF1-1	122	Ensuring independence
EUACSF1-1	123	Ensuring power of decision can be kept
EUACSF1-2	223	Ensuring independence
EUACSF1-2	224	Ensuring power of decision can be kept
EUACSF1-2	249	Missing employees networking activities that could benefit company
EUACSF1-2	253	Ensuring independence is given at any time
EUACSF1-2	256	Loss of independence could negatively impact existing relationships
EUACSF1-2	259	Losing independence could impact loss of power of decision
EUACSF1-2	260	Losing power of decision could impact quality of delivered services
EUACSF1-2	276	Ensuring independence and power of decision in the own company
EUACSF1-3	306	Switzerland networking and relationship management based on hierarchies
EUACSF1-3	309	Lacking of involvement of employees in networking
EUACSF1-3	324	No collaboration with other branches of the same global bank
EUACSF1-4	410	Agreements based on contracts represent the 'wrong' approach for collaborations
EUACSF1-4	427	No connections on a local vertical level since lack of mindset
EUACSF1-5	531	Avoiding mistakes of the big enterprises by ensuring independence
EUACSF1-6	616	Collaboration on a vertical level not pursued
EUACSF1-6	620	Avoiding loss of independence
EUACSF1-6	626	Losing flexibility due to vertical collaboration would mean being unable to address customer needs

Table 6: ICP-FI – Details of the spray diagram ‘Network Inaction’

Network inaction starts when a company loses its independence, as cited by the Director of EUACSF1-5:

“There is the danger that the network could grow too much. As I told you, flexibility is so important.”

and a few statements later during the interview:

“As an independent Wealth Manager we are flexible and we can choose the products we want to provide to our customers and are faster in the decision-making process. We can discuss any situation directly with the customer, build a personal profile, and answer to our customer request in a very specific manner.”

Inaction starts if a company loses its independence, such as building up a strategic Alliance with other companies. By referring back to the required ‘flexibility’ the Director of EUACFSI-6 explained that a strategic Alliance might produce the same situation as when he used to work for a bigger bank where they lost their flexibility and were no more in the position to listening customers’ voice. He stated:

“The partner of the strategic Alliance could say to me: you are not allowed to do this and that etc. This is a situation I want to avoid. Independence is the condition for being flexible. Whatever you want to do with your network you have to ask yourself: where is the benefit?”

Independence also plays an important role for EUACFSI-6’s Director. He explained:

“As I said I prefer to stay independent. Some potential customers have already said that they like the way we are doing our business.”

Networks seem only to make sense as long as the power of decision is guaranteed, through the given independence. The Director of EUACFSI-2 describes motivation behind and the need for the required independence:

“Well yes, (there are) many reasons. First of all the independence: my business partner and I want to keep the leads in the decision making process. Nobody should have the opportunity (power) to influence these decisions. My partner and I, both have had a career with two different big Consulting companies and we know the meaning of being involved within an organised network, a strategic Alliance. When you are involved within such a network then you are obliged to work together with your network partners. For instance, if I need a French tax expert, I have to take the French network partner, even if I am not happy with his qualities. This involves a risk to me. If I see that he is not good and not delivering the required service quality, I would not be able to change the consultant. Consequently, I would not be in a position to advise my customer fully.”

With these statements the Director of EUACSF1-2 again illustrated how important it is to ensure customers receive first-class Customer Centricity. The risk of being involved in a strategic network, which obliges acceptance of the service quality of the network partner, represents a major risk to her. The only way to deal with this risk is to be part of a smaller, still strategic network – the Alliance – but where she can retain her power of decision. Customer Centricity seems to be the major asset in creating Business Benefits. Any risk that could negatively impact this Customer Centricity could directly lose Business Benefits. She further stated:

“As long as I am not involved within a network where I do not have any power of decision, I can always pick up the best consultants in each tax area from my personal network and ensure my customers will always get the best possible advice. The goal to get always the best consultants is due to the independence. This fact protects my customers and our company at the end. There are many different areas in tax consulting, and so you always need the best consultants for each area. The goal is to build over the next years an own network, based on loose collaboration with all these area specialists.”

The Alliance to which she belongs to with her company is already a reality. Companies with specialists on a horizontal base already participate in this Alliance. The network inaction is not evident in this Alliance since she has the necessary power of decision, which ensures the required Customer Centricity. Also by referring to the statements given by the Branch Manager of EUACSF1-3, when he referred to the collaboration between his branch and other branches of the same bank, network inaction can be found:

“No, we are not networking because every branch can be hurt. You can be hurt, I can be hurt and therefore I am not willing to work with someone else, because I can get hurt. The connection, network is only done hierarchically because of the reporting issues I told you before, but not between the branches. We (in the branches) know each other indeed but we do not collaborate. Therefore, the branches are not networked.”

and, a few statements later:

“For your information, these branches are a priori little corporations and thus are profit oriented. Consequently, every branch has to act like an independent company in the market. As long as we are talking about an exchange of manpower, the cooperation with other branches works well and, please believe me, that is it.”

Customer Centricity (as defined by the researcher earlier) cannot be found in the statements given by EUACSF1-3's Branch Manager. However, it seems that in Customer Centricity customer are seen as the most valuable asset of one's company, and so by cooperating too close with other companies, which offer the same services would negatively affect the image of the company. By reviewing the data the researcher could identify that in this regard there is an unknown 'no-sense' in creating a network with similar companies. By asking the question to the CEO of EUACSF1-4, the following statement was spontaneous:

Question: "Do you work together with other Trustees?"

Answer: "No never! We work for ourselves."

or as stated by EUACSF1-6's Director:

"Principally no, we do not have that; we are not working closer with other Wealth Managers."

The inaction of networks can also be found in the role of employees. It seems that in this Industry employees see their role as providing their skills to the company but not on providing or trying to provide their network to the company. Such networking could have, had it existed, made sense for customer acquisition. The researcher aimed to understand if employees are involved within this process and, if so, how this involvement could be understood. The Director of EUACSF1-6 explained in this regard:

Question: "Does this mean that your employees also acquire their own customers, for instance through their own personal network?"

Answer: "Employees bringing in own customers and own network? This is definitely only an illusion! I have to say, it was a wish and it will always be just a wish. Sadly no employee has ever brought any customer base into the company. It would be ideal indeed, but the acquisition is mainly steered by the two Managing Partners."

The Branch Manager, by confirming this situation, also tried to provide a corresponding explanation:

“This means I am the boss of a company and I get in touch to the other Boss of another company. Why cannot employees of our companies get in touch with others to build a connection? Actually, why cannot family members get in touch for building a connection? I believe that we have still got too hierarchical and organised approach to Relationship Management here in Switzerland.”

and as previously stated, the Branch Manager added:

“Personally I see things different (from the hierarchical facts): Me, I am the human being who passes through different phases during the days and weeks and I’ll always encounter different situations. At a private level and at a business level there are always connections. These connections affect both levels. I would see the world that I (at a private level), when I meet somebody, I could connect this somebody to my business world. How should this work? It would be so easy to say in a discussion ‘Oh, you are working in the finance industry; by the way, my partner told me she needs certain services, do get in touch with her’. As you see, a private discussion could easily turn into a business discussion. But as I told you, people here are too ‘static’, they do not really make these connections.”

SUMMARY ON NETWORK INACTION

The network inaction is represented on one hand by the fact that companies aim to stay independent. This seems to be because these companies aim to provide excellent Customer Centricity. Building up **close connections** with other companies, respectively building up a **close collaboration network** with strategic alliance partners, could lead to them losing control over the quality of the service delivered. Independence means ensuring they can take their own decisions and deciding who is delivering a service to specific customer requests. Accordingly, independence means ensuring the power of decision can be kept within the own company.

Yet network inaction seems also to be a fact of the employees’ role within their company: they appear not to see any reason work actively on their own network to create benefits for the company. These benefits could emerge from an acquisition point of view. Employees could positively contribute to the company’s Business Benefits by ‘bringing in’ their own, personal network.

5.9.6 *Summary on Networks*

The researcher understands that the Nature of Networks needs to be approached from two perspectives. The first refers to an ‘active’ and ‘strategic role’ of the network. This is required since there is a need to ensure services can be delivered. This activity the researcher defined as a ‘network action’ and refers to the strategic role of the ‘Customer Centricity Network’. This Customer Centricity Network refers to a collaboration network with strategic alliance partners, which sustains Customer Centricity. But, there is a limit where such a network loses its strategic role, namely at the moment, a company would lose its independence. Losing independence is understood as losing the power of decision. Losing power of decision again could have a negative impact on the quality of the delivered services. Losing the power of decision and so the opportunity to choose possible alliance partner might adversely affect this Customer Centricity. Hence, the researcher named this network-phenomenon the ‘network inaction’.

Further network inaction could be identified among the role of employees. The companies researched have shown that employees focus on sustaining customer centricity but do not participate in customer acquisition. Hence, there is also network inaction among employees and their potential customer acquisition network. Other indications of network inaction could be partially found in shared activities such as inactive marketing activities. A few companies have shown that such activities are not put in place at all. The same inaction was also partially referenced over information exchange: companies of the Swiss Finance Industry seem not to connect to each other to exchange information.

The Nature of Networks has referred to the role of collaboration and relationship management. To understand fully the Nature of Networks, it seems to be essential to understand these activities, which represent the base activities of networks. The next section will provide the corresponding details of the conducted data analysis.

5.9.7 *On the Nature of Collaboration and Relationships*

Collaboration and relationships represent, according to the data, the primary activities and ties, which hold networks together. Hence, the Inter-Company Pattern of the Swiss SME Finance Industry (ICP-FI) illustrates these links between the ‘activities’ collaboration and relationships and the ‘function’ network. To understand in greater details these links, this section provides details about the Nature of Collaboration and the Nature of Relationships.

The following spray diagram illustrates concepts identified by the researcher and allocated to the Nature of Collaboration. This nature includes several concepts already discussed in the section, ‘The Nature of Networks’. These concepts represent the data, which explains

loose networks with strategic alliance partners emerge, i.e. through loose collaboration between researched companies with other parties. The key question the researcher followed here was: How can collaboration be understood within the researched industry?



Figure 42: CSFI analysis – On the Nature of Collaboration

Embedded Unit of Analysis	Concept ID	Concept Description
EUACSF1-1	131	Ensuring loose collaboration
EUACSF1-1	149	Selective collaboration with external service providers necessary to provide adequate solutions to customers
EUACSF1-1	155	Collaboration based on contracts and agreements do not support quality of collaboration
EUACSF1-2	232	Ensuring loose collaboration
EUACSF1-2	250	Collaboration and building networks with third party service providers only on opportunistic base
EUACSF1-2	281	Loose collaboration made possible because of possibility of making decisions
EUACSF1-3	305	Networks and relationship management covering important function in the Swiss market
EUACSF1-3	331	No need of collaboration with third parties from the branch manager himself (global bank provides all necessary horizontal financial services)
EUACSF1-3	338	Lack of will in finding new ways of collaboration
EUACSF1-4	405	Connections to third party service provider are given on an horizontal base to ensure all financial aspects can be covered
EUACSF1-4	411	Only motivation and reason for collaborating are customer needs and demands
EUACSF1-4	417	Loose collaboration with insurance companies required to ensure customers can get different options
EUACSF1-5	517	Collaborating with other asset managers could make suffer delivered service quality
EUACSF1-5	519	Networks (loose collaboration) seen as important as long they focus on customer needs and only on a horizontal base

EUACSF1-6	603	Loose collaboration with banks essential to ensure access to their products
EUACSF1-6	610	Collaboration on a horizontal level (horizontal network) necessary at the moment additional services are required
EUACSF1-6	616	Collaboration on a vertical level not pursued

Table 7: ICP-FI – Details of the spray diagram ‘On the Nature of Collaboration’

The spray diagram illustrates again that collaboration refers to a network with strategic alliance partners, is based on independence and aims to provide the mentioned Customer Centricity. Further, during the analysis the following major principles were identified and which attracted more attention:

- › the before mentioned role of independence
- › the giving and taking principle
and
- › the role of kickbacks

Besides these identified principles, an additional fact emerged during data analysis. The data illustrate how collaboration seems contract-less and only conducted when a specific customer’s needs require collaboration. As long there is no customer request which needs to be resolved, no collaboration is in place. This defines a ‘loose collaboration’ between companies. A similar perspective is given by the Managing Partner of EUACSF1-1, where he refers to the role of insurance:

“For instance, in the area of insurance brokerage, we monitor all activities in case of a claim. In such a case we try to find the best, well maybe not the absolute best, but the most suitable solution for our customers according to their risk profile. We can offer the most suitable solution since we are independent from any Insurance Company. We work on the basis of a loose collaboration with them. For me a loose collaboration means we are not tied only to a single Insurance Company through a contract but to several. Consequently, we can act absolutely neutral in the market and be available for our customers and their specific needs.”

The Managing Partner thus indicates the need to be flexible. This is required to identify appropriate solutions for a customer, in this case, to find appropriate insurance products. This mentioned collaboration focuses on the opportunity to *find, chose* and *provide* those products and services for EUACSF1-1’s customers, which resolve best their requests. Even this seems to be a natural part of any business, namely finding appropriate solutions to customers’ need: this way of collaborating requires, suggests the researcher, more attention. Besides this natural way of working with existing suppliers, even with the ‘organised’ Alliance, to which EUACSF1-1 belongs, the Managing Partner stated:

“I call our Alliance as an ‘internal’ network; internal but loose network. Everybody can decide if he wants to work together with another company of this Alliance. Usually we work together, we are connected to each other but each single company can do what it wants. This Alliance is based on a loose collaboration.”

Hence, absolute independence seems to exist also within this Alliance. The Alliance represents a construct where the Partners decide to build an organised network with the scope to resolve different customer requests within one access point. This organised, called by the Managing Partner ‘internal’ Network, is based on loose collaboration principles, as with the external suppliers. Independence means to the Managing Partner also avoiding any kind of binding contracts and avoiding putting the focus on financial benefits that collaboration could built, such as kickbacks. He stated:

“Definitely no, I have never made any contract with my network partner. To protect my customer I can never be focused on the kickbacks, which come with these contracts, even kickbacks are a reality. First of all the customer needs to be advised in a perfect manner, secondly I discuss – if I even discuss it – kickbacks.”

Again, the Managing Partner puts the Customer in the centre of his business. Serving his customers with perfect services seems to be the ultimate goal. By reviewing the available data the researcher suggests that contracts are usually required to define the kickback a company receives at the moment it sells services or products from another company. However, with this given statement the Managing Partner made clear that what makes the tie – between his company and another company – a work, will not be the financial benefit (kickback), but the match between the offered services and products of the supplying company and the corresponding customer need.

Similarly the Director of EUACSF1-2 explained:

“The goal is, due to the independence, to get always the best consultants. This fact protects my customers and our company at the end. There are many different areas in tax consulting, and as such you always need the best consultants for each area.”

Also here, the Director focuses first on delivering the best services. The loose collaboration is therefore mandatory since the counterpart should provide the services requested. This tie cannot be built or held by financial benefits (kickbacks) or any contract as the Director stated:

“Usually do not ask for any kickbacks and I do not focus on them. The customer is more important. We need to ensure first that our customers get the right service.”

and also:

“We have to ensure first the customer needs are resolved; afterwards we can talk about kickbacks.”

Customer Centricity is also again a major focus of the CEO of EUACFSFI-4. As it was shown regarding kickbacks and independence:

“We are independent from the Insurance Companies and independent from kickbacks. Our goal is to bring the customer in the position to take his own decision in case it needs an insurance product.”

and she explained shortly after:

“Well, I have contact with several Insurance Companies, they have several contacts with Trustees. They are not only working with me, but I believe I am one of those Trustees, who are not asking for any kickbacks.”

Rather than seeing collaboration as a contractual duty, which seems not to make sense to any researched company, it should be seen as an activity based on a ‘giving and taking’ principle. This refers to the exchange of ‘things’, as explained by the Managing Partner of EUACFSFI-1:

“You need to understand the market; the market is a place where ‘things’ are ‘exchanged’; it is a giving and taking of this ‘things’. It does not matter if these ‘things’ are products or services. For instance, I am working with Trustees outside of the Alliance. These Trustees are actually competitors of the Alliance. However, once in a while I feel obliged, at least from a moral point of view, to give them mandates. And every time I am not bringing in a mandate into the Alliance I compete against my own company and the Trustee within the Alliance. However, this third party Trustee might not have any financial consultant as I have. The reason I did compete my own partner within the Alliance is that these Trustee brings customers to me, and so I feel obliged to – once a while – bring him customers back.”

The same wording ‘giving and taking’ was also mentioned in the same manner by the Director of EUACFSFI-6. He stated in this regard:

“Well, we always work together on a free base, on a level of collegiate cooperation. It is always a giving and taking of mandates; a reciprocal mechanism.”

The Nature of Collaboration seems again to emerge from the need to provide customer centricity. Data illustrates how contracts, or even financial benefits in the form of kickbacks, embody an inferior role within collaboration. The data state that if customers cannot be served from the partner in appropriate manner, then there will not be any collaboration. Further, if a company cannot provide the requested service, then collaboration starts. However, this collaboration can be seen as connecting the customer to the identified and appropriate ‘collaboration partner’. The company sought provides therefore the corresponding contact. Resolving the customer’s request is a duty of the identified collaboration partner. The CEO explained how this works:

“In such a case, we usually work together with our network partners, the loose collaborations, where we contact an insurance broker, who will take care about the customer.”

Collaboration means knowing that the counterpart will take care of the customer. The owner company is thus ‘out of the loop’ in such a situation.

By deepening these aspects, one major and final question struck the researcher: how can relationships between collaboration parties be interpreted? The following spray diagram illustrates those concepts, which represent relevant data about relationships:

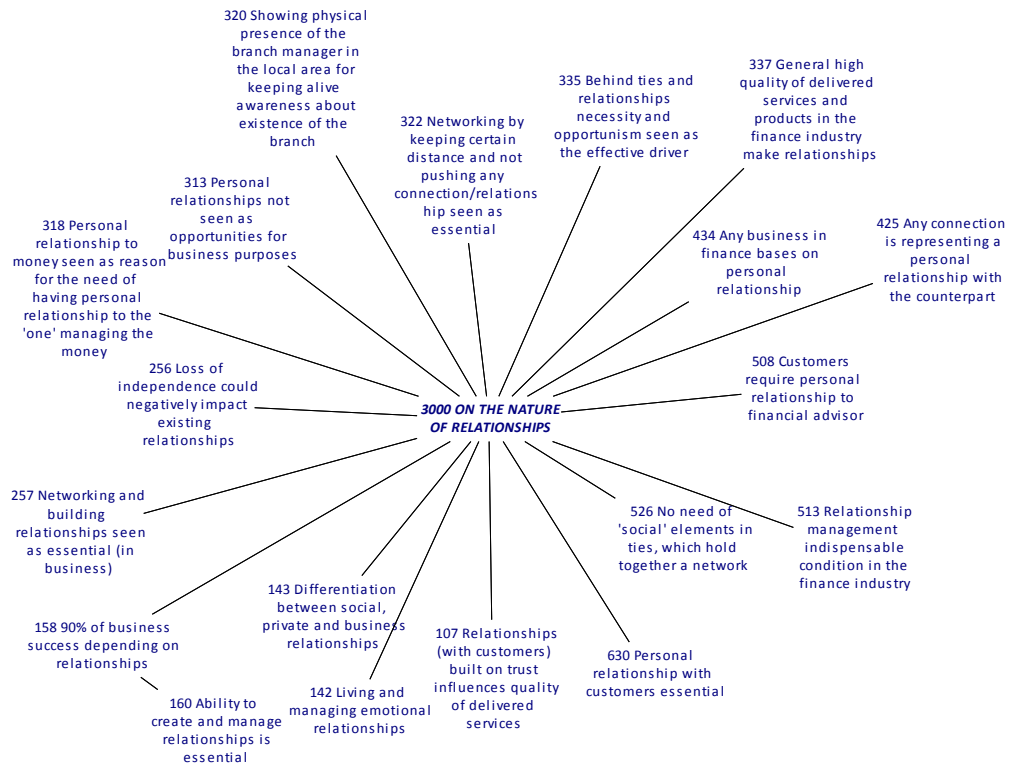


Figure 43: CSFI analysis – On the Nature of Relationships

Embedded Unit of Analysis	Concept ID	Concept Description
EUACSF1-1	107	Relationships between the employees built on trust influences quality of delivered services
EUACSF1-1	142	Living and managing emotional relationships
EUACSF1-1	143	Differentiation between social, private and business relationships
EUACSF1-1	158	90 per cent of business success depending on relationships
EUACSF1-1	160	Ability to create and manage relationships is essential
EUACSF1-2	256	Loss of independence could negatively impact existing relationships
EUACSF1-2	257	Networking and building relationships seen as essential (in business)
EUACSF1-3	313	Personal relationships not seen as opportunities for business purposes
EUACSF1-3	318	Personal relationship to money seen as reason for the need of having personal relationship to the 'one' managing the money
EUACSF1-3	320	Showing physical presence of the branch manager in the local area for keeping alive awareness about existence of the branch
EUACSF1-3	322	Networking by keeping certain distance and not pushing any connection/relationship seen as essential
EUACSF1-3	335	Behind ties and relationships necessity and opportunism seen as the effective driver
EUACSF1-3	337	General high quality of delivered services and products in the finance industry make relationships
EUACSF1-4	425	Any connection is representing a personal relationship with the counterpart
EUACSF1-4	434	Any business in finance bases on personal relationship
EUACSF1-5	508	Customers require personal relationship to financial advisor
EUACSF1-5	513	Relationship management indispensable condition in the finance industry
EUACSF1-5	526	No need of 'social' elements in ties, which hold together a network
EUACSF1-6	630	Personal relationship with customers essential

Table 8: ICP-FI – Details of the spray diagram ‘On the Nature of Relationships’

The spray diagram illustrates concepts, which refer to the need for a ‘personal’ relationship. Data suggest collaboration and personal relationships are connected very closely to each other. The Director of EUACSFI-6 provided a clear statement how this personal relationship needs to be understood:

“The collaboration with other companies, for complementary services is built on a personal relationship, but this does not mean they are my friends. A personal relationship means we keep in touch and when opportune we work together.”

The relationship does not only address the collaboration partner, as cited earlier. It needs also to focus on the customer. The Director stated:

“If you start now to change approach and you build an Alliance with other companies, you would generated only questions and put the customer in the same situation as before, when he was a customer of a bank. So, where is the benefit? There is no benefit. The relationship is between the customer and me, not between the customer and the company.”

The Director referred to two facts: first, he explained that being part of an Alliance could only create unnecessary questions for his customers. They would wonder why he would join such an Alliance. Second, he made clear that the relationship to the customer is between him and the customer. The reason companies like EUACSFI-6 exist, according to his understanding, is because customer need this personal relationship to the financial consultant, in his case the Wealth Manager. Should he, as a Wealth Manager, be part of an Alliance? Customer would wonder who other members of this Alliance are. By referring to the chance to provide services if the social relationship is stronger, the Director states:

“The purely social connection is not needed at the end. It is important to know each other and to know each other’s services.”

Knowing each other, and each other’s services, ensures that the quality of services delivered is also known. Only by knowing the quality of the delivered services can the collaboration (where a customer will be assigned to a third party service provider) work. The Director of the Asset Management Company EUACSFI-5 made clear the importance of relationships in his business:

“Relationship Management and thus relationships are the essence of our business and are absolutely indispensable for our business. If you want to become an independent Asset Manager you need customers, and how can you get customers? This can only be done with relationship management.”

The Director of EUACSFI-5 also tried to provide an initial explanation of the social relationship within collaboration:

“If we talk about the any sympathy between me and another third party manager, then this factor is not that important as long the delivered services are perfect. This means I do not have to warm to the third party manager ... There is a need of a social competence which refers to the ability to manage your counterparts, but there is no need to be in contact from a social level point of view.”

The Director EUACSFI-5 made also clear what a network means to him by providing a definition of a ‘felt’ and a ‘network’, a definition in line with other companies, as for instance with EUACSFI-6’s Director, where he states about collaboration, ‘we do not have to be friends’:

“I have got a definition from my partner regarding the meaning of a network. He says there is a difference between “Felt” and “Network”. What is a Felt? A Felt is when you are giving something to somebody just because of a social connection; maybe you are pursuing the same sports, or you participate in the same association like a yachting club. If you then assign a business opportunity to this contact just because of this connection, even the counterpart has no track record or hands-on experience. Just because you ‘like’ the other part, then it is a ‘Felt’, since it does not generate any added value to the customer. The Network is completely different: In a Network you are getting back to top specialists, people and companies who have the necessary background and skills, where you can rely on each other and where the customer receives concrete added value from your network partner.”

Also the CEO of EUACSFI-4 confirmed that relationships need to be on a personal level:

“I can only collaborate, when I have a personal relationship to the other party which is based on trust. Sometimes I am naive, and I make mistakes. If necessary I make a contract, but a contract does not help in a network. In my opinion, a network only works with the right relationships, not with contracts. Contracts can only describe what the relationship brings already, but not the contrary. Many

people work only with contracts, but this is not our approach. Many want to have the 'fast' money; I look at this differently: over time things come back somehow."

A personal relationship is not interpreted as a social relationship, which is lived with friends. A personal relationship refers to people know each other and share some activities. This fact was illustrated by the Managing Partner of EUACSF1-1 who stated:

"Our business is based on 90 per cent on social relationships."

but qualifies the understanding of 'social' in the following statement:

"We are close together, and sometime we also spend time together in our private life. Indeed, our private life will never be like the one with my friends, but we contact each other in private."

The Managing Partner also referred how relationships describe the 'people business'. He understands 'people business' *inter alia* as the fact that customers need to trust the consultant. His view is that business is strongly driven by emotions; emotions that are based on trust. People business means people have to have this trust to allow his company to providing the services the customer is asking for.

The Branch Manager of EUACSF1-3 sees also emotions within these relationships that drive the collaboration. By describing why people need a personal relationship, including the particular emotions, he provided following explanation:

"Well, I do not have any empirical evidence, but I would say, by confining all my statements to the Swiss Financial Service Sector, the whole sector is only built by relationships. It is a people-people business and any business in this area can only be correlated to the function of the network ... Human beings have a personal relationship to money, so a personal relationship between people is mandatory."

The rational for having a personal relationship is also related to the customer acquisition process. Managing these relationships is required to keep *alive* ones thoughts about another service provider. Relationships refer to customer acquisition and not only because of the direct contact with customers as stated before by Director of the Asset Management Company:

“If you want to become an independent Asset Manager you need customers, and how can you get customers? This can only be done with relationship management.”

As illustrated during the data analysis, customers can also be won over through collaboration partners, since they need additional services. The goal of relationship management seems consequently to keep awake the thoughts to the own company. Again, the Director of EUACSFI-6 stated in this regard:

“I am continuously keeping my network on the back burner and activate it when necessary. For instance, we are not making promotions; people talk about us. The network is as such always active, but not always for business purposes; keeping in touch is sufficient. By keeping on the back burner network contacts makes the counterparts thinking of you. Then, maybe once it will be in a position where it needs a Wealth Manager. In such a moment it is essential that it will think of you and consider you to provide the service.”

Ensuring that people talk about one’s business is put at the centre of the Branch Manager of EUACSFI-3:

“If you really want to make business, people have to talk to each other. You need to understand the needs of anybody. How can you understand the needs of anybody? By delivering a questionnaire? I believe this is the wrong approach since I cannot provide the right questions. The personal contact and the discussion are in my opinion the only way to understand the effective customer needs.”

and in a similar manner also referred by the Managing Partner of EUACSFI-1:

Question: “It seems that relationships have to be managed carefully?”

Answer: “Yes, definitely, but you also have to get to the point, at least this is my opinion. You cannot just manage the relationship without talking at any stage about your business interests. If you want something from the other party then you have to tell this to that party. If you only spend time in managing, asking how is life, and you are scared about asking something, then you will never get any business.”

The CEO of EUACSFI-4 offered insights about the manner she uses to care about relationships. She described how it is in case of acquisition.

“It is important that you can give the feeling that somehow you are not interested in the other party. Keep alive the discussion, but never give pressure. If you are building the second contact, the second meeting, do not make it too obvious that the reason for this contact is your personal need of a business. For instance, if the customer needs four months to prepare everything, to prepare the necessary structures for a new project or whatever, then he needs four months. You cannot change this fact. And even maybe he needs five months then it is good that you give to him these five months. I am confident with this approach he is getting back to you. Never give pressure.”

SUMMARY ON COLLABORATION AND RELATIONSHIPS

Collaboration and Relationship Management represent the underlying activities that connect networks. On collaboration, the researched companies have revealed only one possible strategic approach, namely a loose collaboration. This loose collaboration refers to a contract-less collaboration without any duties. This collaboration is lived in an opportunistic manner, i.e. collaboration is conducted only when required by a customer request. Ensuring independence and the power of decision is the rationale for collaborating in this way. Kickbacks exist but do not represent a primary requirement. The researched companies need to ensure that at the moment a collaboration partner is required the corresponding customer request can be resolved in a best possible manner. Kickbacks can only be considered after having ensured this Customer Centricity.

Relationships are managed with collaboration partner and also with customers. Where the relationships with collaboration partners are required to ensure Customer Centricity, relationships with Customer must be able to provide their own services. Relationships are based on trust and emotions. These collaboration partners represent *strategic alliance partners*, since they support the company in achieving their *strategic goal* ‘ensuring customer centricity’. There is no relationship between the company (as the legal entity) and the alliance partner or customer but instead with the connection – the personal contact – within the company and the customer. Trust refers to the fact that customer knows that the financial advisor is able to provide a particular service with the quality required. Relationships do not need to be ‘social’-, or ‘business’ relationship. Rather they are based on emotions, which again are based on trust. This trust is based on the certainty that customers can rely on the financial advisor. Reliance refers to knowing that what was asked will be delivered, with outstanding quality.

PART C: CONCLUSIONS

The researcher is aware that the six companies, which represent this case study, cannot be seen as representative of the complete Swiss SME Finance Industry. However, the researcher experienced that each of these companies showed similar patterns on the subject under research. Accordingly, two major Strategic Roles of Networks could be identified within this case study, namely:

- › a Customer Centricity Network;
- and
- › a People Business Network.

Both networks can be described through an inter-company pattern that emerged during the data analysis: the Inter-Company Pattern of the Swiss Finance Industry Case Study (ICP-FI). This pattern summarises concepts that emerged during the data analysis, as well as categories, which group these concepts, as illustrated in following figure:

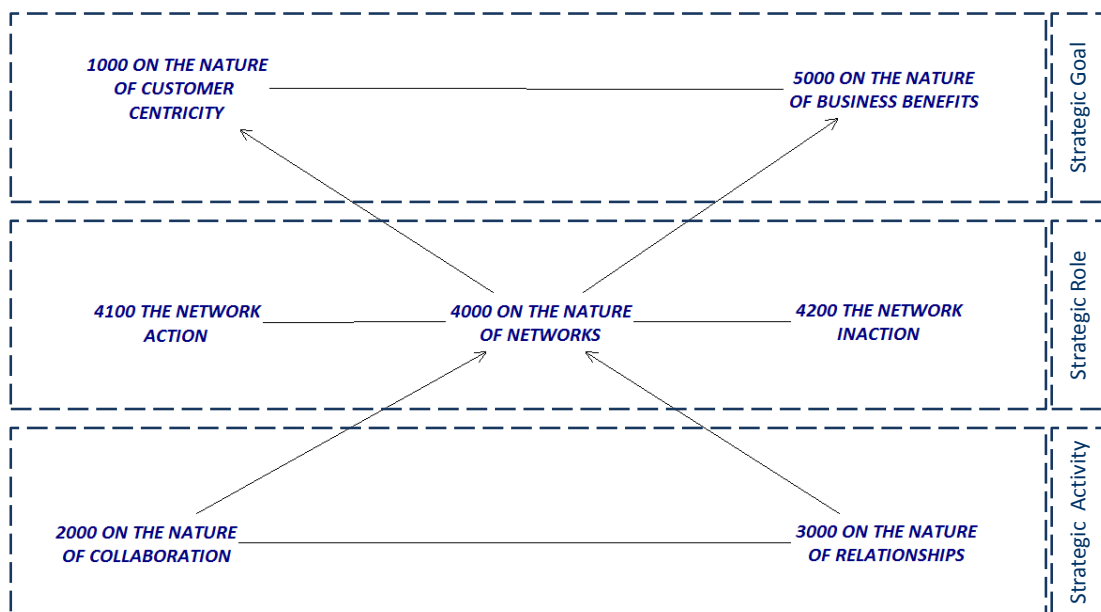


Figure 44: Overview ICP-FI

According to the base map, as explained in chapter 3 (Pre-Research Conceptual Development) categories in the ICP-FI are assigned to logical layers, which are:

- › Strategic Activity
- › Strategic Role
- and
- › Strategic Goal.

The Strategic Activity refers to the Strategic Role of Collaboration and Relationships which also includes the Strategic Role of Relationship Management. The Strategic Role 'Network' represents a Strategic Function, which is required to achieve specific Strategic Goals. These Strategic Goals are represented by the Strategic Role of Customer Centricity and Business Benefits. In providing the conclusions on the identified Strategic Networks, further details about these categories will be presented.

5.10 The strategic role of the Customer Centricity Network

The ICP-FI illustrates that, to be able to understand the Strategic Role of Networks, it is essential to understand first a major business goal of these companies, namely providing Customer Centricity. According to the available data and the researcher's definition, ensuring Customer Centricity means ensuring customer requests are 'listened to' and resolved in an 'appropriate' manner, a perfect delivery of services. The aim of companies is to provide such services. Whatever researched companies do focuses on resolving Customer needs appropriately. Within this industry Customers seem to expect excellent services.

Once this Strategic Goal is understood, the Nature of Networks can be explained. Within this Industry, a Network can only then make sense if it contributes to this delivery of services. Networks embody only one of many other activities pursued by the researched companies to achieve this goal. The data show that, principally, the researched companies aim to provide the required services by themselves, with their own available skills within the company. Customer Centricity can as such be provided without the need of a Network. However, fieldwork has shown that in this particular Industry, customer requests do not only refer to the companies' provided services. Additionally, customer requests do also not always refer to the companies' potential or strategic importance to resolve a customer request. The company's potential and strategic importance instead refer to the size of the company. Two major features seemed evident: Companies of the Swiss SME Finance Industry have to deal with customer needs which:

- 1) do not belong to the core competencies of the focal company.
and
- 2) cannot – or are not intended to – be delivered by the focal company due to its size (the size refers either to being too big, or too small).

The second point, being too small, refers to these potentialities. There could be customer requests which would make sense from a financial point of view, but which cannot be

resolved by the focal company, because of its size. The company does not have the necessary resources to resolve such requests. In such case a company would face the risk of not being able to resolve the customer request in an appropriately which would mean, the company being unable to provide customer centricity and so even not the Business Benefit. The other hand, being too big means that the customer's request does not offer any financial benefits to the company. The relationship between effort and profit does not make sense to the company. Consequently, such an enquiry is not of strategic importance. In such a case, Customer Centricity could be given, but the Business Benefit is not evident. The first point, listed above, refers to another situation. If customers ask for additional financial services, it means asking for different competencies than the ones the company can provide. In this case there could be a Business Benefits, which could make sense, but Customer Centricity cannot be provided, due to the missing skills.

In considering all these issues, the Strategic Role of a Customer Centricity Network can be understood, namely: a Customer Centricity Network, which is required by these companies to close these gaps. Accordingly, the Customer Centricity Network is required to ensure the sought Customer Centricity can be delivered. For this reason, according to the ICP-FI, the Customer Centricity Network embodies a Strategic Role, which is required to achieve these Strategic Goals.

The Customer Centricity Network has particular characteristics. The characteristics mainly refer to the reality that this Network operates in loose and opportunistic manner: the Customer Centricity Network is based on loose collaborations. Opportunity and loose collaboration are connected closely to each other because the company always decides when and with whom to collaborate. It is accordingly always in lead to decide which alliance partner would best provide the necessary Customer Centricity. This circumstance mainly refers to three items, namely:

- › the nature of the customer's request;
- › the personality of the customer and the alliance partner;
- and
- › the past experience with the alliance partner.

The nature of the customer's request refers to the type of required services or products. The alliance partner needs indeed provide the necessary competencies that can resolve the customer's request. The personality of the customer and the alliance partner refers matching personalities. This match refers *inter alia* to the 'People Business Principle' experienced within this Industry. People Business refers to personal relationships, according to the details chapter 5.11 (The strategic role of the People Business Network).

Thus, an alliance partner should be able to handle the relationship with the customer in a similar way as the company itself. Furthermore, the company needs to ensure that the customer accepts the alliance partner in providing the services requested. This match of personalities is, according to the data, essential. The final point about the past experience refers to 'Quality' and a 'Giving and Taking Principle'. A company needs to ensure that the alliance partner can provide the same quality standards as the company. On the other hand, a company might prefer alliance partner that had already provided 'customers' in the past. This means, a company will rather 'give' customers to alliance partners, from which it 'received' customers in the past.

In considering all these circumstances, the rationale for loose collaboration can be explained. The Case Study illustrates that at any time for any request, the company aims to provide the 'best' to its customers'; providing Customer Centricity. For this reason, the companies seek a Customer Centricity Network, but also independence from the Network Partners. Independence means to the researched companies retaining essential Powers of Decision, which ensures protection of the own business flexibility in deciding what is best for a customer and what not. Accordingly, the independence and corresponding Power of Decision let the company decide when and with whom to collaborate.

To sum up, the researcher could identify that there is a particular relationship between the financial advisor and customer. All researched companies have showed a relationship between them based on trust. This trust is based on the certainty that customers can rely on the financial adviser in providing Customer Centricity. It seems that due to this certainty, customers ask for additional services. The customer trusts the financial adviser in finding appropriate solutions and also if alliance partners need to be involved. The trust, which exists between the customer and the financial adviser, is transferred from the company and other alliance partners. Before transferring this trust, the company needs to ensure that the alliance partner can deal with this trust in the same manner as the company itself. Accordingly, the Customer Centricity Network needs to be based on loose principles. Relationships need to be managed and collaboration needs to be conducted. Thus, these two concepts are seen within the ICP-FI as Strategic Activities.

According to these details, the Customer Centricity Network can be described through the ICP-FI. For this purpose, all emerged categories and links of the ICP-FI are required. The following figure illustrates these categories and links, but replaces category 4000 'On the Nature of Network' with this particular strategic role of the Customer Centricity Network:

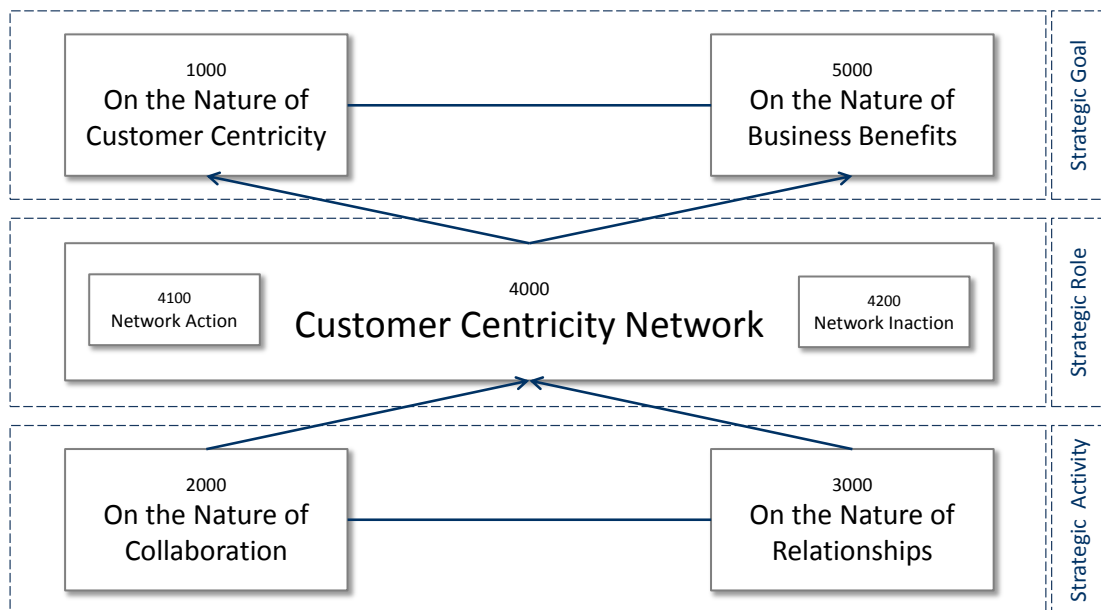


Figure 45: The Customer Centricity Network represented with the use of the ICP-FI

5.11 The strategic role of the People Business Network

All companies made clear statements about the importance of relationships within this Industry, relationships representing the stated ‘People Business Principle’. These given statements led to one overall conclusion: Relationships, including the corresponding Relationship Management, are the essence of creating business benefits. Relationship Management leads to a Network of Relationships. Because of the Strategic Role of these relationships among people it was called the People Business Network. Like the Customer Centricity Network, this particular Network can be described through the single categories of the ICP-FI. For this purpose, the following dependencies need to be considered. Connections and links between people are the essence of creating turnover and profit. Accordingly, the Strategic Role of this People Business Network is to create Business Benefits. The underlying activity is Relationship Management, which represents the Nature of Relationships.

The researcher then asked who, in this People Business Network, conducts this activity within the company. The companies responded that this role is mainly conducted by the Managers of the company. In particular, there is usually one person in the Management who conducts Relationship Management in the company and who has particular Relationship Management skills; skills which are professional and social Relationship Management abilities. Professional abilities are required to create trust among the potential customers. Social abilities are instead to create specific mentioned emotions between the Manager and the Customer. Where professional abilities can be clearly described as those activities, which ensure Customer Centricity, social abilities, could not be clearly

researched. However, social abilities do not mean having a private relationship with the environment. Statements were given that social abilities can be of a private or a business nature. From a business nature, these social abilities are required to create emotions. These emotions seem essential for customer acquisition. This acquisition does not only refer to creating emotions towards potential customers. This customer acquisition refers to the whole environment of the researched companies. The explanations given with the Customer Centricity Network support this fact. The Customer Centricity Network was described by the researcher as a network of strategic alliance partners, which can ensure Customer Centricity for a focal company. In the same manner, the focal company needs alliance partners to ensure its Customer Centricity. These alliance partners need also third party companies (from their perspective other alliance partners) to ensure their own Customer Centricity. The People Business Network takes place here. A company, by having relationships with such alliance partners, can position itself as a service provider for their Customer Centricity. The researched case illustrates how important it is to conduct Relationship Management with these companies to keep alive the awareness about the own company. At the moment one of these alliance partners needs its own third party solution provider, because the conducted Relationship Management, the possibilities to get considered (and to become the solution provider) is higher. These dynamics exist: evidence was provided by the companies themselves through the explanation of the 'Giving and Taking Principle' that a company cannot only *take*, but needs also to *give* customers to other companies.

Relationship Management is conducted with customers and representatives of the strategic alliance partners. An additional recognition could be found about this activity. None of the researched companies could confirm that employees would conduct this activity. The evidence was that, in this industry, employees do not see they have the duty to conduct Relationship Management, and hence Customer Acquisition. Some companies observed that employees live in hierarchies and they see this as a management duty. However, employees focus on the service delivery and on ensuring Customer Centricity.

According to these details, the People Business Network can be described through the ICP-FI with the categories 3000 'On the Nature of Relationships' and 5000 'On the Nature of Business Benefits'. The following figure illustrates these categories and links, but replaces category 4000 'On the Nature of Network' with this particular strategic role of the People Business Network:

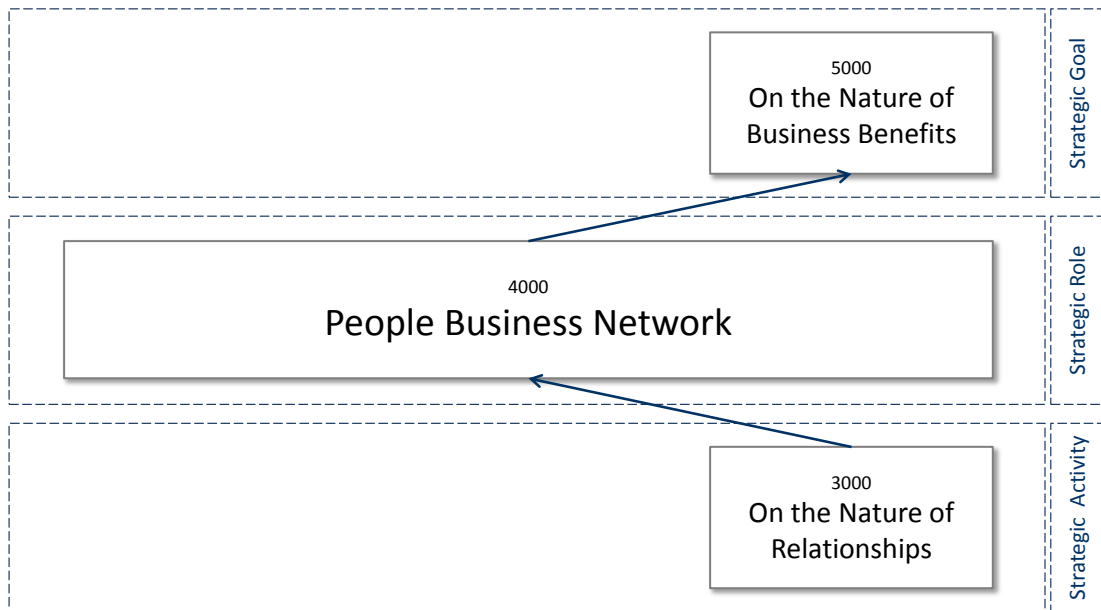


Figure 46: The People Business Network represented with the use of the ICP-FI

5.12 Preliminary conclusions about the research aim

One of the researcher's aims in this study was to identify if, within a specific context, SMEs follow the same or similar network strategies. This aim was based on the researcher's assumption that SMEs pursue network strategies. The researcher expected to identify such strategies in the form of inter-company patterns. Another aim was to examine if these network strategies differ from context to context with the goal of understanding if the strategic role depends on the context these SMEs belong to.

This case study represents such a context, the context of the Swiss SME Finance Industry. According to the given overall case study conclusion, the researcher can provide evidence that, within this context, SMEs follow similar network strategies. This evidence is manifested with the emergent Strategic Role of the Customer Centricity Network and the Strategic Role of the emergent People Business Network. Hence, the researcher can provide an answer on the first aim of this research: SMEs within a specific context do follow similar network strategies. With this evidence, the researcher's assumption can also be confirmed. Finally, the expectation that such a strategy could be found in the form of an inter-company pattern can be confirmed with the Inter-Company Pattern of the Swiss SME Finance Industry (ICP-FI).

Evidence in the second research aim on the contextual dependencies cannot be provided at this stage. The outcome of the second case study, which refers to the context of the Swiss

SME NON-Finance Industry, is required for this determination. The corresponding details are provided in chapter 6 (The Swiss SME NON-Finance Industry).

5.13 Final considerations

During the fieldwork, other typologies of Networks could be identified. One of these networks refers to collaboration with companies that provide the same or similar core competencies. Where only a few indications were given by some of the companies there was no collaboration at all. However, there are some exceptions about this ‘NON-existent Collaboration Network’. For instance, such a Collaboration Network exists when the other company provides its services outside of Switzerland. The dynamics of this collaboration are in such cases the same as described with the Customer Centricity Network except that instead of collaborating with third parties that offer complementary services, companies offer the same services, but in different countries.

Regarding information sharing or common marketing activities, similar statements were given by some companies. A few companies stated that there is no need at all to share information, either because there is not the right mind-set available in the market or because it just does not make sense to them. On common marketing activities, some companies referred that this could have a negative impact on the companies’ customers. Customers could question why a Financial Advisor is conducting such marketing activities. Because of the personal relationship with the Financial Advisor, customers would then be interested in knowing who the other party is. It seems that such activities could create mistrust among customers and so, for this reason, researched companies dismiss this activity at all.

These indications about collaboration with similar companies, information sharing and marketing activities were not examined more deepen by the researcher. The patterns that emerged during the fieldwork referred to the Customer Centricity and the People Business Network. The researcher deepened his understanding of these Networks since they represented a Strategic Role of Networks and thus were relevant to the aim of this research.

6 THE SWISS SME NON-FINANCE INDUSTRY

6.1 Chapter outline

This chapter provides the findings about the Swiss SME NON-Finance Industry Case Study and is split into three major parts. The first part (PART A: EMPIRICAL DATA) provides the fieldwork evidence of all researched companies. According to the details given in the research methods (chapter 2.8 Applied research design), each of these companies represents an embedded unit of analysis that belong to the defined multiple case design (Yin 2003), as illustrated again in following figure:

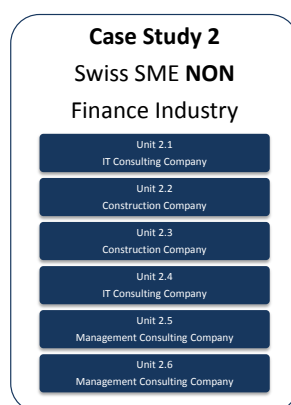


Figure 47: Configuration of the Swiss SME NON-Finance Industry Case Study

According to this structure of Figure 47, the fieldwork evidence is provided in following chapters²⁴:

- › Chapter 6.2 (EUACSnFI-1 – IT Consulting Company) for Unit 2.1
- › Chapter 6.3 (EUACSnFI-2 – Construction Company) for Unit 2.2
- › Chapter 6.4 (EUACSnFI-3 – Construction Company) for Unit 2.3
- › Chapter 6.5 (EUACSnFI-4 – IT Consulting Company) for Unit 2.4
- › Chapter 6.6 (EUACSnFI-5 – Management Consulting Company) for Unit 2.5
- › Chapter 6.7 (EUACSnFI-6 – Management Consulting Company) for Unit 2.6

The evidence for each of these embedded units of analyses starts always with a short introduction about the researched company. Particularly, this introduction includes details about *foundation, size, provided services* and *challenges* that the interviewees interpreted as *general business challenges* of the company. Thereafter, further details that refer more specifically to the subject under research are presented. These details are bundled in blocks of evidence that refer to a particular theme researched, according to the research method

²⁴ The chapter structure represents the order of the interviews conducted.

chapter 2.10.2 (Data display). Consequently, headlines solely describe the content of these blocks of evidence according to the particular theme researched. Statements from the interviewees, which according to Base map 1 (Research ‘lens’ – initial base map view) refer to a ‘strategic activity’ or a ‘strategic goal’, as well as the rationale underpinning such activities and goals, are highlighted. Quotes of the interviewees are used to provide broader understanding about the corresponding topic researched. Created spray diagrams of each of these units of analysis, as noted in the research method chapter 2.10.5 (Spray diagrams), are provided at the end of each of the corresponding unit. **Explanations about how spray diagrams were created are available in chapter 5.8 (Preface to Data Analysis: Spray diagrams creation).**

The second part (PART B: DATA ANALYSIS) provides final details of the data analysis outcome. The details of this chapter follows the research method as described in chapter 2.10 (Approach on data analysis), in chapter 2.10.2 (Data display) and in chapter 2.10.5 (Spray diagrams). Within this section further quotes of the interviewees were used to provide again broader understanding about concepts within the spray diagrams.

The third and last part (PART C: CONCLUSIONS) presents then the researcher’s conclusions about this case study.

PART A: EMPIRICAL DATA

This section provides the fieldwork evidence of all researched companies.

6.2 EUACSnFI-1 – IT Consulting Company

The IT Consulting Company EUACSnFI-1 is part of a coalition that initially had sites in Zurich, Frankfurt and London. After two years the partners in London left the coalition and closed the London site. Though, the remaining partners (Zurich and Frankfurt) represent the same brand and provide similar IT services, they are, from a legal point of view, independent companies.

The following evidence focuses on the experience of the Swiss EUACSnFI-1's CEO within the coalition, as well as the experience with wider networks and corresponding networking activities in the local Swiss market. The data were collected during two semi-structured interviews of approximately 120 minutes, which took place over a period of three weeks. Besides these interviews, information available in brochures and on the internet that refer to EUACSnFI-1's services and history were also considered within the introduction of the company, according to the research method in chapter 2.9 (Data sources).

6.2.1 *Introduction to the company*

EUACSnFI-1 was founded in 2000 and mainly provides IT Consulting Services in Switzerland. EUACSnFI-1's customers are usually financial services companies, such as banks and insurance. As noted above, initially, EUACSnFI-1 was part of a coalition that consisted of three independent companies in the UK, Germany and Switzerland. **The primary idea of this coalition was to examine an international networked organisation where the single legal entities could, when combined, create added value for their customers.** A total of five people were involved in the founding period of this initiative. Three of them were involved within the UK Company, one within the German company and the fifth, the CEO of EUACSnFI-1, within the Swiss company. Because of personal differences between the founders, the coalition changed its format after two years and the UK based company closed. Today, the German and Swiss companies are still operative.

6.2.2 *The international coalition experience*

At the beginning of the coalition, EUACSnFI-1's CEO had clear ideas about the meaning and the advantages of the coalition. According to his view, the goal of the coalition was to build an international holding structure that should have been used as 'backbone' for the founding partners. Supported by this backbone, the single partners then had the duty to develop their respective countries through legal entities.

The holding company at the top should then have been used as the command centre, which would have steered each of the single countries. This structure, which according to the CEO was easy to understand, **at the moment it became active, did not correspond to all partner's vision.** The moment the coalition started, **the CEO experienced differences in operational thinking and expectations between the partners, which led to the shutdown of the UK, based entity.** The CEO made clear that these differences had nothing to do with 'better or worse' ideas, but solely with different ideas between the partners. He stated:

*"I believe that the environment of a market has a big impact to people's mentality. Without saying that one is better than the other, the English mentality is different than the Swiss mentality. These differences are a reality that you can feel. We also have differences between the German mentality and the Swiss mentality, but I believe the difference is smaller. **You can look at the banks: when they want to build these international organisations, they run into many difficulties because of mentality differences. My experience has shown that even within the same organisation, you are not able to build up a working network.**"*

According to the CEO, these differences of mindsets caused the initiative to fail. He stated that **collaboration, aimed at building a partnership, must eliminate personal priorities and egoism.** This requires that the single parties aim to **understand the other's mentality and the way the other party runs a business.** The CEO explained:

"We were a network, and in a network you have to turn off the egoistical part within yourself; otherwise the required collaboration in such a network does not work."

EUACSnFI-1's CEO sees in this egoism a threat in trying to understand the other party's mentality and scope. **Egoism means to him also the lack of time one party wants to invest in building the necessary relationship. Building an international network, coalition or any other business structure needs, according to the CEO, besides focusing on the own market, their personal ability to understand other markets.** The CEO believes that a way to **reduce such risks of failure in networked constellations** could be given by eliminating **flat structures, where all entities have the same role and power.** The CEO stated that if a coalition entity has a more dominant role than the other entities, risks of failure could be reduced. He explained:

“In my opinion it only works when one party has the dominant role and the other has to subordinate them to this dominant country. **If all partners are in the same pot, and with the same dominance, then problems arise.** The only thing which can protect from these problems is a perfect company culture.”

The ‘perfect’ company culture would be given at the moment where all single entities work together. **The CEO understands this means having the same ideas and expectations on a social level, seen as the trust that the entities create to succeed together.** For EUACSnFI-1’s CEO, Switzerland is a country based on compromises. The complete political environment makes Switzerland different from any others. In his view, other countries have a political system based on opposition: this means to him, one party wins the elections, and another party holds the opposition. Switzerland does not operate this system, which could be a problem in building international coalitions. Where the Swiss mentality looks for compromises, other countries’ operative practices are more of an opposition mechanism. The CEO sees in these differences reasons that inhibit building networked organisational structures over the Swiss borders. He stated:

“What I mean, if you look at the whole environment, politics, people etc. England as well as America and many other countries, the politics are based on opposition. It seems that these systems work like that because the people want it like that and the culture is like that. In Switzerland the system is based on compromises. Maybe things take more time here, such as making decisions, but I believe our system has to work like this because we want it like this.”

Besides these ‘soft factors’ that refer to cultural differences, the CEO also stated that some ‘hard factors’, of a financial character, led to failure of this initiative. **It was difficult to the founding partners to find ideal organisational structures that could consider legal differences which, for instance, affected tax issues. A ‘wrong’ organisational structure could have represented a major risk and created serious losses in profits for all companies involved.**

6.2.3 *The role of networks*

The CEO sees himself and EUACSnFI-1 as business generators. He stated that he would prefer to see additional business coming from his network partners, but for the time being this was just a wish. He stated:

*“Well, collaborating with the network is a problem which we have had since the foundation of EUACSnFI-1. **We are mostly a business generator; the taking and***

giving approach is not working well. I believe we are giving at 90 per cent level, and get business back at 10 per cent. Our partner companies are mostly offering resources; this is an important fact indeed, but there could be much more in the collaboration.”

The CEO explained that the ‘much more’ could be found, for instance in building and developing shared initiatives that could support the single entities in the network to reduce costs. In his opinion many smaller companies in Switzerland are generating a lot of overheads with their infrastructure. Sharing a common infrastructure could be a benefit for all parties. However, even where these benefits are evident, the CEO struggles to motivate other companies. The CEO defines this characteristic as the ‘not invented here syndrome’ and explains it with following statement:

“It is difficult to get them on board for shared initiatives, since they are driven by the ‘not invented here syndrome’. I mean by this expression that if they are not in the lead, they are not ready to find solutions. Anything which a company has not done by itself or invented by itself is somehow not interesting to that company.”

The mentality differences seem to the CEO not only on an international problem, as illustrated with the coalition initiative, but also on a local Swiss level where even financial aspects are quite evident. According to the CEO, his network partner put most emphasis on generating business, i.e. selling services. Discussions about how to increase profit by reducing costs, for instance and as before mentioned by sharing the same infrastructure, are not possible. He stated:

“Instead of trying to find some feasible solutions, we generate tensions in the discussions. It is really difficult to develop thoughts in this direction. It should be a fundamental activity to share costs, but it does not work. These small companies have the order to generate business in their interests and they do not understand that building up a network of companies could help to keep alive their personal interest but also would help to reduce costs. They do not understand that such a circumstance would be a very suitable solution and manner to act in today’s business world.”

The CEO sees a major reason for this phenomenon is the lack of ‘entrepreneurship’ of such people. For the CEO a ‘real’ entrepreneur would mean understanding what would be best for one’s company and one’s business. The lack of entrepreneurship could, according to the CEO, emerge from the fact that most of these people work as freelancers. The companies they represent are mostly seen as ‘wrappers’ within which they get employed

and receive their salaries. **Besides a failure to see potential in sharing costs, there are insufficient shared activities, such as marketing events.** The CEO would derive major benefits if smaller companies conducted these events, which give customers the impression that the company itself is bigger. **Being bigger might help them appear more trustworthy and serious.** This might involve changing certain aspects such as standing for the same company brand. Also for this purpose smaller companies do not appear interested in pursuing this. The CEO stated:

“You have to know that in small companies usually the marketing activities are focused on the people representing the company; it is an ‘it is me’ marketing approach. Building up shared marketing events would not make sense to them.”

Building and representing an umbrella organisation would make sense to the CEO. However, it would be difficult to motivate other companies to participate. The CEO explained:

*“Well yes, the problem is to motivate others to participate in this umbrella organisation. **An umbrella organisation, an Alliance would mean that the members have to accept certain duties.** In my experience I am not sure if they would like to have additional duties. The participation would also mean additional costs, which have to come back somehow.”*

Besides the additional duties that would emerge, the CEO stated that such an Alliance would require that people involved would share the same feeling. It would be necessary that such an Alliance could create a common unity among all members. **Because of his experiences, the CEO is putting in place a ‘flexible partner model’ that lives on opportunities.** This partner model recognises horizontal- and vertical partners. Horizontal partners are companies, which provide the same services as EUACSnFI-1. Vertical partners are those companies, which provide different services from EUACSnFI-1. Companies offering the same services, due to their size, are not considered as competitors. **The CEO contacts them whenever there is an opportunity for such a partner company.** By referring to vertical partners, it is here that the CEO sees the ‘real added value’ that can be generated. **He understands ‘real added value’ as the fact that through complementary services these companies can support EUACSnFI-1 in providing services that EUACSnFI-1 is not able to provide on its own. Through these vertical partners EUACSnFI-1 could address its customer’s different needs and EUACSnFI-1 would be able to support them through their life-cycle.** However, the situation is that

most EUACSnFI-1's partners are horizontal partners. The CEO aims to gather more vertical partners but, according to stated experiences, this is difficult. The CEO stated:

“If we could provide more services from a customer’s life-cycle (different needs at different stages) point of view, we could stay with them longer. Our customers could be accompanied through several phases of their needs. Some needs appear earlier and some later. If you do not have the right partners, then other service providers will have a better chance than us. This would mean other networks could be considered for offering the required services. In the end, missing vertical integration could create a significant threat to us.”

A vertical integration, which needs to be developed according to the CEO's ideas, should support EUACSnFI-1 in reducing specific competitive risks. In his understanding, such a network should support him in being more competitive. However, partner network of this type would make it difficult to manage such a 'customer account'. **The CEO sees it as a risk to transfer a customer account to one of its partners because it would become difficult to manage.** He stated:

“It is important that the interfaces between you and the partners work well. This means that if you transfer an account to one of your partner companies, it becomes difficult to manage that account closely enough, since the account, at the end, is not yours anymore. It is important that the level of trust is high enough so that everybody knows exactly what to do, and how much they can do with the corresponding account.”

Understanding whether a network is 'good', is directly connected to the quality of the CEO's partners. The quality of his partner is connected to the transparency about what they are doing. The CEO stated:

“You know, to understand how good a network is, you have to understand how good the single partners are. All partners have to be interested in the network. To understand the partner’s interest in a network, we could assume that at the beginning you should build a complete developed network model which describes every single detail of the network, where you can say ‘it looks like this and it works like this; take or leave it’. Thus, every partner would know from the very beginning what the facts are. However, I do not think such an approach would work.”

The personal relationship is the major driver of any network. According to the CEO, this is a relationship based on the intention to work together but where space between the single parties is ensured.

6.2.4 *The role of loose collaboration*

The approach the CEO follows is based on loose collaboration. To him this manner of collaborating means to ensure that the network knows about him and is aware what his company can offer. **Loose collaboration means to the CEO ‘not pushing’ but letting the other parties come when they think it is appropriate.** The initial seed of any collaboration is, according to the CEO, the intention to collaborate. What happens then over time is not clear and does not have to be clear. The CEO explained:

*“You know, generally speaking, in a small company like ours, of course, you look for loose collaborations. These loose collaborations have to be developed over time. **The collaboration partners either grow over time – this means the loose part becomes stronger – or they die.** However, at the beginning of a loose collaboration you can only have the intention to collaborate, you do not know the outcome. A big company is different; big companies have budgets; they can try something new for a year or two and then decided to change strategy if it did not work. In a small company you have to be patient and develop relationships over time carefully, in the hope that some of these relationships are going to work in the future.”*

Of the loose collaboration strategy, the CEO explained that the board of his company is built on trustees and financial experts. **In his understanding, these board members have a role in a loose collaboration – which is not pushed.** It might be that, besides consulting EUACSnFI-1 in the form as a board member, in the future additional business could be generated through these board members. The CEO sees the same principle operating with its customers. The loose tie is based on trust that the required service is delivered in the expected manner. **The CEO generates most of his business thanks to this relationship with his customers.**

Loose collaboration also works well with the coalition partner in Germany. Even in a company officially close connected to EUACSF1-1, the effective approach is based on loose collaboration. The CEO stated:

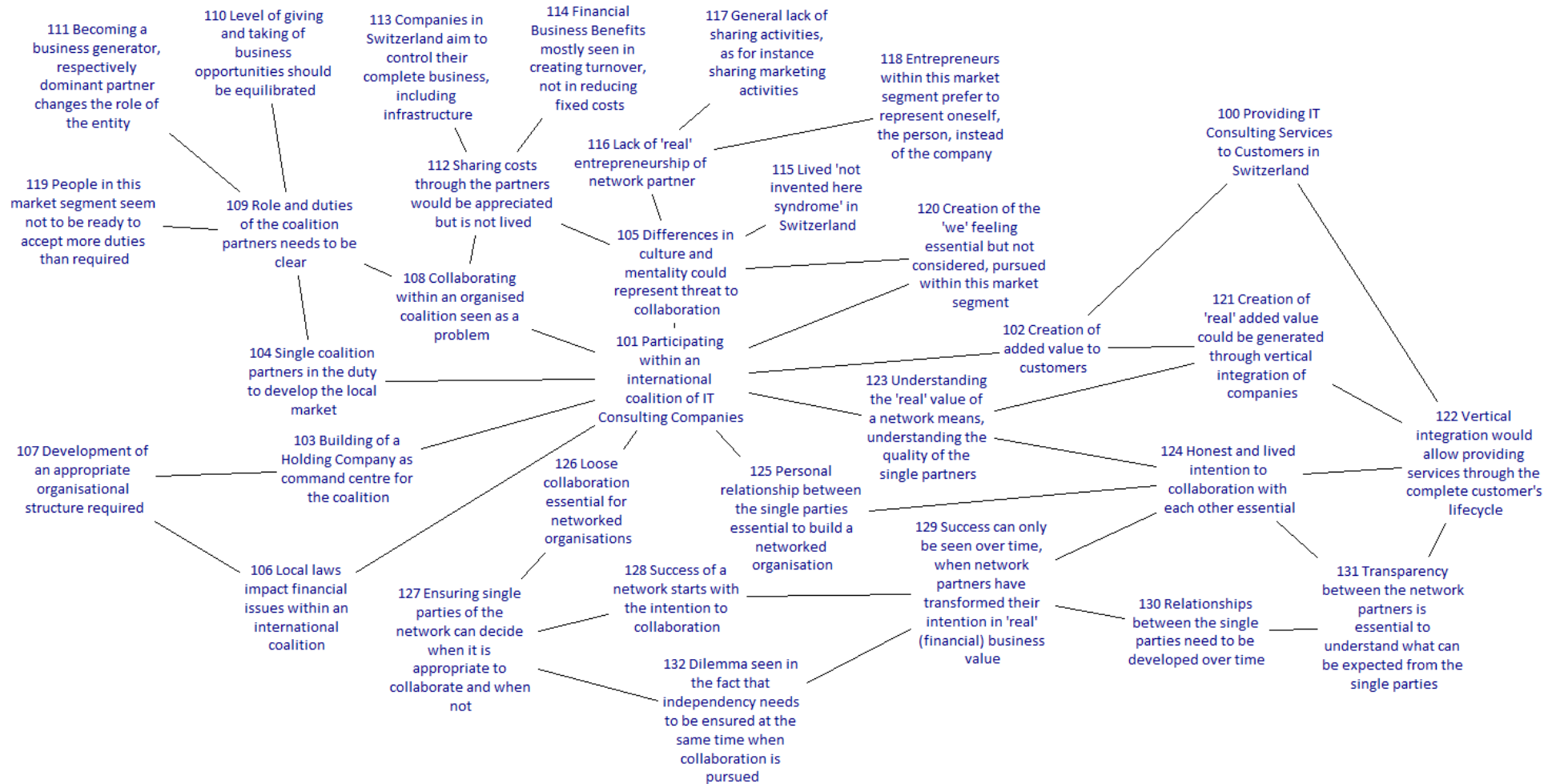
*“**The personal relationship comes first of all.** Principally we want to work together, but we leave space for each other. They have their skills, their customers and their ideas, we ours. The term win-win, I know it sounds little bit old, but it*

*still exists. Additionally, the communication between us is very important. I need transparency between the network partners, otherwise it is difficult to understand how they are connected to me. If somebody hides some facts or issues, it would make me think differently about that partnership. The commitment to the network must be clear and given from all parties. **A network must be built on a personal relationship, and this must be built very carefully.** If there are too many personal interests then it is not going to work.”*

The dilemma the CEO sees in the network and loose collaborations is that independence must be ensured immediately when parties are committed to work together.

6.2.5 Spray diagram EUACSnFI-1

Spray diagrams are based on highlighted statements. Please also refer to section 5.8(Preface to Data Analysis: Spray diagrams creation) to review explanations about how spray diagrams were created.



Spray diagram 7: EUACSnFI-1 IT Consulting Company

6.3 EUACSnFI-2 – Construction Company

EUACSnFI-2 is a Construction Company based in Zurich. The following evidence illustrates EUACSnFI-2's position on the subject under research. The data were collected during two semi-structured interviews of approximately 100 minutes, which were conducted with the CEO of EUACSnFI-2 over a period of two weeks.

6.3.1 Introduction to the company

EUACSnFI-2, a floor tiler company, was founded by the CEO in 1998 and is run together with three employees. For the CEO, EUACSnFI-2 represents the second company he founded. The CEO therefore has over ten years of experience in entrepreneurship and, in his opinion, knows how to run a business.

6.3.2 The Swiss SME market

The CEO's first statement on the Swiss SME market and what makes this market 'typical' was:

“I can tell you, the Swiss SME market is strongly built by relationships. The business of Swiss SMEs is predominantly done through relationships.”

However, in his market segment it is essential to work perfectly and to be reliable at work. The floor tiler business, in contrast to other businesses in the construction industry, has according to him a special position. According to the CEO, this business is characterised by 'visible' quality because at any time customers can see the level of quality. The CEO stated:

“Within technical construction sectors, like electricians, you cannot see the delivered work, but only the effect of the delivered work; in this case 'power is available'. In that sector you do not have to work 'clean'. The customer will not see the installation, but only the availability of power. Quality itself must be delivered in both cases.”

The CEO stated that in contrast to the technical construction sector, his quality strongly depends on the customer's expectations and the delivered 'visible' work. In this, the meaning of 'price' differs entirely from the technical sector. Moreover, this different also means their relationship is different. According to the CEO those professions

that are not delivering visible quality have to face the customer's pressure on price. He stated:

“Technical professions, again like electricians, they ‘just’ have to deliver power. Therefore customers put the focus on price and quality in the meaning of the availability of power, not on the way in which the cables are installed. In my work, together with the quality and price, I have to deliver design. This fact is completely different to technical professions.”

The CEO sees in these dependencies following logic:

“Relationships emerge because of reliability, and reliability through the given visible quality in our business.”

Accordingly, CEO made clear that, since these dependencies exist, **the major characteristic of the Swiss SME sector, especially in his business, is to deliver quality. Thanks to the quality, relationships can emerge; and thanks to these relationships his business can survive.** He explained:

“My acquisition activities are almost equal zero. Almost all my contracts emerge through relationships.”

6.3.3 *The nature of relationships and networks*

The CEO's experienced that relationships emerge only by evidence of high quality work. The CEO also made clear that a business relationship can only emerge when there is a customer need. The need in his understanding represents a dependency that makes this relationship necessary. **The CEO noted that relationships need to be taken cautiously and thus he separates social relationships from business relationships.** His experience has shown that relationships could disguise quite significant risks to his business if they become too social. Yet, opportunities to create business through relationships can only develop when there is a necessity. The CEO explained:

“You know, the only motive for a relationship in generating business is mutual dependency, nothing else. There is no reason for a business relationship to be supported by a too social relationship. Only mutual dependency is important to somebody in my opinion. I do not have to meet ‘important’ people in my private life for business purposes, there is no need. To state it more clearly to you, for

*instance, I have been in contact for years with an Architect and we still say 'Sie'²⁵ to each other. **We do not conduct any activities in private and, as you see, there is no personal or social relationship between us, but we are in business together.** For a long time I believed I could improve my business by spending time with important people in a bar, for having one or two beers together and socialising, but it is not like that. **On the contrary, having a too close relationship with business partners could damage my business!** If there is a too close contact, a party in such relationship could abruptly enter a situation of doing something which she/he does not want to do. For instance, because of a close, social relationship with an Architect, I might enter in the situation to take a customer I do not want to work for.”*

For the CEO, relationships and networking activities have to be considered carefully.

He admits that networking is essential to his business, but his experience suggests networking needs to be used to stay in touch with people, i.e. not merely looking for opportunities. He stated:

“You need to be able to wait. Waiting and being ready for the right moment. The moment there is a need, a dependency, then you can ‘knock down’! This means that everybody needs once in a while some help. The goal is to keep the relationship warm; then whenever this help is required one has to ‘snap at the chance’ and get the contract.”

The driver behind everything is always seen in the quality of the delivered work. **If there is not good quality then it would be impossible to keep the relationships ‘warm’.** The CEO explained:

*“Well, the quality of a delivered work is the real driver behind everything, but the match is also important. **At the beginning of my business I was also alone. If there would not have been any quality in my work then I would not have grown my business the last years.***

One particular scenario where, according to the CEO, relationships can help is when mistakes occur, such as delivering work with low quality. **The CEO sees in the strengths of his relationships the possibility of allowing some mistakes.** He stated:

²⁵ The German expression of 'Sie' refers to the polite address 'you' when talking formally.

“Credits for making mistakes have to be built up over the years. You cannot make too many mistakes; customers will not tolerate it. Mistakes maybe are more likely to be allowed if you have a good relationship with your customer or sponsor.”

Networking and relationship management seem to provide an advantage if a competitor makes a mistake. The CEO sees the likelihood that he makes any mistakes as low. However, the moment a competitor makes a mistake by delivering inferior work this means to him to that he can *snap at the chance* and make the other parties understand that his company provides better work. **The CEO sees in relationship management an activity that requires being alert the whole time. Only by knowing what is going on in the market he can get in a position where such advantages can be taken.** Mistakes of competitors mean there is someone who has the need to fix this mistake. Then, for the CEO, it is important to be ready and to make the network understand that his company can help. He stated:

*“For instance, once a renowned Architect was really in a bad situation and he needed somebody who could help him out. **That was my moment to take advantage of the situation, to get advantage of the network and to ‘snap at the chance’.** Waiting also means to be recommended in the right moment. Others have to refer to the interested party: you can rely on this guy.”*

To the CEO relationship management is a complex activity which is handled individually, with each party of the network in a different way. This individualism emerges because networks are made by human beings. There is no ‘right’ or ‘wrong’ behaviour for the CEO, but he stated:

“Networking means observing, being smart, identifying necessities and ‘snap at the chance’ with the right timing.”

To the CEO it is difficult to understand how a network grows over time. The CEO explained:

“A network is like a plant. At the beginning you are planting the seed, then you give water and light, and slowly the plant grows. You have to care about your plant and so you have to care about your network.”

By referring to his employees, the CEO made clear that they have to focus on delivering acceptable work to EUACSnFI-2's customers. **He is not expecting that his employees do, at least directly, any networking activity.** His philosophy gets back to the link between quality and relationships. **The CEO stated that as long his employees deliver good work they will automatically generate new business.** Additionally, **if his employees get directly involved in relationship management tasks, new risks could emerge.** The major risk the CEO illustrated is referring to **the personal match between the employee and customer.** In his business, employees have not always the quality to communicate with customers. Indeed, even though they intend to do good for to the company, **they might destroy the relationship with the customer.** As such, the CEO prefers that his employees focus on the delivery of good work. However, with some hesitations, the CEO also explained another risk that could emerge, and refers to possible competition from the employee:

“Well, before you can start your own business you need to be aware of your opportunities. As soon as an employee knows or becomes aware of his qualities, this question appears. There is no reason for him to work for me then. These employees would usually open their own business. And, if he is not aware of his qualities, other people, such as friends or family, will tell him. The result will be the same; he will open his own business. As such, an employee will only recommend my business as long he is not feeling confident enough to open his own business.”

6.3.4 Organised collaborations

On expanding EUACSnFI-2's business by searching for closer collaborations with other companies, **the CEO illustrated, first, how the market is structured, before explaining that there is no need for such Alliances. According to the CEO the market does not demand bigger companies.** On the other hand, the market is quite safe where decent earnings can be made but with a guaranteed continuity. **Usually, in his sector, when somebody starts a new business, he grows until reaching a specific size that allows him to make some good money.** Afterwards they stop growing, since they want to keep a good level of work-life-balance. The CEO stated:

“Company owners within my sector only want to have a good life. The focus is usually not to grow too much. The more you grow, the more your personal life will suffer. So why should anybody grow too much?”

Besides this fact, the market is characterised by the fact that younger people are not willing to invest time in building their own business. Overall, according to the CEO, there is little competition in the market. Related to these facts, the CEO sees no need to build Alliances or any other form of close collaboration. He explained:

“Organised collaboration? Why? Customers have no other options, they need us. As I have explained it before, if there is a necessity and low competition, then there are not that many options.”

The other aspect that the CEO brought in is long term issues that could emerge in close collaborations. **Even if, on paper, collaboration could bring some benefits from a business perspective, it would be difficult to make such collaboration work. The CEO does not believe in engagement, commitment or any loyalty as long as there is no necessity that drives these factors.** In the CEO’s world everything is driven by necessity, not by concepts. The CEO explained:

“Engagement, Commitment, Loyalty? This is nice theoretical stuff; this is the world of theory not of the real business. Necessity is the driver, people have to do something and necessity only emerges by an ‘emergency situation’. Commitment emerges by this situation; same engagement and loyalty. If there is no need or necessity, then no commitment can be given. And where not commitment can be given no ‘active’ collaboration can be made.”

The CEO also explained that such an active, respectively close collaboration, would impact his independence. His independence, his philosophy with EUACSnFI-2, would be destroyed if there were any close collaboration. He explained:

“There is also the problem of independence. My independence is more important to me. I have the need to build my own space. This is also important for my protection. I have to protect my business first of all. So, one should not work too much and too closely with others. It can be dangerous at the moment my own decisions cannot be take anymore.”

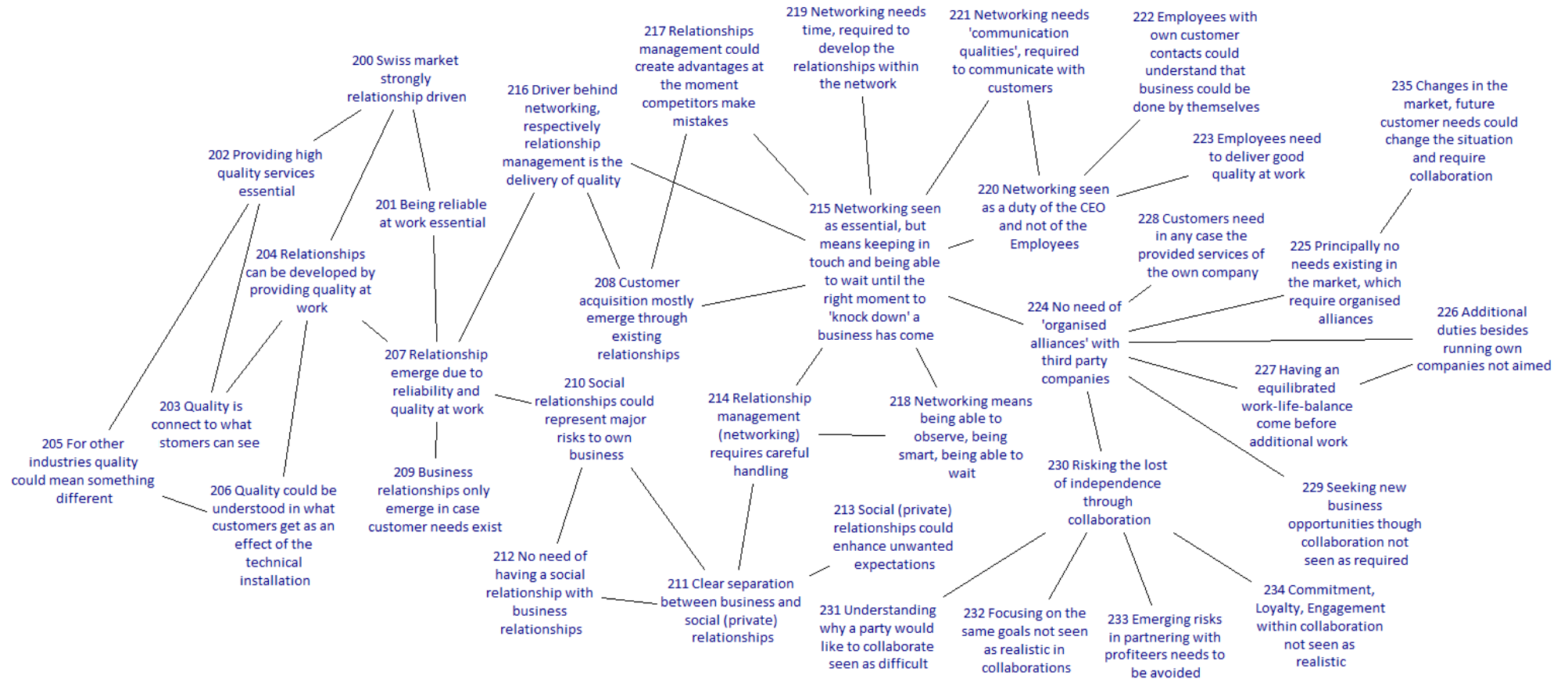
From a different perspective, the CEO illustrated also that the psychology of the ‘new generation’ is simply not ready for collaboration. By referring to this ‘young’ generation he stated:

*“The new generation is too young and is not focused for their work. For the new generation, business is nothing serious, it is taken too easy. **So now, how can they work together, collaborating if they are not even taking their own business seriously enough?** The mentality of people is simply wrong for this kind of approach. Besides this, there are too many parasites around that only want to take advantages from others.”*

To the CEO focused on the current market situation that makes it not necessary to work to closely together: there is sufficient business around that allows people and companies to work by themselves. However, the CEO stated that the situation could change in future. It might be that in future the market will ask for different approaches, when it could be he needs to reconsider a networked, collaborative approach.

6.3.5 Spray diagram EUACSnFI-2

Spray diagrams are based on highlighted statements. Please also refer to section 5.8(Preface to Data Analysis: Spray diagrams creation) to review explanations about how spray diagrams were created.



Spray diagram 8: EUACSnFI-2 Construction Company

6.4 EUACSnFI-3 – Construction Company

EUACSnFI-3 represents a Senior Project Manager (PM) with over 20 years of practical experience within construction industry, specifically in the area of heating and ventilation engineering. His professional experience was marked by the involvement within several SMEs and a strong involvement in relationship management tasks with customers, suppliers and other third party companies. The researcher considered access to this person as a significant opportunity to gather data from a different perspective which could be used within the NON-Finance Industry Case Study.

The data were collected during two semi-structured interviews of approximately 110 minutes over a period of two weeks.

6.4.1 *The Swiss SME sector*

The PM experienced the Swiss SME sector as an industry characterised by discipline, where people keep agreements and where punctuality is extraordinary good. **Within all stakeholders there is, according to the PM, an extraordinary level of reliability on the delivered work and also on payment practices. The PM stated that these practices are important, and strongly influence the way how business parties perceive themselves.** To conclude, the PM noted that safety at work is another important characteristic of the Swiss construction industry. **In any case, the PM stated that anything they do is always focused on serving customers in the best manner as possible.** He stated:

“Customer centricity is in the heart of our business. We always try to understand and implement specific customer needs in the best manner possible. The challenge here is that customers rapidly change their needs. Today they would like to have something from the category A, tomorrow from the category B, and then back to category A or even something new from category C. This constant change is a really difficult process. However, we have to be able to react in a very fast manner to be able to respond to our customer needs.”

The PM made clear that misunderstanding could impair his work and the quality of the outcome. The involved stakeholders in projects he usually manages are Architects and the customers themselves. If communication between these stakeholders is poor and requirements not clearly defined, then the outcome of his work will be poor too.

6.4.2 The role of networks

The PM identifies two major networks. The first one, which he declares as an ‘external’ network, can support his business in the acquisition phase. The second network is, according to his definition, rather an ‘internal’ network which supports him in the execution and implementation of a project. By stressing importance to both networks the PM stated that the **external one is more important** to him. To understand its role the PM explained that it only supports EUACSnFI-3 in participating on RFPs²⁶. The external network cannot support EUACSnFI-3 in winning new contracts. The problem he has to face is that his business is strongly price driven, and this usually means the lowest price will win the contract. He stated:

“You have to be aware that in our business contracts are given after a request for a proposal. The network helps to participate in these requests for proposal, but no more. We have to compete against other players anyway, but getting a chance to participate in a request for a proposal, the network helps a lot.”

The PM explained this circumstance in more detail. **He stated that for RFPs in the public sector, the price is the major driver. The external network supports the process to participate in these RFPs.** However, there could be some cases where, if the offered price is not the lowest which consequently would mean one is ‘out of the game’, a **‘last call’ could be done through a specific connection in the network.** The PM explained that this ‘last call’ refers to a discussion with the particular customer where some additional aspects – besides the price – could be discussed and promoted. In such situations, the particular connection can make a last try to convince the customer to opt for his company, even if the price is higher. However, according to the PM, this is not an easy option. What could happen is that because of the connection the offering company has the chance to submit a new offer at a different price. **In such a case, the network could only help to re-enter the game instead of getting eliminated during the offering phase and hence losing a new contract.** The fact that **his industry is extremely price driven** has the PM to explain in the following manner:

“The quality in Switzerland is generally seen to be very high. Most of the companies within this industry provide the same – high – level of quality. For the customers, this means that there many options. Consequently, since there are many options the price – always related to the given quality – is much more relevant. There are many players around who provide good quality; or, in other words, low barriers to entry in this market are a fact.”

²⁶ RFP: Request for proposal

A ‘people business’ as exists in other industries where a personal contact is much more important however, according to the PM, this is non-existent in his industry. He stated:

“Well, if I give you a score from 1 to 10 regarding the influence of ‘people business’ I would say people business impacts my business at a level of 3. This is quite low score as you can see. The only advantage I personally see in having the right connections means having the opportunities to submit a RFP.”

Another important fact that the PM considers is that customers usually have already a preferred supplier. For customers, asking for additional RFPs means only being able to compare the preferred supplier’s prices against other possible suppliers. **Breaking this tie between customer and existing preferred supplier is quite difficult.** However, even when companies know about this strong connection: they have to send their offers whenever they get a chance. The PM stated that these offers are always sent by keeping in mind the thought of ‘you never know’. He specified:

*“Customers usually want to have other suppliers on board to be able to compare the offer of their preferred supplier to the others. The other suppliers usually know that there is no chance to win a certain RFP. But they want to be in a position to transmit their offer: they sometimes think ‘you never know’. You know there are many factors playing together. **If you think you can get a contract just because of your network, then I am sorry, that is not possible.** Many dimensions have to fit together like price, quality, reliability, due dates etc. It could happen that a customer is not happy anymore with an existing supplier in that case, the customer will first remember those companies that have submitted on a regular base these RFPs. Consequently, we need to conduct these RFPs.”*

According to the PM, trying to push networks or actively connect to other companies does not make too much sense. However, there could be cases, where for a specific project, EUACSnFI-3 and other companies have to provide one proposal that covers the whole work required by the customer. In such cases there are special forms of joint ventures which are not regulated nor protected by Swiss law.²⁷ Such joint ventures are often used in the construction industry and should provide cost advantages to the customer. The cost advantage emerges from the fact that customers ask special joint

²⁷ These joint ventures are known in Switzerland as ‘ArGe – Arbeitsgemeinschaft’. The Swiss Code of Obligations (Obligationenrecht) does not provide any specific articles for these joint ventures. According to the PM, in the construction industry bigger projects require such joint ventures for the acquisition, to reduce risks and to provide an appropriate project financing and a specialised split of work.

venture to provide one proposal that covers all the work that needs to be done instead of contacting for each single area a specific service provider. **However, the PM made clear that these are not Alliances or organised networks that aim to get along on a long time period. These are contacts that one manages loosely and, whenever appropriate..** The PM stated:

“No, there are no Alliances or organised networks in our business. Of course we are in contact with other companies and of course we exchange information and we keep in touch, but we are not managing our relationships in an organised manner. All of us, really every one of us, want his independence. You need to know that close relationships could be dangerous in our business anyway. Just to give you an example, it would be a bad idea to have lunch or dinner with a supplier of EUACSnFI-3.”

The PM further explained:

“It is a bad idea because it is clear to us that they are just looking for a new contract. If somebody sees me with the supplier and he gets a new contract after a certain period of time, these people could construe that there was a special agreement between me and the supplier. I hope you know what I mean.”

The PM explained that relationships are important and, indeed, they need to be managed in the right manner. However, he referred again to the fact that **in his business price is what drives success or failure. More important to him is the need to keep his independence.** A network can be something useful when necessary, such when bigger projects require special joint ventures; but independence, also in such joint ventures, must be retained. **Building collaborations could also irritate customers since they would need to talk with several companies in the same project.** The PM explained:

*“Besides ensuring the customer has only one point of entry so he does not get confused and knows who is managing the joint venture, **there is also need for a certain level of trust between the companies.** In the case of bigger projects, we have to ensure that the work can be completed. To do so, as explained before, collaboration with other companies could be required. **However, before collaborating and talking about whom to trust, you need to know: the personal direct business with customers comes first.**”*

For the PM, **the network and the activity networking is required to ensure that others talk about the own company.** ‘Talking about the own company’ means making aware on

the market that there is a specialist who provides good work. **Networking means to the PM delivering information about successfully concluded projects so that the network is always kept up to date with the good news. These good news is required to make others feel comfortable and to build trust.** In any case, and as stated before, the network can only provide the opportunity to be considered for new RFPs. The PM stated:

“As in many other businesses, it is important that as soon as a work has been terminated, people talk about the quality of the work delivered. However, as said, price is much more important than the quality itself. The quality is everywhere almost the same, thus we have to compete with the price. Also on trust, trust is necessary but the price is much more important.”

The final focus of the PM is in the employees and their possible involvement in EUACSnFI-3 successes. The PM had in this regard a clear position:

*“Well, employees could contribute to the success of the company but they are not doing it because, in my opinion, this would only mean to them they have to work more. **In my opinion, each employee should have networking and sales skills. Even if they have such skills, they will not be interested in ‘using’ them since they would not get any money for new contracts. You have to know that the only way to build emotions is to give money to them. According to my experience, the employees’ emotions are directly connected to money. I would dare to say there is no other way in our business to build emotional relations.**”*

The major problem the PM sees in not getting benefits from the employees’ networks is the usually-adopted bonus systems in his industry. **Employees who would bring new business through their personal network will receive compensation only after a warranty period.** This warranty period could be in some cases two or three years. **To the PM, there is no chance to build any emotional relationships since this period is too long.** According to the PM employees want to see the results of their efforts immediately. **After these results, the bonus is not give immediately, so there is no chance to build emotions beside the required of being an ‘employee’.** Finally, since there are no other emotional attachments, employees do not see any reason to network for the company.

6.4.3 Spray diagram EUACSnFI-3

Spray diagrams are based on highlighted statements. Please also refer to section 5.8(Preface to Data Analysis: Spray diagrams creation) to review explanations about how spray diagrams were created.



Spray diagram 9: EUACSnFI-3 Construction Company

6.5 EUACSnFI-4 – IT Consulting Company

EUACSnFI-4 is an IT Consulting Company based in Zurich. The following evidence illustrates EUACSnFI-4's position on the subject under research. The data were collected during two semi-structured interview of approximately 120 minutes, which were conducted with the CEO of EUACSnFI-4 over a period of two weeks.

6.5.1 Introduction to the company

EUACSnFI-4 is an IT Consulting Company and founded in 2004. For the CEO, EUACSnFI-4 already represents the second company he founded during the last nine years. **The CEO aims to provide first class IT services to its customers.** Besides the CEO, EUACSnFI-4 is run by another Partner and four IT specialists. **Growth is important to the CEO but not at any price.**

6.5.2 The role of networking

The CEO made clear that networking is the fundamental element of his business. However, this is a skill that not everybody can bring into a company. According to the CEO, networking is essential since the market his company is in a 'people business' based market. Winning new mandates is not always given because one is good, but because the customer has specific 'emotions' towards the service provider. These emotions make the difference between more and less successful companies. The CEO sees himself in the role of creating these emotions. He stated:

“The business EUACSnFI-4 is in is a pure ‘people business’. Everything is done by people and therefore networking is the only key for success for this kind of business. Not everybody is ready for doing this kind of business. For success, it is important to be able to communicate in an appropriate manner with managers and executives. There are many people out there that struggle with this and are therefore less successful.”

The CEO sees it as essential that a company can provide all necessary qualities, such as networking. However, networking is according to his understanding a task that everybody can conduct. In this regard he brought up the concept of 'human value' that is required for a company. **A company should, according to his understanding, be seen as a vehicle where it is, first of all, necessary to find the right people that can move this vehicle in an appropriate manner. Moving this vehicle requires different skills and different abilities.** The CEO explained that not everybody needs to be able to steer the

vehicle, it might be that only one needs this ability. Other employees need, for instance, to ensure that the performance of the vehicle can be delivered as requested. The whole team makes then the difference. **However, his ability to network is connected to the knowledge about his capabilities that are given by this vehicle.** The CEO is sure that the performance is what he tries to sell at the moment he networks. Knowing the limits of the vehicle thus goes hand in hand with the knowledge of the particular capabilities. **Trying to go too fast, with the aim to create quick profits, will kill any business.** To the CEO, the company and networking are related closely to each other. Everything is inter-dependent, and networking depends on the knowledge about what can be delivered. He stated:

“Extraordinary performance is much more important than the emotions themselves. Emotions do not lead automatically to performance, and so also never to exceptionally good performance. But exceptionally good performance does not mean building fast profits. Fast profit kills any business. Exceptionally good performance must be connected to constant development. Constant development is the nutrition for further success. And this success has to be shared with the team. Everybody has to do what he can do best. Contacting people and networking is, however, not a job for everybody.”

Besides this connection between networking and knowing your own limits, the CEO illustrated how he sees the Swiss SME market. **According to his view, the most typical characteristics are that in Switzerland one can rely on one other. Relying means to him, being sure that what is promised will be delivered.** He accordingly explained:

“Here in Switzerland if somebody in the network is asked to be available on a certain day at a certain place, then it is expected that this person will be there as agreed. This is in my opinion the typical characteristic of Swiss networks. In the network you are giving, because it is expected. The network also expects – at least as I see it – that in an extreme situation you will suffer together when something goes wrong. One cannot expect that only good things are shared. However, disappointments should never happen in a network. I see disappointment in a situation where something was promised but not delivered. Last but not least, in a network, if somebody has to do a job, the price has lower priority. In other words, at the moment a network partner is contacted to make any kind of job, it needs to be ensured that this partner is able to bring the job to success before talking about any prices for the service.”

The CEO claims opportunism is also a characteristic of networks. One has to directly and opportunistically contact other people when there is a need; otherwise it would be difficult to make networking successful. However, opportunism does not mean ‘poor’

or 'inferior'. Even networking is made in an opportunistic manner: trust and the fact that one can rely to one other are always mandatory constant companions.

6.5.3 Spray diagram EUACSnFI-4

Spray diagrams are based on highlighted statements. Please also refer to section 5.8(Preface to Data Analysis: Spray diagrams creation) to review explanations about how spray diagrams were created.



Spray diagram 10: EUACSnFI-1 IT Consulting Company

6.6 EUACSnFI-5 – Management Consulting Company

EUACSnFI-5 is a Management Consulting Company based in Zurich. The following evidence illustrates EUACSnFI-5's position on the subject under research. The data were collected during two semi-structured interviews of approximately 100 minutes, which were conducted independently with the Founder and two Associates of EUACSnFI-5 over a period of two weeks.

6.6.1 Introduction to the company

EUACSnFI-5 was founded in 1996 and has delivered management consulting solutions for several types of companies. EUACSnFI-5 offers tailor-made solutions using its professional's expertise and self-developed tools. EUACSnFI-5's focus is on providing on-going program management to enable clients to acquire, keep and grow profitable customer relationships. EUACSnFI-5 also provides *ad-hoc* services from initial consultancy through design, development, integration and project delivery, with on-going support from professional loyalty experts. EUACSnFI-5's brochure also indicates:

"EUACSnFI-5 is also an international platform for networked business advisors who wish to distinguish themselves by continuous learning, state-of-the art methodologies, credible tools and an established brand in stakeholder relationship management."

EUACSnFI-5 provides a business model that focuses today on three major pillars, namely:

1. Collaboration institute

The collaboration institute aims to seek relationships with industry- and academia. The contact is sought to disseminate business relevant knowledge about stakeholder relationship management. Business concepts and models that encourage creative and collaborative resource-sharing are the EUACSnFI-5's major value contribution. The Founder aims through EUACSnFI-5 to promote related 'best practices', increase awareness and competences to broad management circles.

2. Research and Development

EUACSnFI-5 research and development focus aims to provide knowledge that can be developed into software-based tools. These activities should strengthen the ties between EUACSnFI-5's partners and associates who are part of EUACSnFI-5's network by sharing their thinking and experience. Research and development

activities should also strengthen the overall team spirit in the network, support co-ownership of ideas, and channel creativity.

3. Creation of software based tools

The Founder sees in EUACSnFI-5's software based tools an established 'methodology house' offering the opportunity to conduct, as he states 'best-of-breed' assessments to define, measure and manage stakeholder relationships. The focus of these assessment tools is on employees, customers, and investors.

6.6.2 *The role of networks*

The Founder aims to develop EUACSnFI-5 through an international network of experts. The network today is present in more than ten countries. **The Founder expects that his network partners in these countries will develop sub-networks that could guarantee broader access to their local markets.** The focus is put on selling EUACSnFI-5's products and services through this structure: **the bigger the network the higher the potential profit.**

According to the Founder, higher profit is possible through the network structure since there is a split of risks and fixed costs among all network members. The risks the Founder still faces are mainly based on the own-investments required for conducting research and development and also on the development of the corresponding software based solutions, intended to be sold through the network. **The local organisations in the corresponding markets are built and managed by the network partners.** This local management includes any marketing activities. **The Founder sees in this structure a 'virtual organisation' based on two levels: The first is EUACSnFI-5's shareholders and partners who represent and manage a country where EUACSnFI-5's products and services are sold. These entities represent to the Founder the 'skeleton' of the virtual organisation. The second level is the level of associated business advisors who have access to EUACSnFI-5's know-how and products, as well as access to EUACSnFI-5's success-stories. The Founder of EUACSnFI-5 regards this access his major motivation for being part of such a loose organisational structure.** The Founder believes that, with low investments, these network members get the opportunity to increase revenue and business performance. To him, being part of EUACSnFI-5's network means also being part of an international organisation and should help to serve different customer segments on an international base. The international virtual organisation should also support on respectable level the branding effect for the single members. The Founder says:

"Building this network has been and still is my biggest challenge. I offer an integrated human platform with access to many countries in the world. This access ensures to our customers best services, solutions and skills. On the other hand I believe to offer a platform, where independent consultants can meet and improve their business."

The Founder also believes:

"It is better to collaborate, to get connected with same-minded people instead of being alone in the market and trying to survive. Being a member of this partnership opens new perspectives and opportunities."

The Founder states that the participation to his networked organisation is always connected with 'emotions', which were described as a committed and passionate partnership:

"EUACSnFI-5 is a committed and passionate partnership where people with a common mindset meet. These people, by accessing EUACSnFI-5's network, get access to EUACSnFI-5's research activities. EUACSnFI-5 conducts and publishes its own research and has built a library which contains numerous studies, white papers, cases, business briefs and books. All members can access these documentations and profit from them. In addition, the associates automatically receive an international resource structure where the members can exchange experiences and get help, when and where required. EUACSnFI-5 is staffed with a team of highly skilled specialists around Europe."

The Founder believes in his initiative and identifies the challenges he has to face. He emphasizes the need for the mindset (the attitude and motivation) that is required holding such a network structure:

"The problem is not building the network itself, but finding the right people with the right motivation and mindset to join and develop together with me our activities around the globe."

The two Associates of EUACSnFI-5 have confirmed those statements by illustrating additional and, to them, significant issues: **the success of EUACSnFI-5's networked organisation is strongly based on the capabilities of the Founder himself.** One associate explained:

“That’s true, EUACSnFI-5 has an international set-up and prosperous products. However, my personal motivation to join this network has two origins. First, I believe in EUACSnFI-5’s products and services. Second, and more important, the real reason I have joined EUACSnFI-5 was the Founder himself.”

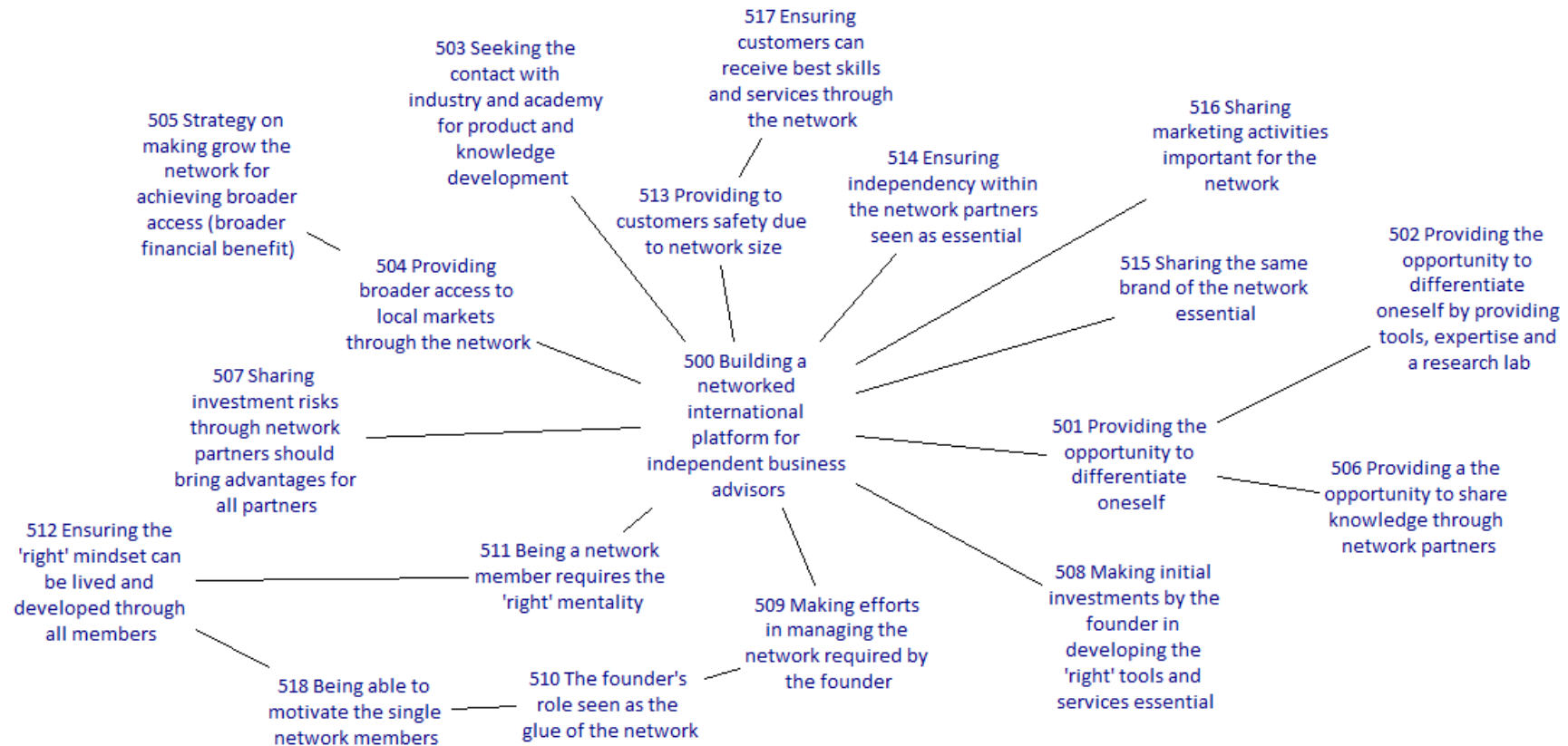
The Founder’s ability to motivate this associate to invest time and money represented the major reason to join on EUACSnFI-5. This associate also referred:

“The Founder is like the ‘glue’ between the single entities and individuals. He holds everything together, thanks to his never-ending engagement and commitment to the network. I guess, if one day he would stop or slow down, even just a little bit, the network would vanish, and very rapidly. The founder is the driver behind all our activities. This also means that the bigger the network becomes the more time and engagement he has to invest to support all entities. This could create a threat in the near future, since we are growing fast.”

According to this associate, the organisation adopted a ‘first who, then what’ approach. This means to him first identifying the right people to become part of this network and then, identifying opportunities for them, and respectively which role they should play. He sees added value for customers in the international cooperation of experts. Thanks to this set-up customers can stick to their experience and know-how and as well research and development activities.

6.6.3 Spray diagram EUACSnFI-5

Spray diagrams are based on highlighted statements. Please also refer to section 5.8(Preface to Data Analysis: Spray diagrams creation) to review explanations about how spray diagrams were created.



Spray diagram 11: EUACSnFI-5 Management Consulting Company

6.7 EUACSnFI-6 – Management Consulting Company

EUACSnFI-6 is a Management Consulting Company based in Zurich. The following evidence illustrates EUACSnFI-6's position on the subject under research. The data were collected during a semi-structured interview of approximately 180 minutes, which was conducted with the CEO of EUACSnFI-6.

6.7.1 Introduction to the company

EUACSnFI-6 was founded by the CEO in 2008 and provides Management Consulting Services with a focus on Strategy Consulting. The CEO aims to break down strategy to the operational level, which as well as defining a corporate strategy, ensures it is understood by single departments and is implemented properly. The CEO has several years of experience as a Senior Manager and as an entrepreneur, and EUACSnFI-6 is the second company he founded in the last ten years. The CEO explains EUACSnFI-6's raison d'être:

“You know there are many companies which are very good in defining strategies and in building power points. But there are not that many which can define a strategy and break it down to the operational level and motivate, and train personnel to ensure the strategy can also be implemented.”

6.7.2 About Switzerland

For the CEO Switzerland, including the SME sector, represents a market which is not open to new initiatives, built on extremely small groups and a market 'image' is different from the way the market is structured. As a Senior Manager and Entrepreneur, the CEO had to recognise that in attempting new ways to conduct business or applying new technologies that could support one's business, people in Switzerland hesitated before making decisions. The CEO explained:

“I do not believe that in this country you can create success with innovation. For instance, look at the software sector. If you would try to launch a new product, everybody would ask ‘who has it already in Switzerland’, respectively ‘who is already working with this product in Switzerland’? Nobody would ever accept innovation if there is no reference from a bigger company. In my opinion this is a handicap to this country, a typical characteristic. In my experience, in Russia or other countries nobody would ever ask if there are any local references. I am not only referring to products but to everything, such as new technologies or new

services and so on. During my entrepreneurship, recognising this required a huge learning curve.”

According to the CEO in Switzerland people think, if they choose something new, that they fear doing something ‘wrong’. He is not sure if this can be referred to higher quality awareness or lower risk disposition. Whatever the reason, this behaviour appears similar to ‘mistrust’ or ‘fear’ of new and innovative solutions, especially if they are not made by Swiss companies:

“For instance, I met somebody I had not seen for over 15 years. This person is very innovative and is making good business in Dubai. She told me that she cannot understand that, in Dubai, if something new is coming from abroad it is well accepted, yet here in Switzerland, if there is anything new from abroad she encounters a lot of resistance. I told her that this resistance in my opinion is fear, fear of doing something wrong.”

References in Switzerland seem to be essential to ensure people can build a level of trust in one’s innovation. The CEO stated that to obviate such ‘resistance’, it is essential to have at least one big customer on board who can be used as a reference.

By referring to the small groups, the CEO mentioned that in Switzerland many people are connected via private networks, business clubs and other associations. The CEO sees these connections as very important in Switzerland. His experience showed him that such connections offer people better access to companies and better opportunities to conduct business. The CEO explains what makes these groups typical to Switzerland:

“It is important to be part of business clubs and business networks, since this participation helps you to get into companies. Because of this access, you get business opportunities. Indeed, business is given because of trust and the relationships with each other. However, even if you are not famous and nobody knows you, it is easier to get business opportunities as a result of these connections. These connections represent a kind of seal of quality.”

To the CEO, these clubs and networks represent a characteristic of the Swiss business which is difficult to influence. The CEO interprets the trust which exists in these structures as the awareness that any information shared by individuals is handled carefully.

By adopting a bird's-eye view on the Swiss SME sector, the CEO sees many companies where families run their own business, where traditional values are ubiquitous. He referred:

“With a bird’s-eye view I would see many companies where the family, the tradition, the history is in the focus; these are companies which are traditionally family assets. On the other hand there would be a group of companies built over the last decades. At the same time if I would try to nominate ten companies which were innovative and which tried to build up something new over the last years, I would struggle to identify them. There is simply a lack of awareness. You explained to me that 99.7 per cent of all companies in Switzerland are SMEs. How come I do not know anything about these companies? How can it be that we are not able to describe them? In my opinion, the Swiss SME sector is just not present in our minds.”

The CEO could see a reason for this phenomenon: companies try to ‘hide’ themselves. It seems to him that SMEs in Switzerland do not aim to expose themselves too much in the market. He stated:

“I used to work in the USA and if you look to that market, companies over there they are much more innovative and exposed to innovation. If you look here this is not a reality. In America, if you have success you expose yourself and you let the market know that you have success. In Switzerland it seems to me that companies are afraid to publicise their success, it seems they are ashamed when they have successes. And yes, maybe they want to hide themselves, not create too much attention.”

Not creating too much attention means to the CEO that in Switzerland it is better if one does not generate ‘envy’ and that this would be worth analysing in more detail.

6.7.3 The role of relationships

By referring to EUACSnFI-6’s distribution strategy, the CEO relies on his personal network: since investments in marketing campaigns are limited, the CEO’s personal network becomes very important. The CEO spends a lot of time in building and developing contacts. Among existing contacts, 60 per cent of his contacts have a ‘private social character’ and 40 per cent a ‘business social character’. In both cases, private and business, the ‘social’ factor is important to him. The CEO stated:

“Well, this means whenever I meet somebody, independently if it is private- or business oriented, I am ‘interested’ in that person, in their personal views. In both cases, whenever I meet somebody, I rarely have any business need in my mind. The business opportunity appears spontaneously, during the discussion, but not always. Usually it is an exchange of business topics. We exchange our experience, but we are not focusing on doing business. Only when the other party has a need does it mean he gets back to me and asks for a service. Through a social discussion at the end the business question arose whenever I could provide a particular service.”

Thus, the ‘social’ factor is always present. The difference between private and business is also seen in the activities the CEO conducts. Organising any private event, such as holidays, sports or dinner with the partner is defined as ‘really close’ activity. On the other hand, purely business contacts are more focused on having a business lunch together or meeting somebody at a business event. The social ‘competence’ is always present, but it would take a lot for the CEO to invite such a business contact to a private event. However, the CEO sees in all private contacts also a potential business contact: a business opportunity might emerge because of a private contact. These contacts have constantly to be managed, even when it is hard to keep in touch with all parties in the network. These activities require time and, to the CEO, a challenge. Yet, in some cases it is possible to lose contact with no negative impact:

“You cannot keep in touch with all parties of the network, but it is fundamental to keep in touch, otherwise you lose the link to the other party. It is a challenge indeed, since I do not always have time to manage my network. However, if the impression is good and the relationship is cordial, then you can keep distance for a longer time with no problem. What is wrong, and what happened to me, is something like carrying somebody about until you got the first transaction and then, bye, gone. This is a very bad approach.”

For the private and business characterised network, trust is always the fundament of the relationship. According to the CEO, trust is to him the knowledge that the information exchanged is used in the appropriate manner and that there are situations which require some information to be intended only for personal use. **Building trust means going through several phases, starting with knowing each other and continuing with developing the relationship.**

6.7.4 The network experience

In one of his initiatives, the CEO pursued the approach to develop a consultant's network with the aim of providing his product and services to a broader range of customers. For this initiative, he aimed to motivate independent consultants to become part of this network. **The motivation to pursue this business model was based on the assumption that independent consultants, usually, do not have sufficient time for networking activities outside the current customer's offices.** Additionally, many consultants lack sales abilities and need support:

“I tried to build a network where these consultants could stay with their independence and, by using my products, generate new business within their project. These consultants started their own business because they wanted to be their own entrepreneurs. My approach was to provide a concept which included products, a back-office, marketing material, and so the size of the network should have ensured more business and more continuity in their business. In any case, the idea was always to ensure these consultants could keep their independence.”

This experience made the CEO aware that it was easier to convince people to become part of such a network than to develop business together with them. With this initiative, he had made an effort at a social level. **It was difficult to him to create the right motivation that could make the network members become more involved within the initiative.** The CEO explained:

“The biggest challenge I guess was to develop the necessary social level. You know, it was easy to convince them to be part of the network. They could easily become interested in joining, since there was something – this networked organisation – apparently helping them. So, from participation point of view it was, maybe easy is the wrong word, but ‘easier’ to recruit them than to develop the business together with them. I mean, it was easier to tell them ‘sign this paper and become part of the network’ than motivating them to get actively involved, to represent the network's brand and generate business for the network. In the end, all these consultants stayed as individuals and were firstly focused on earning money in the short term. Nobody among these consultants was willing to invest time and efforts in the network itself.”

According to the CEO, the biggest discrepancy was on the level of the expectations between the network members and himself, in his role of network ‘operator’. **Where he expected these consultants to develop business for the network, the consultants were**

waiting for him to develop new business for them. The CEO stated that, indeed, he had to do something: but the aspect of his network, which relied solely on him, was definitely wrong. By confronting the CEO over the necessity of qualified consultants in being part of such a network, he stated:

“Well these are actually two questions. Question number 1: yes, these consultants had a lack of skills, were unable to sell themselves and no chance to sell additional projects. Question 2: yes, I think also qualified sales consultants would have been interested in our approach. Why? I believe that a network with fifty people has total different possibilities in the market than an individual. If an individual dies, the customer has a problem. But if the customer knows there are other consultants available, this gives customers more safety. I believe that even the most successful individual gets to the point where the personal network is ‘bailed out’, and utilised. The point where you cannot do anything else, anything more, with any chance to acquire a new project, is easily achieved. That is the reason where such a network makes sense, where the added value can be generated.”

Even if this initiative did not bring the expected financial outcome, the CEO would not mention it as a failure. In his opinion, the network was a successful experience, from the perspective team-building and collaboration and successfully represented the network’s brand. By referring to financial aspects, he stated that the network initiative was not a success. However, the CEO would never focus solely on financial issues. An important dimension is the ethical value. The CEO stated:

“I believe that consultants are extremely opportunity driven. They always look for new opportunities. Of course if the transaction, the opportunity to build a transaction, is already on the table then yes, from a money point of view, I would have changed the situation positively. But my question then would be: are transactions the ethical values you are seeking for your company?”

The CEO is aware that transactions are necessary. However, ethical values, teaming and collaborating with engagements where a long term relationship should be built, were also important factors to be considered. He is aware that the consultants were opportunistic, which meant there was a focus on expected transactions. The relationship became weaker over time with the consultants just as the expectations increased over time in a situation where no transactions were given:

“If the opportunity is the main focus, then you will not generate any business. If you are part of a network, you cannot be opportunistic and think that the network is going to generate business for you; if this is the expectation than it is a bad approach.”

The CEO notes that opportunism needs different interpretations. A person who could be interested in the network and participate with engagement could be opportunistic in a positive manner. Thus, the CEO noted, in the first instance, engagement needs to be ensured, and then if there is an opportunity, the network would be considered. His experience, however, showed that such thoughts are not given. **He confirmed that many consultants participating in the network only tried to ‘hide’ themselves, with the hope he would generate new opportunities for them.** He stated:

“As painful as it is for me to say it, but yes, that is true. I wish I could say something else but it is not possible. It is really a pity, but it is like this. If these network consultants all feel that the network operator embodies the role of mother and father who provide food and take care of their kids, then the business model, the network, is not going to work.”

Thus, to the CEO networks are extremely important in Switzerland. If there is another product initiative, before thinking of customers the CEO would ensure that he is connected to the best network to guarantee access to customers. This represents to him one of the big lessons learned about Switzerland. By focusing on such product initiative he stated:

“Before thinking about references and customers I would firstly focus on the network which could help to generate business in this country. This is one of the big lessons I learned in this country. First introduce your product to the network and try to generate references through the network. Only afterwards I try to get directly in touch with customers.”

However, networks imply to the CEO that reliability, exchange of know-how and skills can be ensured. Among these factors, an important factor is personal exchange between the network members. **The focus in a network should always be the customer and the quality delivered. Quality is seen as the added value that a customer can derive from a network.** In this regard, the CEO considers that smaller companies can provide similar services to big consulting companies but at a lower price.

The personal business network, based on loose connections, is not made visible by the CEO, he may makes public major, important connections, seen by the CEO as a sign of quality. **A network is overall seen, to the CEO, a society of people with similar or identical interests who follow similar or same goals.** Networking is the underlying activity required to establish and extend relations in the network; networking also includes carrying relations. The biggest challenge he sees in networking is the establishment of a relation. The CEO stated in this regard:

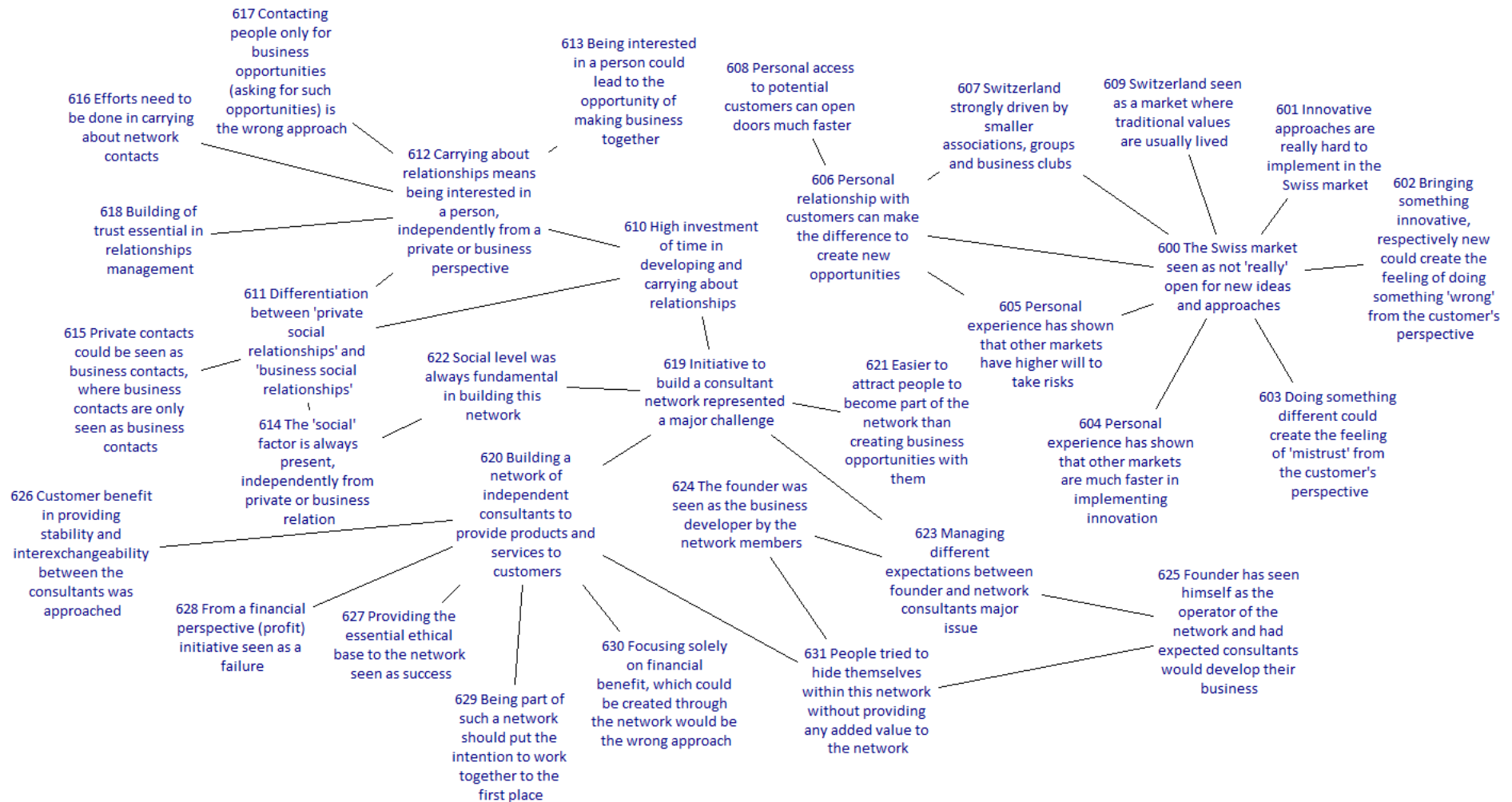
“You have to take the first hurdle which brings you to a position of establishing a relationship and offers, you then the opportunity to develop, extend that relationship over time. If you cannot take that hurdle and do not reach that required position, you will never be able to develop that relationship.”

‘Using’ a network for personal purposes is according to the CEO quite difficult in Switzerland. Thus, he never focused on ‘using’ the network to increase his business success, but focused always on the value propositions made with his products and services. **A ‘use’ could only be seen in transferring these value propositions through the network to potential customers.** Networks need time to be developed and need to be managed in the corresponding manner. **Destroying a network can be done very quickly, first of all through abuse of trust.** The CEO stated:

“I believe the biggest killer is the abuse of trust. All those things I told you before, if you do not respect them, then it is over.”

6.7.5 Spray diagram EUACSnFI-6

Spray diagrams are based on highlighted statements. Please also refer to section 5.8(Preface to Data Analysis: Spray diagrams creation) to review explanations about how spray diagrams were created.



Spray diagram 12: EUACSnFI-6 Management Consulting Company

PART B: DATA ANALYSIS

The review of the Swiss SME NON-Finance Industry Case Study (CSnFI) followed the process as explained in section 5.8 (Preface to Data Analysis: Spray diagrams creation). Accordingly, with this review, two major strategic roles of networks could be identified, namely:

- › the NON-existent Collaboration Network
- and
- › the Strategic Role of People Business Network

In line with the details in section 5.8 (Preface to Data Analysis: Spray diagrams creation), these strategic roles can be described with the base map, particularly through its layers ‘strategic activity’, ‘strategic role’ (of networks) and ‘strategic goal’, as illustrated again in following figure:

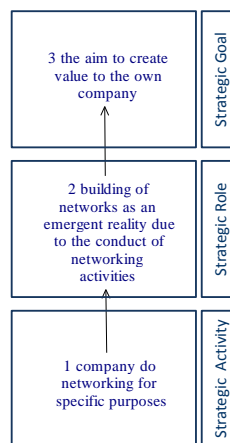


Figure 48: Research ‘lens’ for the spray diagram analyses

Essentially, by analysing all embedded units of analysis of the Swiss SME NON-Finance Industry Case Study regularities which can be synthesised within a single inter-company pattern could be identified. This inter-company pattern allows illustrating and explaining both the categories that emerge and strategic roles of networks. The pattern is defined as the Inter-Company Pattern of the Swiss SME NON-Finance Industry (ICP-nFI).

The following details explain first emerged categories of this ICP-nFI, including their dependencies. Thereafter, concepts, which were bundled in these categories, are discussed. To re-emphasise the meaning and to provide broader understanding of these concepts, corresponding empirical data, particularly quotes of the interviewees, is also provided. The overall conclusion (PART C: CONCLUSIONS) will then synthesise these explanations.

6.8 Inter-Company Pattern of CSnFI (ICP-nFI)

The review of the collected data and corresponding spray diagrams, through the logical layers of the base map (the lens of this research), revealed major categories, including their dependencies, which refer to:

- › Business Benefits
- › Networks
and
- › Relationships

These categories, including their dependencies represent the base map structure, as illustrated earlier. These emerged categories, including their relationships were named by the researcher as the Inter-Company Pattern of the Swiss SME NON-Finance Industry Case Study (ICP-nFI), and illustrated in following figure:

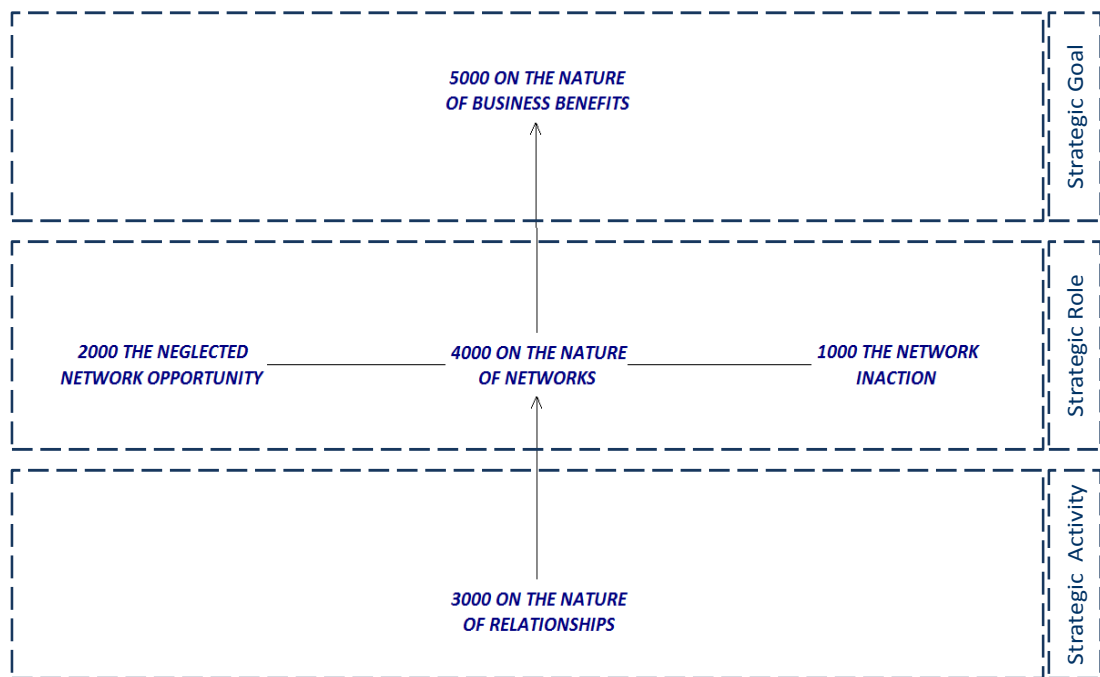


Figure 49: Inter-Company Pattern of the Swiss SME NON-Finance Industry Case Study (ICP-nFI)²⁸

According to the explanations in section 5.8 (Preface to Data Analysis: Spray diagrams creation) these categories represent sets of evidence based on the specific *nature*. For instance, the identified category ‘Business Benefits’ represents a set of evidence based ‘On

²⁸ The given numeration of the single groups (1000, 2000, 3000, 4000 and 5000) does not represent any prioritisation or any other quantification, or qualification of the single groups. These numbers just represent the group ID of the single categories.

the Nature of Business Benefits'. Accordingly, by adopting this view, all mentioned categories turn into following classification:

- › On the Nature of Business Benefits
- › On the Nature of Networks, whereby the 'unexploited network opportunity' and 'network Inaction' describe this nature.
and
- › On the Nature of Relationships

The Concept 'On the Nature of Networks' represents the identified Strategic Role of Network. The researcher will illustrate how this nature refers to a People Business Network. The details of the analysis of this figure will be presented in subsequent sections.

6.9 On the Nature of Networks

The following sections refer to networks and how the researched companies place their network in their business life. For this exploration of the use of networks, the data analysed suggests approaching the data from two different perspectives. The first perspective focuses on the apparent reality for which purposes networks are NOT used. The researcher defines this emerging reality as the ‘emerged network inaction’ since networks are actively *avoided* for specific reasons. The second perspective refers to a ‘network-belief’ which basically refers to ‘believed’ business opportunities in the use of networks. The researched companies do however struggle in ‘living’ these *beliefs*; and these *beliefs* are *unexploited* by their business environment.

The following figure illustrates the overall Nature of Networks with on the left side the category of the unexploited network opportunity, which is described in detail in section 6.9.3 (The unexploited Network Opportunity), and on the right side the category of the network inaction, which is described in detail in section 6.9.1 (The emerged Network Inaction). These two sections also provide the corresponding spray diagrams in greater and readable details.

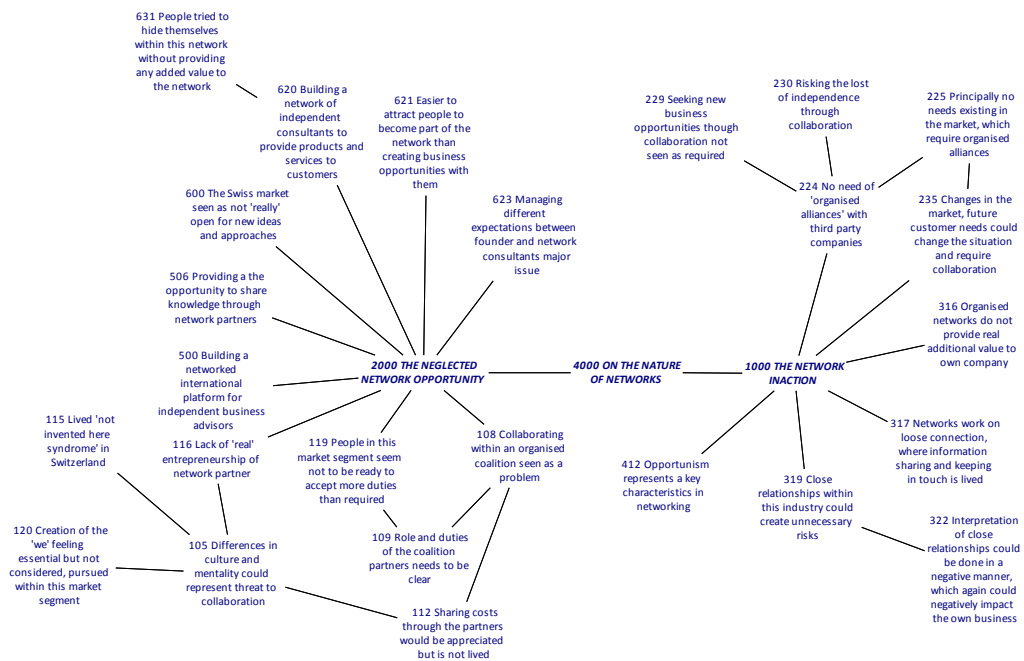


Figure 50: ICP-nFI – On the Nature of Networks

6.9.1 The emerged Network Inaction

The emerged network inaction represents the phenomenon which describes how and why strategic Alliances seem to be dismissed out of hand. The researcher identified three companies within this case study which clearly hold this ‘network inaction’ position:

- › EUACSnFI-2 – Construction Company
- › EUACSnFI-3 – Construction Company
- and
- › EUACSnFI-4 – IT Consulting Company

The following spray diagram illustrates the resultant concepts that refer to this network inaction, and which supported the researcher in the data analysis process:

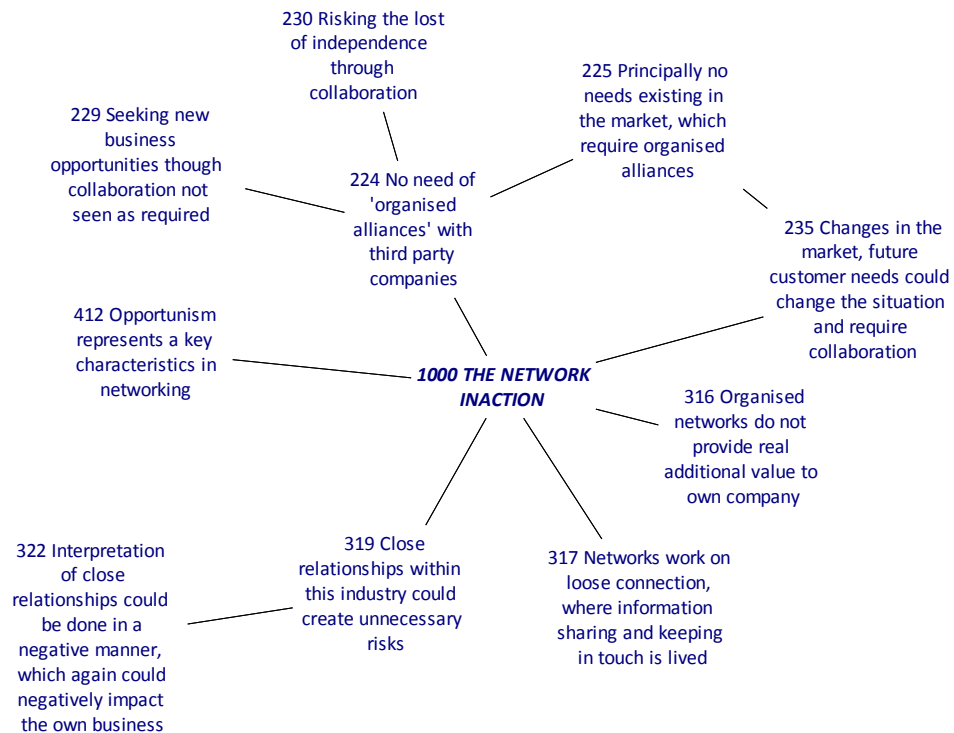


Figure 51: CSnFI – Concepts with reference to the network inaction

Embedded Unit of Analysis	Concept ID	Concept Description
EUACSnFI-2	224	No need of 'organised alliances' with third party companies
EUACSnFI-2	225	Principally no needs existing in the market, which require organised alliances
EUACSnFI-2	229	Seeking new business opportunities though collaboration not seen as required

EUACSnFI-2	230	Risking the loss of independence through collaboration
EUACSnFI-2	235	Changes in the market, future customer needs could change the situation and require collaboration
EUACSnFI-3	316	Organised networks do not provide real additional value to own company
EUACSnFI-3	317	Networks work on loose connection, where information sharing and keeping in touch is lived
EUACSnFI-3	319	Close relationships within this industry could create unnecessary risks
EUACSnFI-3	322	Interpretation of close relationships could be done in a negative manner, which again could negatively impact the own business
EUACSnFI-4	412	Opportunism represents a key characteristics in networking

Table 9: ICP-nFI – Details of the spray diagram ‘the network inaction’

These concepts represent several statements. Key statements which attracted a greater attention to the researcher in this regard were:

EUACSnFI-2

“Organised collaboration? Why? Customers have no other options, they need us. As I have explained before, if there is necessity, demand, and low competition, then there are not that many options.”

EUACSnFI-3

“No, there are no Alliances or organised networks in our business. Of course we are in contact with other companies and of course we exchange information and we keep in touch but we are not managing our relationships in an organised manner. All of us, really every one of us, want his independence.”

EUACSnFI-4

“That's true. The network is an opportune construct where we keep in touch. Everybody is mainly making business for the own company.”

For these companies, ‘dismissing’ networks means explicitly having a NON ‘active’ and NON ‘deliberate’ collaboration with third party companies. The data illustrates that this avoidance of ‘active’ collaboration refers to an unwanted collaboration, when there is no concrete business purpose which creates business benefits. These business benefits represent measurable financial indicators as turnover or profit.

During the interview, the researcher focussed on details referring to why these companies do build strategic Alliances and for which purposes, expecting to identify strategic goals which these companies pursue with such network structures. However, the research revealed that companies are not focusing at all on such Alliances. To understand better this position it is essential to understand the way these companies do business, which also refers to the needs they face.

These companies are doing business anyway, by themselves with their own company, they can exist 'alone'. Hence, to create the aimed business benefit they do not need any collaboration with third parties or any participation in Alliances to deliver services. Last, they are also determined to keep their independence, as *inter alia* illustrated by EUACSnFI-2's CEO:

“There is also the problem of independence. My independence is more important to me. I need to build my own space. This is also important for my protection. I have to protect my business first of all. So one should not work too much and too closely with others. It could be dangerous the moment own decisions cannot be taken anymore.”

and again of organised network:

“Building an organised Alliance? Nonsense! Everybody has sufficient work, why should we work together?”

The statements of EUACSnFI-2's CEO illustrate how having sufficient work and aiming to be independent negate being involved in an Alliance. An additional factor that explains this network inaction was also given on tasks that entrepreneurs have to face. The CEO stated:

“Company owners within my sector only want to have a good life. The focus is usually not to grow too much. The more you grow, the more your personal life will suffer. So why should anybody grow too much?”

The 'good life' aspect reflects a reality, interpreted as the time and effort an entrepreneur within this industry wants to invest in this entrepreneurship. Data shows following:

- › customers have few options in choosing the service providers;
 - › the market has little competition;
 - › there is sufficient available work (customer demand) to allow the CEO to run his own business;
 - › the available work (customer demand) allows him to have 'a good life';
 - › independence imposes a major condition, respectively aim for the CEO;
- and

- › therefore there is no necessity for collaboration with third parties or strategic Alliances.

In line with these statements the PM of EUACSnFI-3 explained the need to be independent. In this case the PM also explained that having a *too close* relationship with other players could be dangerous, especially if they are suppliers:

You need to know that close relationships (in general) could be dangerous in our business anyway. Just to give you an example, it would be a bad idea to have lunch or dinner with a supplier of EUACSnFI-3.”

According to the PM the only reason to collaborate with third parties or to build organised networks would be if there are bigger projects. In such cases, specific joint ventures can be built. However, these joint ventures represent rather opportunistic constructs of a strategic nature. This means according to the PM: when there is demand, as for instance a big construction project which requires the involvement of different service providers, they build such a joint venture. This joint venture is essential to being able to provide a lower price and to ensure there is only one ‘point of entry’, a single contact that manages requirements and legal issues, for the customer. This kind of joint ventures (Arbeitsgemeinschaften) are used to compete on the price, as stated by the PM:

“Yes, there are collaborations they are called in ArG ‘Arbeitsgemeinschaft’. These collaborations are used to compete in a group and to provide better prices.”

Once such a project is concluded there is no need again to keep in touch. The PM made clear that:

“The own direct business with customers comes first.”

and by referring to the initial statement within this section:

“No, there are no Alliances or organised networks in our business.”

Reviewing these dependencies, the researcher understood that these joint ventures have a strategic character. This could for instance emerge because companies connect to each other to create price advantages, mainly customer benefits on large projects. As stated by

the PM, the market is strongly price driven. However, the fact of the PM's company, to first focus on its own business, prevents any other role of these joint ventures beside immediate financial transaction.

The CEO of the last company of this group, the IT Consulting Company EUACSnFI-4, explained that the network is an opportune construct, where people keep in touch. This does not mean trying to focus on creating business together: everybody is focusing on their own business first. Only when there is a necessity which requires the involvement of other parties, the network could help to find an appropriate solution. The CEO further stated:

“Here in Switzerland, if somebody in the network is asked to be available on a certain day at a certain place then it is expected that this somebody will be there as agreed. This is in my opinion the typical characteristic of Swiss networks. In the network you are giving because it is expected. The network also expects – at least as I see it – that in an extreme situation you will suffer together when something goes wrong. One cannot expect that only good things are shared. However, disappointments should never happen in a network. I see disappointment in a situation where something was promised but not delivered.”

6.9.2 Summary on the Network Inaction

Analysis of these three companies made clear: these companies seem not to see any added value in strategic Alliances with ‘strong’ ties; they focus – and only if they do – on ‘loose’ ties, i.e. loose collaborations. However, these loose collaborations represent a *strategic* Alliance but, these ties between single companies are based on opportunism, meaning, according to the data, that they conduct business together only when there is a customer request which is paid and which requires the involvement of third party companies.

The analysis showed that all these companies focus mainly on their own business, focusing on providing the own core competences to customers. The analysis also showed that customer requests which require closer collaboration with third party companies are rare. These can be summarised thus:

- › the market is providing sufficient work for the single companies. This, including the nature of customer request, allows these companies to provide their core competencies for the creation of Business Benefits. Collaboration with third parties is consequently not required.
- and

- › the researched companies focus on the independence required to protect their own business. Too close a connection with a third party company can be interpreted by these companies as a risk to their own business.

By focusing on their own business first, the availability of work and the non-existence of regular customer requests requiring collaboration may explain dilemma facing of other companies presented in this case study. As stated earlier, this other group of companies sees strategic Alliances as an opportunity. The following section will illustrate how this opportunity is understood and how it seems to be unexploited by market conditions.

6.9.3 The unexploited Network Opportunity

The ‘unexploited network opportunity’ refers to a particular phenomenon which became evident in Alliances. It mainly explains a gap between a ‘strategic-Alliance-belief’ and a ‘strategic-Alliance-reality’ of the remaining companies in this case study. The belief of these companies can mainly be described thus: strategic Alliances could represent a major opportunity to their business. On the other hand, the reality illustrates how market conditions may prevent this possible opportunity and thus, these conditions do not support such models.

This section will focus on the findings about this evident opportunity and market conditions that seem to prevent this opportunity. This phenomenon was independently referred to three units of analysis:

- › EUACSnFI-1 – IT Consulting Company
- › EUACSnFI-5 – Management Consulting Company
- › EUACSnFI-6 – Management Consulting Company

The following spray diagram supported hereby the researcher in analysing the data in this regard:



Figure 52: CSnFI – Concepts with reference to the unexploited network opportunity

Embedded Unit of Analysis	Concept ID	Concept Description
EUACSnFI-1	105	Differences in culture and mentality could represent threat to collaboration
EUACSnFI-1	108	Collaborating within an organised coalition seen as a problem
EUACSnFI-1	109	Role and duties of the coalition partners needs to be clear
EUACSnFI-1	112	Sharing costs through the partners would be appreciated but is not lived
EUACSnFI-1	115	Lived 'not invented here syndrome' in Switzerland
EUACSnFI-1	116	Lack of 'real' entrepreneurship of network partner
EUACSnFI-1	119	People in this market segment seem not to be ready to accept more duties than required
EUACSnFI-1	120	Creation of the 'we' feeling essential but not considered, pursued within this market segment
EUACSnFI-5	500	Building a networked international platform for independent business advisors
EUACSnFI-5	506	Providing a the opportunity to share knowledge through network partners
EUACSnFI-5	507	Sharing investment risks through network partners should bring advantages for all partners
EUACSnFI-6	600	The Swiss market seen as not 'really' open for new ideas and approaches
EUACSnFI-6	603	Doing something different could create the feeling of 'mistrust' from the customer's perspective
EUACSnFI-6	620	Building a network of independent consultants to provide products and services to customers
EUACSnFI-6	621	Easier to attract people to become part of the network than creating business opportunities with them
EUACSnFI-6	623	Managing different expectations between founder and network consultants major issue
EUACSnFI-6	631	People tried to hide themselves within this network without providing any added value to the network

Table 10: ICP-nFI – Details of the spray diagram 'the unexploited network opportunity'

To understand the apparent opportunity, it is essential to understand how these companies interpret a 'strategic Alliance'. The CEO of EUACSnFI-1 referred to his own experience from two different perspectives. The first refers to the international coalition he aimed to build with the involvement of three independent companies. His motivations to build such a coalition were:

- › sharing the same brand;
- › appearing bigger in the market;
- › providing an international set-up;
- and
- › sharing a common vision.

According to the CEO this initiative did not bring the expected outcome and the initiative does not exist anymore. The challenges the CEO had to face and which ended the coalition were mainly cultural differences between single members. These members were the Swiss EUACSnFI-1 itself, a German based company and an UK based company. To the CEO, this multi-national set-up, because of differences in cultural operation, could not create the necessary base for building a long term oriented coalition. The CEO noted that these differences resulted in different expectations which resulted in ending the coalition opportunity. Besides these 'attitudinal' factors, law differences impacted the mentioned failure: issues in identifying a suitable legal body, an umbrella organisation which could have cemented the set-up in a 'best' manner emerged. Also within a purely Swiss perspective, the CEO struggled to create strategic Alliances. The major opportunity identified was to build Alliances with vertically integrated companies, Alliances which would have provided major benefits to his customers. The CEO aimed to address all of the customer's life-cycle needs, so offering two major benefits. The customer would benefit from the fact that a trusted partner who would ensure provision of services required through building a single point of contact for customers, where with the partner he would have been able to provide additional services. Customers, thanks to this single point of contact, could have benefited from quality assurance, given by this trusted partner. The CEO stated:

"If we would be able to provide more services from a customer's life-cycle point of view, we could stay for a longer time with them. Our customers could be accompanied over several phases of their needs. Some needs appear earlier and some later."

Being able to provide their own specialised services and complementary services meant to the CEO building competitive advantages. Accordingly, such Alliances should improve the ability to compete better against other market players. He stated that other players could have such strategic network structures. However, the CEO stated since EUACSnFI-1 is not able to do so, a threat to the own company could emerge. Building a strategic Alliance also meant creating the feeling among customers to appear bigger. According to the CEO, appearing bigger would also mean to appear more trustworthy and giving to his customers a feeling of ‘safety’.

The research of EUACSnFI-1 revealed: the CEO described how strategic Alliances SHOULD be approached and how the CEO TRIED to approach them. It illustrated HOW the CEO went through these initiatives and WHAT the results were, namely: they all ‘failed’. The researcher sees as ‘failure’ of the reality he aimed to build. Thus the CEO’s situation today looks different; he stated:

“Well, collaborating with the network is a problem which we have had since the foundation of EUACSnFI-1. We are mostly a business generator; the ‘taking and giving’ approach is not working well. I believe we are ‘giving’ 90 per cent, but getting business back 10 per cent. Our partner companies mostly offer resources; this is important indeed, but there could be much more in the collaboration.”

The statement ‘there could be much more in the collaboration’ was shown before. Accordingly, opportunities seen by the CEO are unexploited, which he explained as following:

“Well yes, the problem is to motivate others to participate in this umbrella organisation. An umbrella organisation, an Alliance would mean that members have to accept certain duties. According to my experience I am not sure if they would like to have additional duties. The participation would also mean additional costs which have to be recouped somehow.”

With additional duties, the CEO referred to duties besides those for the own company. The cultural issues which emerged with the coalition at international level also existed at local level:

“Instead of trying to find some feasible solutions, we generate tensions in the discussions. It is really difficult to develop thoughts in this direction. It should be a fundamental activity to share costs, but it does not work. These small companies

have the order to generate business in their interests and they do not understand that building up a network of companies could help to keep alive their personal interest but also help to reduce costs. They do not understand that doing so would be a very suitable solution and manner of acting in today's business world."

He believes that not being aware of opportunities that could emerge with networks is a lack of entrepreneurship. Real entrepreneurship would mean understanding what would be best for one's company and one's business. This would also imply the understanding of how profits can be generated by reducing costs. The lack of entrepreneurship could, according to the CEO, be because these people work as freelancers, whose aim is to sell themselves and create turnover through 'billable days'. The companies they represent are therefore seen as 'cocoons' in which they are employed and they receive salaries. Besides the lack of seeing any potential in sharing costs, there is also a failure to conduct shared activities, such as marketing events. The CEO further stated that this kind of network can only start with the intention to collaborate, an intention which is the initial seed of any network, such as the illustrated coalition or strategic Alliance, and entails trying to build a strategic Alliance without knowing the outcome. By reviewing all details of this company, it seems that this unknown outcome excludes the creation of the strategic Alliance opportunity.

A similar phenomenon emerged with both Management Consulting Companies, namely EUACSnFI-5 and EUACSnFI-6. The Founder of EUACSnFI-5 aimed to build a networked company, built by independent business advisors, for two purposes. First was to create an international distribution network. By building such a structure, the Founder aimed to access new markets and increase opportunities to distribute products and services. Second was to provide to EUACSnFI-5's customers with more safety; just as stated by EUACSnFI-1's CEO. EUACSnFI-5's Founder stated that, in contrast to independent consultants, because of the intended network structure, customers benefit from stability through the exchangeability of the network consultants. This exchangeability thus would have been required if a consultant was not anymore available. In such a situation, a different network member could take his place. Consequently, customers would always have been guaranteed that services could be delivered. The researcher encountered the same business model with EUACSnFI-6. EUACSnFI-6's CEO aimed also to build a network of independent consultants. With this model the CEO aimed to provide customer benefits by providing stability and 'interexchangeability' between participating consultants. With this approach the CEO believed to provide the same added value to customers as EUACSnFI-5.

For both companies, EUACSnFI-5 and EUACSnFI-6, this network opportunity was unexploited. In the case of EUACSnFI-5, after the conducted interviews, the researcher had no chance to contact the interviewees again. The researcher could only contact a former consultant of this network initiative. This consultant could then only confirm that the network initiative, as devised by the Founder of EUACSnFI-5, does not exist anymore. The situation is different with EUACSnFI-6, and the CEO tried to explain the reasons why his initiative was unexploited. The CEO explained that it was easier to attract people to start, respectively to become part of this network. However, it was difficult to motivate this people to actively support the network initiative. To the CEO it seemed that the expectations between him and the independent consultants were different. According to his experience this expectation-gap could be described as:

- › The CEO mainly expected network members to be more entrepreneurial. An expectation that should have been manifested from the network member by focusing on creating new business opportunities.
- › The CEO aimed to focus on network ‘operations’. He understood as network operations all those tasks that required network strategy to be implemented competently.
- › Network members expected the CEO to create new business opportunities. They did not see themselves in the duty to be entrepreneurs. Consequently, they did not see the duty to create new business opportunities for the network.

The CEO stated:

“You have to know, the expectations from the consultant and from the network operator were totally different. In the end, all of these consultants were waiting for projects, waiting waiting waiting ... indeed, the network was also looking for projects; but relying only on the network operators was completely wrong. The goal was that they would build their own business.”

After these statements the researcher wanted to understand why such a network consultant should be interested in being part of such a network. To the researcher it seemed that these network duties did not make any difference from being an individual consultant. If the network members had to develop their own business, then where was the benefit for them with the network? The CEO explained:

“Why? I believe that a network with 50 people has totally different possibilities from an individual. In an extreme case, if an individual dies, the customer would

have a problem. But if the customer would know that there are many other consultants available, this would give him more safety.”

The CEO had to face the reality that this business model did not work. In this regard he believes that the Swiss ‘business psychology’ was is not ready for such a model. Since the CEO had had professional hands-on experience also in the USA he compared the Swiss mentality with the US mentality in following manner:

“By referring to the Swiss mentality, I don’t think that these network consultants would use their network for overall success. I guess this would only be possible if the network generated many transactions over time. In America this would be different I think. In America you could motivate people like “Hey guys, I joined this fantastic network. This will be the next Microsoft, join me here!” This is something which is not possible in Switzerland.”

By approaching the CEO with the question whether his experience showed that these members were opportunistic and so expected only to receive new business opportunities through the network, he explained:

“If the opportunity is the main focus, then you will not generate any business yes. If you are part of a network, you cannot be opportunistic and think that the network is going to generate business for you; if this is the expectation then it is a bad approach, yes.”

He proceeded:

“Definitely; If these network consultants all have the feeling that the network operator embodies the role of a mother and father who provides food and takes care about their kids, then the business model, the network is not going to work.”

Finally, by approaching the CEO with the question whether these network consultants only tried to ‘hide’ themselves within the network since they were not able to generate new business alone and instead hoped the network is going to generate business for them, he stated:

“Well yes, as painful as it is for me to say it, but yes, that is true. I wish I could say something else but it is not possible. It is really a pity but it is like this.”

Thus, the CEO gave an explanation why it was easier to motivate people to become part of such a network than to execute the intended business model. Accordingly, these network consultants had some expectations. Once being part of the network they, had to face a different reality. The CEO, the network operator, wanted them still to create new business. With these two different expectations a gap emerged between the CEO and its network consultants that led the initiative – the network based business model – die.

6.9.4 Summary on the unexploited Network Opportunity

The unexploited network opportunity refers to a set of beliefs that these companies represent: they seem mainly to support the common view that a network could create benefits. The researched companies refer to the benefits of a Collaboration Network. These companies believe that for several reasons a Collaboration Network could create customer benefits. Sharing a same brand, appearing bigger in the market, collaborating for a common vision are only a few of these strategic-alliance beliefs.

However, the reality has shown in none of these cases these beliefs could be translated into a functioning network. According to the interviewees, this non-availability is caused by a lack of ‘imagination’ for such initiatives. The researched companies could not describe in detail this lack of imaginative potential. It just seems that people are not willing to invest time and effort in such initiative, for any reason; they are not ready to accept more duties besides the own.

The overall conclusion of this case study (PART C: CONCLUSIONS) compares this recognition with the previously mentioned network inaction. It seems the details of the Network inaction can provide the rationale for this emerged unexploited Network opportunity.

6.10 On the Nature of Relationships and Business Benefits

It seems that in Switzerland, business benefits are driven by relationships. The following spray diagram illustrates first those concepts from the ‘relationship’ perspective. This perspective mainly describes relationships from their management point of view. Thereafter, the spray diagram that represents the data from the ‘business benefits’ perspective is provided. Business benefits represent the major goal to be achieved with relationships. A variety of statements which made emerge these spray diagram conclude this section.



Figure 53: CSnFI – On the Nature of Relationships

Embedded Unit of Analysis	Concept ID	Concept Description
EUACSnFI-1	130	Relationships between the single parties need to be developed over time
EUACSnFI-2	204	Relationships can be developed by providing quality at work
EUACSnFI-2	207	Relationship emerge due to reliability and quality at work
EUACSnFI-2	209	Business relationships only emerge in case customer needs exist
EUACSnFI-2	211	Clear separation between business and social (private) relationships
EUACSnFI-2	212	No need of having a social relationship with business relationships
EUACSnFI-2	214	Relationship management (networking) requires careful handling
EUACSnFI-2	219	Networking needs time, required to develop the relationships within the network
EUACSnFI-3	315	'People business' as lived within other industries rather irrelevant within this segment
EUACSnFI-3	319	Close relationships within this industry could create unnecessary risks
EUACSnFI-3	322	Interpretation of close relationships could be done in a negative manner, which again could negatively impact the own business
EUACSnFI-3	325	Relationships need to know, as soon as a project has been terminated, about the success
EUACSnFI-3	326	Letting the market talk about one's company supports the acquisition process
EUACSnFI-4	404	Personal relationship come before the quality of the delivered service to win new mandates
EUACSnFI-4	410	Knowing that people can rely to each other essential in Switzerland

EUACSnFI-6	610	High investment of time in developing and carrying about relationships
EUACSnFI-6	611	Differentiation between 'private social relationships' and 'business social relationships'
EUACSnFI-6	612	Carrying about relationships means being interested in a person, independently from a private or business perspective
EUACSnFI-6	613	Being interested in a person could lead to the opportunity of making business together
EUACSnFI-6	615	Private contacts could be seen as business contacts, where business contacts are only seen as business contacts
EUACSnFI-6	616	Efforts need to be done in carrying about network contacts
EUACSnFI-6	617	Contacting people only for business opportunities (asking for such opportunities) is the wrong approach
EUACSnFI-6	618	Building of trust essential in relationships management

Table 11: ICP-nFI – Details of the spray diagram ‘On the Nature of Relationships’

These concepts illustrate how relationships are interpreted by the researched companies but they do not show the reason for having these relationships. They show different perspectives on the same issue but they do not provide any clarity about questions like ‘why’ and ‘what for’ relationship support companies in their business. Concepts able to provide this clarity are illustrated in the following spray diagram and refer to ‘Business Benefits’:



Figure 54: ICP-nFI – On the Nature of Business Benefits

Embedded Unit of Analysis	Concept ID	Concept Description
EUACSnFI-1	110	Level of giving and taking of business opportunities should be equilibrated
EUACSnFI-1	114	Financial Business Benefits mostly seen in creating turnover, not in reducing fixed costs
EUACSnFI-1	129	Success can only be seen over time, when network partners have transformed their intention in 'real' (financial) business value
EUACSnFI-2	208	Customer acquisition mostly emerge through existing relationships
EUACSnFI-2	209	Business relationships only emerge in case customer needs exist
EUACSnFI-2	210	Social relationships could represent major risks to own business

EUACSnFI-2	216	Driver behind networking, respectively relationship management is the delivery of quality
EUACSnFI-2	217	Relationships management could create advantages at the moment competitors make mistakes
EUACSnFI-3	309	External Networks rather understood as those connections, which support own company in customer acquisition
EUACSnFI-3	311	Customer acquisition refers in a first instance to the opportunity to participate on RFPs
EUACSnFI-3	312	Winning RFPs strongly depends on the price
EUACSnFI-3	313	Good connection could support the own company in getting the chance to make a last call and adapt the price before the final decision
EUACSnFI-3	325	Relationships need to know, as soon as a project has been terminated, about the success
EUACSnFI-4	401	Networking key factor in winning new customer mandates
EUACSnFI-4	402	Being able to create emotions
EUACSnFI-4	403	Market is driven by people business
EUACSnFI-4	404	Personal relationship come before the quality of the delivered service to win new mandates
EUACSnFI-4	408	Focusing on fast business (profit) will kill the own business
EUACSnFI-4	413	Business can be done when appropriate and required
EUACSnFI-6	606	Personal relationship with customers can make the difference to create new opportunities
EUACSnFI-6	608	Personal access to potential customers can open doors much faster

Table 12: ICP-nFI – Details of the spray diagram ‘On the Nature of Business Benefits’

These concepts, and foremost the combination of both spray diagrams, represent several statements given by most of the researched companies that make clear the need of having relationships in place. In the case of the IT-Consulting Company EUACSnFI-1, the CEO stated:

“The relationship itself to our customer is very good and built on trust. We generate most of our business because of this relationship to our customer.”

and

“In a small company you have to be patient and develop relationships over time, carefully, with the hope that some of these relationships are going to work in the future.”

The importance of relationships for creating new business was also confirmed by the CEO of EUACSnFI-2:

“I can tell you, the Swiss SME market is strongly built by relationships. The business of Swiss SMEs is predominantly done through relationships.”

and

“Acquisition is almost equal to zero (effort). Almost all my business is created with relationships.”

EUACSnFI-2’s CEO also explained how these relationships emerge, namely:

“Relationships emerge because of reliability, and reliability through the quality given by our business.”

EUACSnFI-2’s CEO also explained the kinds of relationships required in his business: there is no need of any social contact with his customer; the CEO focuses on business relationships and explains how these relationships emerge because of necessity to obtain his services. This necessity is then supported by the reliability, respectively the quality of his work delivered. He explained:

“You know, the only motive a relation can generate business is dependency, nothing else. There is no reason for a business relationship to be supported by a social relationship. Only the dependency is important to somebody in my regard. I do not have to meet ‘important’ people in my private life for business purposes, there is no need. ... For a long time I believed I could improve my business by spending time with important people in a bar, for having one or two beers together and socialise, but it is not like that. On the contrary, having too close a relationship with business partners could damage my business! If there is a too close a contact, a party of this relationship could abruptly enter in the predicament of having to do something which she/he does not want to do. For instance, because of a close, social relationship with an Architect I could enter in the situation to take over a customer I do not want to work for.”

In relationships it is important to be always kept ‘up to date’ with the need to identify potential new ‘necessities’. The CEO needs to stay in touch with his environment. This allows identifying new needs and new business opportunities. He stated:

“...This means that everybody needs once in a while some help. The goal is to keep the relationship warm; then whenever this help is required one has to ‘snap at the chance’ and get the contract.”

The PM of EUACSnFI-3, in line with the CEO of EUACSnFI-2, explains that relationships need to be kept ‘warm’. However, the PM made clear that these relationships might only help to participate on a RFP. In the construction business, at the end, the price is much more important. As he stated:

“You have to understand it is important to have a good relationship it's important to keep in touch, but at the end it is the price which is driving the business.”

The CEO of EUACSnFI-4 focused on relationships to the role of opportunism:

“Everybody is opportunistic; lobbies too. You have to be opportune and actively contact people, otherwise it (creating performance) does not work.”

The CEO commented on the role of the employees in relationship management. The researcher aimed to discover if employees are involved/obliged to conduct such an activity, the CEO:

“Not at all, everybody has to do what he can do best. Contacting and managing people are not jobs for everybody.”

No particular information on relationships was given EUACSnFI-5. The CEO of EUACSnFI-6 explained how he sees a relationship and how they should be lived:

“My personal relationships are based on opportunism, where it can take years, before any business can be done. In my personal relationships I never generate any expectations.”

The CEO stated that relationships are important but should not be ‘pushed’; he believes relationships should be cared for and one should be patient. He explained, by separating private from business relationships:

“Well, this means whenever I meet somebody, independently if it is private or business oriented. Whenever I meet somebody, I am interested in the person, in their personal views. I seldom have business in my mind when I meet people. The business opportunity appears then spontaneously, during the discussion, but not always. Usually it is an exchange of business topics. We exchange our experience, but we are not focusing on making business. When it is time, when the other party has a need, then it gets back to me and asks for a service, if I can provide that service.”

In the same manner as the CEO of EUACSnFI-2, this CEO manages relationships but stated that need is the ultimate driver for business opportunity. The relationship is required to build trust, to build a connection between himself and the other party. Sociability is always present his relationships. This social character does not mean to him the relationship is only private. To the CEO the social character means that the relationship is

based on a social connection. In line with this interpretation, the CEO distinguishes between ‘private social’ relationships and ‘business social’ relationships. The difference between these relationships is the kind of connection, either private or business related. The CEO explained that a private relationship can become a business relationship, but rarely can a business relationship become a private relationship. However, in both cases, the CEO puts the social character as an indispensable requirement for the relationship. He stated:

“I would say around 60 per cent has a private social character and 40 per cent has a business social character. The social component is important in both relationships.”

He further explained:

“Well, private means I meet them to pursue some private activities, such meeting them in the evening or organising holidays, playing sports together, or organising a dinner together with my girlfriend; anything which is really close to me. A purely business contact is more focused on a business lunch, meeting somebody at an event or in a business club, this is it.”

The CEO further stated that relationship management represents to him the networking activity. He sees in networking a constant carrying activity about these relationships. These relationships are ‘hidden’ to the public. This means to him that there is no need to reveal to others his relationships. As stated, they are based on trust, where an exchange of information and experiences takes place. Consequently, an abuse of this trust would kill any relationship. He stated:

“I believe the biggest killer is the abuse of trust. All those things I told you before, if you do not respect them, then it is over.”

6.10.1 Summary on Relationships and Business Benefits

The Nature of Relationships addresses first the creation of Business Benefits, which refer to financial indicators such as turnover and profit. The companies researched issued strong statements about the importance of having the right Relationships in place for the purpose creating such Business Benefits. The manner these relationships are used slightly differs from company to company. The purpose, creation of business benefits, seems to be

commonly given. The researched companies made clear that relationship management, the underlying activity to create relationships, is essential in this Industry. The following overall case study conclusion provides further details of relationships, particularly details about the emerged strategic role of the 'relationship network', described in chapter 6.12 (The strategic role of the People Business Network).

PART C: CONCLUSIONS

The researcher is aware that the six companies which represent this case study cannot be seen as representative for the complete Swiss SME NON-Finance Industry. However, he could experience that within this context some specific patterns emerging from subject under research. These specific patterns can be summarised as:

- › first, a group of three companies which interpret Networks as a greater opportunity;
- › second, a group of the other three companies which do not share this interpretation;
- and
- › a common view by all researched companies about the Strategic Role of Relationships in creating Business Benefits.

In line with these observations and, according to the third statement, a major Strategic Roles of Networks could be identified within this case study, namely a People Business Network. Additionally, the first two points mainly refer to a non-existent ‘Collaboration Network’. All these specific circumstances can be described by a single pattern that emerged during the data analysis. The researcher named this pattern as ‘the Inter-Company Pattern of the Swiss SME NON-Finance Industry Case Study’ (ICP-nFI). This pattern summarises categories that emerged during the data analysis, as well as logical layers of the base map, as illustrated in following figure:

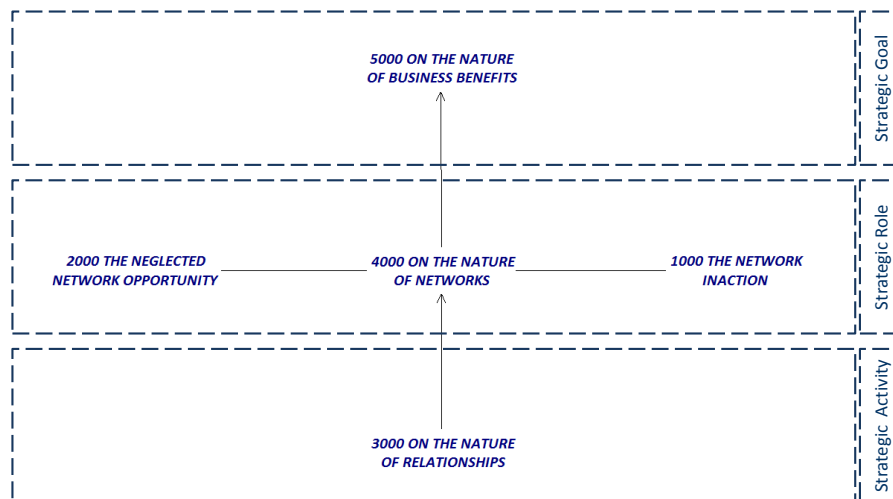


Figure 55: Overview ICP-nFI²⁹

²⁹ The given numeration of the single groups (1000, 2000, 3000, 4000 and 5000) does not represent any prioritisation or any other quantification, respectively qualification of the single groups. These numbers just represent the group ID of the single categories.

The categories in the ICP-nFI illustrate the logical layers of this pattern:

- › Strategic Activity
- › Strategic Role
and
- › Strategic Goal.

The Strategic Activity refers to the Strategic Role of Relationships which also includes the Strategic Role of Relationship Management. The Strategic Role ‘Network’ represents a Strategic Function which is required to achieve specific a Strategic Goal. This Strategic Goal is represented by the Strategic Role of Business Benefits. The Strategic Role ‘Network’ is linked to two concepts, the unexploited Network opportunity (concept 2000) and the Network inaction (concept 1000). These concepts refer in a ‘negative’ manner to the Nature of Networks. The rationale behind this negative view is explained by statements given about the two groups of researched companies, a first group who interprets Networks as a greater opportunity with Strategic Importance, and a second group who do not share this interpretation of the first group. In the first group, the researcher defined their interpreted Strategic Role of Networks as unexploited. In the second, the researcher defined their position as Network inaction, since they do not pursue this Strategic Role of Networks. Both these groups refer to the above non-existent Collaboration Network. In providing the conclusions on both identified Strategic Networks, further details about these categories will be presented.

6.11 The NON-existent Collaboration Network

The research has shown that, within the Swiss SME NON-Finance Industry, two particular movements could be identified of a Strategic Role of a Collaboration Network. The first movement refers to a group of three companies which believe a Collaboration Network can provide a greater opportunity for one’s business. This Collaboration Network refers mainly to activities such as sharing a same brand, appearing bigger in the market or also conducting common marketing activities. Other activities referred to sharing the same vision or sharing infrastructure for reducing costs. Their belief was that these activities could create greater Business Benefits, either through reducing costs or through creating – in part undefined – Customer Benefits. A ‘defined’ Customer Benefit was, for instance, providing services throughout the Customer’s business life-cycle. Customers could rely on a single service provider, the Collaboration Network, to access different services. However, the same companies noted that there is a lack of business acumen for such a Collaboration Network. They explained that people are not willing to make such a Collaboration Network work. Researched companies could only identify to this

phenomenon, but not explain in detail the reasons for this apathy. Some researched companies believed the reason was a lack of an entrepreneurial mindset in Switzerland. Because of this interrelationship between ‘seen opportunity’ and a ‘NON-existent engagement’ over this opportunity, the researcher defined this phenomenon as ‘the unexploited network opportunity’.

The interesting part, which emerged during the data analysis, is represented through details given by the other three companies of this case study. It seems that this other group provides an answer to such an unexploited network opportunity. The researcher pointed to following:

- › the market is providing sufficient work for the single companies and their services;
and
- › the researched companies feel strongly about retaining independence.

This first circumstance notes that customer requests addresses in a first instance only the core competencies of the sought companies. Customer requests do not ask for additional services, which would require collaboration with third parties. Furthermore, these companies can run their own businesses with this existing given level of customer requests. Work is available and ensures as such their existence. Thus, researched companies do not see any additional Business Benefits with a Collaboration Network. These companies mainly connected a Collaboration Network with additional duties and engagements which represent situations they did not want.

The second point about independence seems to be a major rationale for protecting their own business. The manner this protection is given by independence was not researched. However, there are some indications in the empirical data, which may explain this rationale. The companies said they cannot understand why one should collaborate more closely with another company. Since there is sufficient work, there is no need to collaborate. If another company now seeks such collaboration, ‘mistrust’ emerges. This mistrust is based on the fact that a company which has customers, and which has a running business, does not need any collaboration with third parties. Accordingly, these companies believe that another company seeking collaboration could only be looking for new business opportunities, respectively for existing customers of the focal company. Furthermore, there are also indications that the power to make decisions needs to be ensured. Losing the power of decision would again built a risk to the own company.

These circumstances refer to a Strategic Role of Network – the Collaboration Network – which is principally non-existent.

According to these details, the NON-existent Collaboration Network can be described through the ICP-nFI. For this purpose, the categories 1000 ‘The Network Inaction’ and category 2000 ‘The Unexploited Network Opportunity’ of the ICP-nFI are required. The following figure illustrates these categories, but replaces category 4000 ‘On the Nature of Network’ with this particular strategic role of the NON-existent Collaboration Network to express the strategic role of the network stands for:

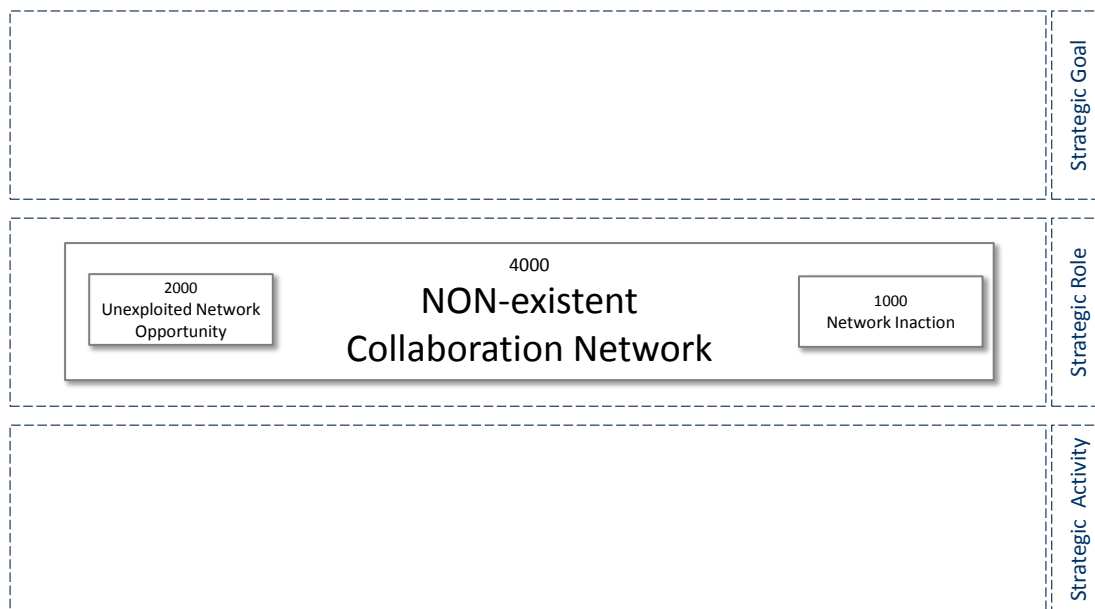


Figure 56: The NON-existent Collaboration Network represented with the use of the ICP-nFI

6.12 The strategic role of the People Business Network

All researched companies have made clear the importance of relationships within this Industry. The given statements about this principle lead to one overall conclusion: Relationships, including the corresponding Relationship Management, are the essence of their Business Benefit creation process. Relationship Management leads to a Network of Relationships. Due to the Strategic Role of this Network, namely creating business benefits because of relations between people, this Network was called the ‘People Business Network’. This particular Network can be described through the single categories of the ICP-nFI, as illustrated later in Figure 57 (The People Business Network represented with the use of the ICP-nFI). For this purpose, the following qualifications need to be considered. Customers are the essence of creating turnover and profit. Accordingly, the Strategic Role of this People Business Network is to create Business Benefits. The underlying activity is as stated Relationship Management which represents the Nature of Relationships.

For the purpose of this research it is essential to understand that relationships ‘exist’, they are an ‘existing reality’, a ‘necessary function’ with a specific goal, the creation of business benefits. However, several researched companies have referred that these relationships do not need to be based on a ‘social’ or ‘business’ level. It seems that instead relationships start to emerge because of the *good* work delivered. The outcome of this good work is reliability. Reliability again leads to trust. And trust again leads to a relationship which could create further Business Benefits. Relationships are, according to the given data, the essence of creating business benefits. Accordingly, the creation of Relationships leads to a People Business Network. The analysis has also shown that Relationship Management is conducted by the company’s Management. This Management would appreciate a stronger involvement of employees in Relationship Management. However, the data shows that these Management expectations are not shared by the Employees. Employees understand their role in providing skills. They do not see any duties in conducting Relationship Management for the purpose of acquiring new Customers.

According to these details, the People Business Network can be described through the ICP-nFI. For this purpose the categories 3000 ‘On the Nature of Relationships’ and 5000 ‘On the Nature of Business Benefits’ of the ICP-nFI are required. The following figure illustrates these categories and links, but replaces category 4000 ‘On the Nature of Network’ with this particular strategic role of the People Business Network:

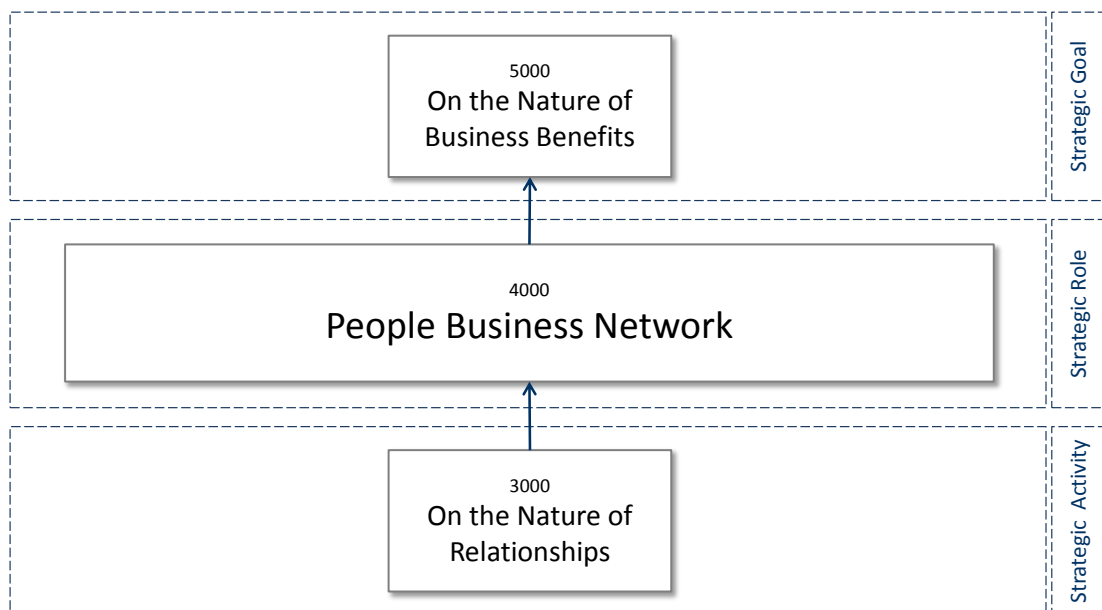


Figure 57: The People Business Network represented with the use of the ICP-nFI

6.13 Preliminary conclusions about the research aim

One of the researcher's aims with this study was to identify if, within a specific context, SMEs follow the same or similar network strategies. This aim was based on the researcher's assumption that SMEs pursue network strategies. Additionally, the researcher expected to identify such strategies in the form of inter-company patterns. Another aim was to discover if these network strategies differed from context to context with the goal, in an effort to understand if the strategic role depends on the context these SMEs belong to.

With the case study of the Swiss SME Finance Industry (CSFI), the researcher could already provide evidence on some research aims. This case study represents such another context, namely the context of the Swiss SME NON-Finance Industry. According to the given overall case study conclusion, the researcher could again – besides the CSFI – provide evidence that, within this context, SMEs do follow similar network strategies. This evidence is manifested with the emerged Strategic Role of the People Business Network and the NON existence of a Collaboration Network. Hence, the researcher can again provide an answer on the first aim of this research, namely: SMEs within a specific context *do* follow similar network strategies. With this evidence, the researcher's assumption can be again confirmed. Finally, also, the expectation that such a strategy can be found in form of patterns can be confirmed with the Inter-Company Pattern of the Swiss SME NON-Finance Industry (ICP-nFI).

Evidence on the second research aim on the contextual dependencies could also be provided at this stage. This evidence is based on the fact that structures of ICP-FI and the ICP-nFI are different, but also share some similarities. The difference is based on the fact the CSFI includes a Customer Centricity Network, which is missing on the CSnFI. The similarity on the other hand is based on the fact that both case studies include a People Business Network. A deeper, cross-case, analysis is required to understand these differences and similarities. The details of this analysis, including conclusions are provided in chapter 7.2 (Replication of ICP-FI to ICP-nFI).

6.14 Final considerations

Relationships and the corresponding Relationships Management within the Swiss SME NON-Finance Industry seem to represent a complex reality. Several companies researched tried to explain this reality through 'social private relationships', 'social business relationships', 'not too close relationships' and so on. The researcher considered the discussions around relationships as too fragmented and out of scope to examine further.

7 COMPARATIVE ANALYSIS CASE STUDIES

7.1 Chapter Outline

The comparative analysis presented in this chapter, represents the first of three different comparative analyses, as described in chapter 2.8 (Applied research design) and graphically illustrated in Figure 10 (Final Blueprint Research Design). The central element of this comparative analysis is the Case Study of the Finance Industry (CSFI), as presented in chapter 5 (The Swiss SME Finance Industry). The CSFI is, according to the research design, compared to the Case Study of the Swiss SME NON-Finance Industry (CSnFI), as presented in chapter 6 (The Swiss SME NON-Finance Industry).

This cross-case analysis endeavours to answer the last open research question, which refers to strategic role of networks and its contextual dependencies. According to the details in chapter 1.1 (About the research), this research aims to identify context-related dependencies that explain the corresponding strategic roles of networks. Therefore and according to the details in chapter 2.8 (Applied research design), the CSnFI provides insights to help confirm and debate the findings of the CSFI.

As it was stated in chapter 2.7.2 (Rationale for Case Studies), this comparison is intended to enhance the findings' generalizability (Miles and Huberman 1994). Accordingly, with this enhancement the researcher aims to deepen the understanding and explanation of his findings (Glaser and Strauss 1967). Thus, this cross-case analysis supports the researcher in building a more sophisticated understanding about the research aim (the strategic role of networks) through these forced comparisons (Eisenhardt 1989).

According to the research method chapter 2.10.7 (Cross-case analysis) the chosen approach for this analysis is a combination of replication strategy (Yin 2003) and variable-oriented strategy (Miles and Huberman 1994). The aim of the replication strategy is to see whether emerged patterns match and if they share some configurations (Miles and Huberman 1994, p. 174). This replication strategy is accordingly conducted with the use of inter-company patterns, namely the **ICP-FI** (Figure 37: Inter-Company Pattern of the Swiss SME **Finance** Industry Case Study (ICP-FI)) and the **ICP-nFI** (Figure 49: Inter-Company Pattern of the Swiss SME **NON-Finance** Industry Case Study (ICP-nFI)). The variable oriented strategy examines the codes, represented by the inter-company spray diagram concepts, which describe in detail categories of the inter-company patterns and hence support the researcher in explaining possible differences and similarities of both inter-company patterns. As explained in chapter 2.10.5 (Spray diagrams) these codes are interpreted as 'key variables' (Miles and Huberman 1994, p. 175) and were identified from within the

case studies according to the details in chapter 5.8.10 (Identification of inter-company patterns).

So far, and according to the outcomes of both case studies, **this research does provide evidence that SMEs of a specific context, namely the Swiss Finance and Swiss NON-Finance Industry, do follow similar network strategies.** The corresponding inter-company patterns (ICP-FI and ICP-nFI) also provide first indications that the strategic roles of networks within these researched contexts have differences and similarities.

The following sections start with the replication strategy (Yin 2003). Therefore, the following sections start with the comparison of the inter-company patterns ICP-FI and ICP-nFI. Thereafter, key variables (Miles and Huberman 1994, p. 175), represented by categories and concepts of both inter-company patterns ICP-FI and ICP-nFI, required to describe these strategic roles of networks, are compared. The aim of this comparison is to provide deeper details about identified similarities and differences.

The final part of this chapter provides then the overall conclusion of this comparative analysis.

7.2 Replication of ICP-FI to ICP-nFI

The replication of ICP-FI to ICP-nFI revealed clear differences and similarities between both inter-company patterns and hence, between the strategic roles of networks identified. These strategic roles of networks can be explained through spray diagram categories of the inter-company patterns ICP-FI and ICP-nFI. The next table lists these spray diagram categories and their affiliation to the corresponding strategic network role:

Spray Diagram Categories	ICP-FI (CSFI)		ICP-nFI (CSnFI)	
	Customer Centricity Network	People Business Network	People Business Network	NON-existent Collaboration Network
On the Nature of Business Benefits	√	√	√	(√)
On the Nature of Customer Centricity	√			
On the Nature of Networks	Action	√	√	Unexploited
	Inaction			Inaction
On the Nature of Collaboration	√			(√)
On the Nature of Relationships	√	√	√	

Table 13: Emerged categories within ICP-FI vs. ICP-nFI

This Table 13 illustrates spray diagram categories required to describe a strategic role of network with the symbol ‘√’. The same symbol in brackets (√) indicates the particular situation of the NON-existent Collaboration Network. According to the details chapter

6.9.3 (The unexploited Network Opportunity) there is a **belief** business benefits can be achieved through collaboration. However, according to the details in chapter 6.9.1 (The emerged Network Inaction) collaboration is **not seen** as a strategic activity which supports such goals.

With this Table 13, necessary details required to build a first conclusion of the replication of both inter-company patterns are available.

7.2.1 Conclusion

With the replication of the ICP-FI to the ICP-nFI evidence on differences and similarities of both case studies could be provided. Specifically, this replication illustrated that:

- › the Customer Centricity Network, as emerged within the CSFI, is not replicated to the CSnFI. Hence, there is a **difference** between the case studies.
- › The NON-existent Collaboration Network, as emerged within CSnFI, is partially replicated to CSFI. Hence, there is a **similarity** between the case studies.
- › the People Business Network emerged within both Case Studies. Hence, there is a **similarity** between the case studies.

With reference to the research aim on **contextual dependencies** of the strategic roles of networks a first answer can be provided. **According to the replication of both emerged pattern ICP-FI and ICP-nFI, the strategic role of networks partially depends on the context.**

Based on this evidence, further analysis was conducted with the aim to explore in detail this partial context dependency. With reference to case study differences: the CSFI Customer Centricity Network includes a major activity ‘collaboration’, which is represented by the ICP-FI category ‘On the Nature of Collaboration’. In a nutshell, this category represents a strategic activity required to achieve the strategic goal ensuring customer centricity, represented by the ICP-FI category ‘On the Nature of Customer Centricity’. Since this strategic activity ‘collaboration’ refers to the same issue (collaboration) as in the NON-existent Collaboration Network, a comparison of the details underpinning Customer Centricity Network to the NON-existent Collaboration Network was conducted. The aim of this comparison was to identify some explanation for the strategic importance of collaboration within the finance context and the non-strategic importance of collaboration within the NON-finance context. The details of this analysis are provided in the following section 7.3 (Introduction: Comparison of the Customer Centricity Network with the NON-existent Collaboration Network).

Thereafter, with focus on similarities identified, both Strategic Roles of the People Business Network are compared. This comparison was conducted with the intention to understand to what extent are these two strategic network roles are equivalent. The details of this outcome are provided in section 7.7 (Introduction: Comparison of both People Business Networks).

7.3 Introduction: Comparison of the Customer Centricity Network with the NON-existent Collaboration Network

The comparison of CSFI's Customer Centricity Network with CSnFI's NON-existent Collaboration Network started with describing key variables (Miles and Huberman 1994, p. 175), respectively **the rationale that explains the need for collaboration within CSFI's Customer Centricity Network. Thereafter, key variables that explain CSnFI's NON-existent collaboration were provided.** The comparison of these key variables was conducted with the aim to identify configurations (Miles and Huberman 1994, p. 174) which lead to these different strategic roles of collaboration and hence, different roles of networks.

Key variables that describe CSFI's Customer Centricity Network, as described in chapter 5.10 (The strategic role of the Customer Centricity Network), are provided in:

- › chapter 5.9.2 (On the Nature of Customer Centricity and Business Benefits)
- › chapter 5.9.3 (On the Nature of Networks)
- and
- › chapter 5.9.7 (On the Nature of Collaboration and Relationships)

On the other hand, key variables that describe CSnFI's NON-existent Collaboration Network, as described in chapter 6.11 (The NON-existent Collaboration Network), are provided in:

- › chapter 6.9 (On the Nature of Networks)
- and
- › chapter 6.10 (On the Nature of Relationships and Business Benefits)

Based on these details and on the replication results, which lead to Table 13 (Emerged categories within ICP-FI vs. ICP-nFI), the following sections identify key variables according to their spray diagram category affiliation.

7.4 CSFI: Key variables for collaborating in the Customer Centricity Network

As illustrated in detail in chapter 5.10 (The strategic role of the Customer Centricity Network) the nature of collaboration within the CSFI describes an emergent strategic activity that connects a strategic network with alliance partners, required to ensure customer centricity. This strategic network with alliance partners represents the link between this strategic activity ‘On the Nature of Collaboration’ and the strategic goal ‘On the Nature of Customer Centricity’. Last, this link is defined as the strategic role of the ‘Customer Centricity Network’.

The following sections provide key variables, required to describe the connection between the ‘Nature of Collaboration’ to the ‘Nature of Customer Centricity’ in order to explain this emergent nature of collaboration. Key variables which refer to the ‘People Business Network’ will be discussed later in section 7.7 (Introduction: Comparison of both People Business Networks).

7.4.1 Key variables ‘On the Nature of Customer Centricity’

According to the details in chapter 5.10 (The strategic role of the Customer Centricity Network), customer centricity refers to a strategic goal, which means always providing the best possible solutions to customers. As it was stated during the case study, CSFI companies could be Customer Centred by providing their core (available) competencies. However, from the strategic network perspective of this study, Customer Centricity emerges, since companies of the Swiss SME Finance Industry have to deal with customer needs which:

- 1) do not belong to the core competencies of the focal company.
and
- 2) cannot be delivered by the focal company due to its size (the size refers either to being too big, or too small).

These CSFI companies, even though they face such customer requests, have an *intentional willingness* to find appropriate solutions for their customers. Hence, for the achievement of this strategic goal the involvement of strategic alliance partners, which can provide necessary additional competencies, is required.

The following table summarises these key variables, which represent the evidence as listed in Table 3: ICP-FI – Details of the spray diagram ‘On the Nature of Customer Centricity’, required to describe this strategic goal:

Emerg ed category	Key variables
On the Nature of Customer Centricity	<ul style="list-style-type: none"> › There are customer requests which require competencies, which are not available in the focal company. › Evidence shows that CSFI companies aim anyway to resolve such customer requests (intentional willingness). › As a result: access to additional competencies (strategic alliance partners) beyond the owned & available competencies is sought.

Table 14: ICP-FI – Key variables ‘On the Nature of Customer Centricity’

The first bullet point stands for the identified reality that customers ask for services beyond companies’ competencies. The second bullet point describes the companies’ *intentional willingness* to however resolve these requests. The third bullet point refers to the resulting *necessity* of these companies, namely: because of customer requests, which cannot be resolved by the focal companies themselves and their intentional willingness to resolve them anyway, **CSFI companies seek access to third party companies**. This circumstance leads to the **building of a network with strategic alliance partners and ensures that the aim to provide customer centricity can be achieved**, as explained in detail in the following sections.

7.4.2 Key variables ‘On the Nature of Networks’

According to the details in chapter 5.9.6 (Summary on Networks) the strategic role of networks represents an emergent reality to sustain customer centricity. Further and also according to the details in chapter 5.9.6 (Summary on Networks) this reality emerges because of the **collaboration with strategic alliance partners**, as explained in more detail subsequently. This network with strategic alliance partners sustains Customer Centricity and is hence defined as the ‘Customer Centricity Network’. The following table summarises these statements, which represent key variables required to describe this strategic network role:

Emerg ed category	Key variables
On the Nature of Networks	<ul style="list-style-type: none"> › Represents a network with strategic alliance partners, defined as the ‘Customer Centricity Network’, required to ensure the achievement of the aimed Customer Centricity. › This network with strategic alliance partners emerges because of the collaboration with these partners.

Table 15: ICP-FI – Key variables On the Nature of Networks

The following section provides the details that make emerge this strategic role of the Customer Centricity Network.

7.4.3 Key variables 'On the Nature of Collaboration'

As it was stated in chapter 5.9.7 (On the Nature of Collaboration and Relationships) collaboration represents the underlying activity that connects a strategic network. This network is represented by the Customer Centricity Network, as explained in detail in chapter 5.10 (The strategic role of the Customer Centricity Network). According to the details in chapter 5.9.7 (On the Nature of Collaboration and Relationships), collaboration mainly refers to a *transfer* of a customer to a strategic alliance partner that is able to resolve the corresponding customer need.

Further, collaboration in the CSFI can be described with several key variables. Namely and according to the details in chapter 5.9.7 (On the Nature of Collaboration and Relationships), in the CSFI collaboration is conducted in an **opportunistic** manner; it is **loose** with **no obligation** to collaborate. Accordingly, companies of the CSFI aim to keep their **flexibility in choosing their collaboration partner, independence and power of decision**. A **giving and taking principle** is in place, which basically refers to the exchange of collaboration opportunities. Collaboration is **based on trust**, knowing that the alliance partner is able to resolve customer requests, as expected. Last, **companies stop collaborating** at the moment **customer requests are resolved**. The **time after a collaboration**, which could also be the **time before a possible next collaboration**, is strongly used for **relationship management** with such strategic alliance partners.

Additionally and as explained in chapter 5.13 (Final considerations), besides these key variables, which refer to a strategic collaboration, other key variables, which refer to a **non-strategic collaboration** require further attention. CSFI companies explained that collaboration for **information sharing or common marketing activities** with third parties are **not pursued**. Last, there is **no collaboration** in place with **companies which do business in the same market segment and are located in the same area**. Hence, for these activities, no **strategic alliance is in place**.

Following table summarises these statements, respectively these key variables, which are required to describe this strategic activity:

Emerg ed category	Key variables
On the Nature of Collaboration	<ul style="list-style-type: none"> › Collaboration with strategic alliance partners is required to ensure Customer Centricity. › Collaboration emerges at the moment Customer Centricity has to be delivered (resolving a customer request) and disappears at the moment Customer Centricity has been delivered (customer request resolved). › There is a ‘dead time’, where no Customer Centricity needs to be delivered. During this ‘dead time’ a company focuses on Relationship Management with strategic alliance partners. › Collaboration, and hence the strategic alliance, is opportunistic, with loose ties. › Independence, including safekeeping of Power of Decision major requirement to collaborate. › Flexibility in choosing strategic alliance partners is essential. › Giving and Taking principle is lived with collaboration partners. › Collaboration is based on trust, knowing that the strategic alliance partner is able to resolve customer requests as expected. › There is a non-strategic importance of collaboration, and hence for strategic alliances, for information sharing, marketing activities with third parties and companies of the same market segment, located in the same area.

Table 16: ICP-FI – Key variables On the Nature of Collaboration

7.4.4 Conclusion

The aim of this section was to **describe key variables required to explain the need of collaboration within CSFI**. These key variables show that collaboration emerges because of the CSFI-companies’ aim to provide customer centricity. **Hence, ‘collaboration’ represents the emergent strategic activity that supports the strategic goal ‘ensuring customer centricity’.**

The next section illustrates key variables, which describe the non-strategic importance of collaboration within the CSnFI. These key variables are required to be compared with the above CSFI collaboration-related key variables.

7.5 CSnFI: Key variables for NON-collaborating in the NON-existent Collaboration Network

As it was illustrated in detail in chapter 6.11 (The NON-existent Collaboration Network), the mentioned non-existent collaboration describes two particular movements of the CSnFI. A first movement represents a **group of three companies** which have a **belief that collaboration could provide major benefits** to their companies. However, these three companies **face a reality which looks different**. Essentially and according to the details in chapter 6.9.3 (The unexploited Network Opportunity), **reality seems to prevent their beliefs**. The second movement is represented by the **other three companies** researched, which explain from their perspective **why such collaboration does not make sense at all**. This second group of companies rather represent an **inactive view towards collaboration**, as explained in detail in chapter 6.9.1 (The emerged Network Inaction). Further, this group of companies seem to provide the rationales for the before mentioned prevented network opportunity.

The following sections provide key variables, which are required to describe these single categories and links. These key variables refer first to the unexploited network opportunity. Thereafter, key variables of the network inaction are provided.

7.5.1 Key variables ‘The unexploited Network Opportunity’

According to the details in chapter 6.9.3 (The unexploited Network Opportunity) the unexploited network opportunity refers to a set of beliefs of three researched companies. According to the details of this chapter 6.9.3, such beliefs are for instance:

- › sharing the same brand;
- › sharing (infrastructure) costs;
- › appearing bigger in the market;
- › providing an international set-up;
- or
- › sharing a common vision.

Companies that gave these statements also mentioned that these beliefs are not seen by other market players. To these companies it seems that other market players are not willing to collaborate for such purposes. It seems the market *prevents* these opportunities.

From the key variable perspective, following table contains these indications:

Emerged category	Key variables
The unexploited Network Opportunity	<ul style="list-style-type: none"> › A set of beliefs, which could be achieved through collaboration, is prevented by the market. › Such beliefs are for instance <ul style="list-style-type: none"> › sharing the same brand; › sharing (infrastructure) costs; › appearing bigger in the market; › providing an international set-up; or › sharing a common vision.

Table 17: ICP-nFI – Key variables on the unexploited Network Opportunity

The following section provides the details of the network inaction.

7.5.2 Key variables ‘The Network Inaction’

The network inaction refers to the other three researched companies. According to the details in chapter 6.9.1 (The emerged Network Inaction), these companies provide several of reasons for *non-collaborating*. Such reasons are for instance:

- › customers only have few options in choosing the service providers and the market has little competition;
- › there is sufficient available work (customer demand) to allow them to run their own business;
- › this available work (customer demand) allows having a ‘good life’;
- › close relationships with other third party companies could impose major risks to own business;
- and
- › independence and keeping power of decision imposes a major condition for companies.

According to the researched companies, these reasons lead to a common reality: **there is no will and necessity for collaboration with third parties and hence, no necessity for building strategic alliances**. The researched companies mainly made clear that the market offers sufficient customer demand (work), which can be resolved with existing competencies. Hence, collaboration with third parties does not provide any additional benefits but could create major disadvantages, such as losing independence and accordingly the power of decision.

From the key variable perspective, following table contains these indications:

Emerg ed category	Key variables
The Network Inaction	<ul style="list-style-type: none"> › The market produces sufficient customer demand (work), which can be resolved with own competencies. › Collaboration with third parties, and hence the building of strategic alliances, does not provide any additional benefits, but could create major disadvantages, such as losing independence and power of decision.

Table 18: ICP-nFI – Key variables on the Network Inaction

The first bullet point refers to the circumstance that customer demands require own competencies. Hence, and as illustrated with the second bullet point, collaboration with third parties does not create additional benefits to these companies.

7.5.3 Conclusion

The aim of this section was to illustrate key variables that explain the non-existent collaboration within CSnFI. These key variables show that the non-existent collaboration emerges because of **non-existent needs** that would require such collaboration. However, there are some **beliefs in regard to collaboration**, as illustrated with the unexploited network opportunity in section 7.5.1 (Key variables ‘The unexploited Network Opportunity’).

At this stage key variables in regard to collaboration were provided for both case studies, CSFI and CSnFI. The next section focuses on the comparison of these key variables. Hence, key variables of the Customer Centricity Network, as illustrated in section 7.4 (CSFI: Key variables for collaborating in the Customer Centricity Network) are compared to key variables of this NON-existent Collaboration Network. With this comparison the base for drawing conclusions that explain the different strategic roles of collaboration is made.

7.6 CSFI and CSnFI: Key variables comparison

This section compares the CSFI key variables as identified in section 7.4 (CSFI: Key variables for collaborating in the Customer Centricity Network) with the CSnFI key variables as identified before in section 7.5 (CSnFI: Key variables for NON-collaborating in the NON-existent Collaboration Network).

To support this comparison the single tables created earlier are combined according to Table 13 (Emerg ed categories within ICP-FI vs. ICP-nFI), as follows:

Emerged Categories	CSFI	CSnFI	
	Customer Centricity Network	NON-existent Collaboration Network	
On the Nature of Business Benefits			
On the Nature of Customer Centricity	<p>There are customer requests which require competencies, which are not available in the company.</p> <p>Evidence shows that CSFI companies aim anyway to resolve such customer requests (intentional willingness).</p> <p>As a result: access to additional competencies (strategic alliance partners) beyond the owned & available competencies is sought.</p>		
On the Nature of Networks	<p>Represents a network with strategic alliance partners, defined as the 'Customer Centricity Network', required to ensure the achievement of the aimed Customer Centricity.</p> <p>This network with strategic alliance partners emerges because of the collaboration with these partners.</p>	Unexploited	Inaction
		<p>A set of beliefs, which could be achieved through collaboration, is prevented by the market.</p> <p>Such beliefs are for instance sharing the same brand; sharing (infrastructure) costs; appearing bigger in the market; providing an international set-up; or sharing a common vision.</p>	<p>The market produces sufficient customer demand (work), which can be resolved with own competencies.</p> <p>Collaboration with third parties, and hence the building of strategic alliances, does not provide any additional benefits, but could create major disadvantages, such as losing independence and power of decision.</p>
On the Nature of Collaboration	<p>Collaboration with strategic alliance partners is required to ensure Customer Centricity.</p> <p>Collaboration emerges at the moment Customer Centricity has to be delivered (resolving a customer request) and disappears at the moment Customer Centricity has been delivered (customer request resolved).</p> <p>There is a 'dead time', where no Customer Centricity needs to be delivered. During this 'dead time' a company focuses on Relationship Management with strategic alliance partners.</p> <p>Collaboration, and hence the strategic alliance, is opportunistic, with loose ties.</p> <p>Independence, including safekeeping of Power of Decision major requirement to collaborate.</p> <p>Flexibility in choosing strategic alliance partners is essential.</p> <p>Giving and Taking principle is lived with collaboration partners.</p> <p>Collaboration is based on trust, knowing that the strategic alliance partner is able to resolve customer requests as expected.</p> <p>There is a non-strategic importance of collaboration, and hence for strategic alliances, for information sharing, marketing activities with third parties and companies of the same market segment, located in the same area.</p>		
On the Nature of Relationships			

Table 19: Key variables required to describe collaboration extracted from ICP-FI and ICP-nFI

With Table 19 (Key variables required to describe collaboration extracted from ICP-FI and ICP-nFI) the base for drawing conclusions that explain the different strategic roles of collaboration is made, as illustrated subsequently.

7.6.1 Conclusion on collaboration

According to the details of the comparative analysis in section 7.3 (Introduction: Comparison of the Customer Centricity Network with the NON-existent Collaboration Network), **collaboration represents an emergent strategic activity that connects a network of strategic alliance partners, which supports the achievement of Customer Centricity**. The comparative analysis could also illustrate that this strategic activity and hence, this collaboration network with strategic alliance partners, does not exist within the Swiss SME NON-Finance Industry. The rationale, respectively key variables highlighting these contextual (Finance, NON-Finance) differences are summarised in Table 19 (Key variables required to describe collaboration extracted from ICP-FI and ICP-nFI).

The comparison of the identified rationale illustrates that on one hand, in the context of the Swiss Finance Industry, **companies face immediate needs, which lead to the strategic activity of collaboration**. These immediate needs emerge by **immediate customer requests, which require (immediate) third-party competencies**. **Third-party competencies** are sought because of the **companies' aim to resolve these customer requests**. This **aim to resolve customer requests** was defined as the companies' **intentional willingness** to resolve them. Thus, by considering these details, a **chain of dependencies** emerges, **which leads to the collaboration network with strategic alliance partners, defined as the Customer Centricity Network**.

In the context of the Swiss SME NON-Finance Industry, such a chain of dependencies, which consists of **immediate customer requests** and corresponding **intentional willingness** to resolve them, **could not be identified**. On the contrary, researched companies that referred to a strategic importance of collaboration (three out of six researched companies) mentioned several **non-immediate needs**, which **should** support the building of a collaboration network. Such **non-immediate needs mainly refer to shared activities**, such as shared marketing activities, sharing a brand, cooperating for appearing bigger in the market (that came out of the finance case) that **should lead** to future business benefits. These shared activities **are not driven by immediate customer requests** but by a **belief** of these companies. Thus, these shared activities do not lead to **immediate needs** to be resolved. These circumstances result in a NON-existent Collaboration Network within the Swiss SME NON-Finance Industry.

The comparison of key variables could further provide evidence that such shared activities were also mentioned within the Swiss Finance Industry and were also declared as non-strategic. Hence, according to the companies researched, these shared activities **also result in a NON-existent Collaboration Network within the Swiss Finance Industry**.

According to these details, a first *general* conclusion, which will be refined further subsequently, can be provided. This conclusion is based on definitions made on *context-related business challenges* and resulting *strategic goals*, as discussed in chapter 1.1 (About the research) and chapter 3.3 (Interpretation and role of *value*). This conclusion is also based on *strategic functions*, which lead to *business value*, as discussed in chapter 3.3.2 (The role of the value chain), namely: **Generally, within any context (researched), collaboration networks are, from a strategic point of view, unimportant.**

According to the details in chapter 3.3.2 (The role of the value chain), **this conclusion means that context-independently, collaboration networks do not represent strategic functions** (Porter 1985a) to achieve business value. Further and based on the discussion made in chapter 1.1 (About the research) and chapter 3.3 (Interpretation and role of *value*), this conclusion also means: context-independently companies do not face *business challenges* that might lead these companies to give the same importance to *specific strategic goals*, which would require collaboration networks (to achieve these specific strategic goals).

This conclusion is generally but not ultimately valid, since there is the exception of the identified Customer Centricity Network. Therefore, the earlier stated chain of dependencies within the Customer Centricity Network represents an exception which leads to a strategic collaboration network. Still based on the discussion made in chapter 1.1 (About the research) and chapter 3.3 (Interpretation and role of *value*), this chain of dependencies can be split in:

- › the business challenge, which consists of the immediate customer requests, which require third party competencies (to resolve them);
and
- › the strategic goal, which refers to the intentional willingness to resolve these immediate customer requests and hence, turns these customer requests into immediate needs (for third party services).

Accordingly, the **intentional willingness** to resolve such customer requests **turns the business challenge into a strategic goal**. This circumstance also means that if companies would **not show such an intentional willingness to resolve immediate customer**

requests, collaboration networks would not become important, respectively would not embody a strategic function (Porter 1985a).

Hence, and because of this realization following questions were explored: what is the rationale of companies within the Swiss Finance Industry to demonstrate such an intentional willingness? Respectively, what is the motivation of CSFI companies to care and to find appropriate solutions for customers that lead to a collaboration network with strategic alliance partners? Since the mentioned realization and corresponding questions only emerged after the conclusion of the fieldwork, the data available answers these questions only in a limited manner. However, a few considerations can be taken, which lead to reasonable answers, as follows.

First, it can be assumed that these companies aim to ensure customer centricity, because **customer centricity ensures customer loyalty**. Thus, companies' **aim to provide customer centricity** since **otherwise companies could risk the loss of customers** and hence, **the loss of latent** (future) **financial benefits**. From this perspective, the intentional willingness to resolve customer requests, which leads to a collaboration network with strategic alliance partners, would make sense. Hence, 'ensuring customer centricity', respectively collaboration networks that support the achievement of this strategic goal, lead in fact to **latent financial benefits** for the company, through the **preservation of customer loyalty**.

Second, the case study of the Swiss Finance Industry also mentioned **immediate financial benefits**. These immediate financial benefits refer to stated **kick-backs**, which companies' of the Swiss Finance Industry receive (from the alliance partner) at the moment they collaborate with a strategic alliance partner. Even though the researched companies made clear that **customers come first** (providing customer centricity) and **kick-backs**, if ever, **afterwards**, a major concern emerged: **is this true?** Could it be different that **companies aim to provide customer centricity**, because of the scope **to earn these kick-backs?** These questions and perspectives are legitimated, since CSFI companies provided evidence that kick-backs exist within this industry. Thus, this evidence connects **collaboration networks to the creation of kick-backs**. This connection does not depend from the before stated prioritization, and hence if customers come 'first' and kick-backs 'afterwards', or *vice versa*. However, 'ensuring customer centricity', respectively collaboration networks which support the achievement of this strategic goal, lead in fact **to immediate financial benefits, through kick-backs**.

Indeed, for being able to understand if and how these two assumptions are true and if they are interconnected to each other, more empirical data is required. In any case,

understanding the possible relationship between ‘ensuring customer centricity’ and these latent and immediate financial benefits would be of major interest. Rationale for this interest, including a proposal for further researches, which address this missing evidence, is provided in chapter 10 (Overall conclusion).

Now, by referring back to the aim this research and particularly the strategic role of collaboration within the Swiss Finance Industry, following conclusions can be made:

- › First: from the contextual point of view of this research, the Swiss Finance Industry represents a context, where, because of the *general contextual aim* to provide customer centricity, strategic collaboration networks, required to support the achievement of this aim emerge.
- › Second: such a *general contextual aim*, which could lead to the building of strategic collaboration networks, could not be found within the Swiss SME NON-Finance Industry.
- › Third: *context-independently*, collaboration networks become strategic at the moment they lead to either latent or immediate financial benefits.
- › Fourth: it is essential to understand that these latent or immediate financial benefits are directly connected to *general contextual immediate needs*, which in fact refer to point one, namely the *general contextual aim* to provide customer centricity.
- › Fifth and last: hence, collaboration networks need always to be considered as the strategic activity that leads to the strategic role of the Customer Centricity Network, which again is required to achieve latent and immediate financial benefits.

Together with these conclusions the identified details about collaboration, as explained in chapter 5.10 (The strategic role of the Customer Centricity Network) need to be considered.

7.7 Introduction: Comparison of both People Business Networks

The comparison of both People Business Networks started with identifying key variables (Miles and Huberman 1994, p. 175), respectively the rationale that lead to the strategic roles of these networks. According to the research method chapter 2.10.7 (Cross-case analysis) these key variables represent spray diagram concepts. Hence, identified key variables of both case studies, CSFI and CSnFI, were compared with the aim to identify configurations (Miles and Huberman 1994, p. 174) which explain at which extent these strategic roles of networks are similar.

Based on these details and on the replication results, which lead to Table 13 (Emerg categories within ICP-FI vs. ICP-nFI), the following sections identify key variables according to their spray diagram category affiliation.

7.8 CSFI: Key variables of the People Business Network

As it was illustrated in detail in chapter 5.11 (The strategic role of the People Business Network) the nature of this network within the CSFI describes the strategic role of relationships, required to achieve business benefits. Accordingly, the link between the strategic activity ‘On the Nature of Relationships’ and the strategic goal ‘On the Nature of Business Benefits’ is made through the strategic role of the ‘People Business Network’.

The following sections provide key variables, required to describe these single categories and their links. First, key variables, which describe the category ‘On the Nature of Business Benefits’ are provided. Thereafter, key variables, which refer to the category ‘On the Nature of Networks’ are provided before concluding this section with key variables that refer to the category ‘On the Nature of Relationships’.

7.8.1 Key variables ‘On the Nature of Business Benefits’

According to the details in chapter 5.11 (The strategic role of the People Business Network) and particularly also chapter 5.9.2 (On the Nature of Customer Centricity and Business Benefits), this strategic goal refers to the researched companies’ aim to create business benefits in form of:

- › overall premium volume
- › higher turnover
- or
- › higher profits

From the network perspective of this study, researched companies made clear that network(ing) activities only make sense at the moment they contribute to such financial benefits. From the key variable perspective, these statements can be summarised within one single key variable, as illustrated in following table:

Emerg category	Key variables
On the Nature of Business Benefits	› Networks (including networking) only make sense if it contributes to the companies’ financial performance.

Table 20: ICP-FI – Key variables on the Nature of Business Benefits

The stated ‘financial performance’ summarises all earlier mentioned indicators, such as profits, turnover and premium volume.

7.8.2 Key variables ‘On the Nature of Networks’

According to the details in chapter 5.9.3 (On the Nature of Networks) the strategic role of networks represents an emergent reality to sustain the before stated Business Benefits. Further, this network emerges because of the relationship with customers and strategic alliance partners, as explained in the subsequent section 7.8.3 (Key variables ‘On the Nature of Relationships’). The nature of this network is represented by the People Business Network. The following table summarises these statements, which represent key variables, required to describe this strategic role:

Emerg category	Key variables
On the Nature of Networks	<ul style="list-style-type: none"> <li data-bbox="608 752 1375 819">› Represents a relationship network with customers and strategic alliance partners. <li data-bbox="608 819 1375 878">› This network is defined as the ‘People Business Network’ and is required to ensure the achievement of Business Benefits.

Table 21: ICP-FI – Key variables on the Nature of Networks

The following section provides the details that make emerge this People Business Network.

7.8.3 Key variables ‘On the Nature of Relationships’

As it was stated in chapter 5.9.7 (On the Nature of Collaboration and Relationships) relationships, including relationship management, represent the underlying activity that connects a strategic network. This network is represented by the People Business Network, as explained in detail in chapter 5.11 (The strategic role of the People Business Network). According to the details in chapter 5.9.7 (On the Nature of Collaboration and Relationships), there is a connection between relationships and business benefits. According to the case study details, relationships *lead to* business benefits.

Further, the case study details illustrate how relationships between the service provider (researched companies) and customers or strategic alliance partners are built on trust. This trust emerges because of reliability. And this reliability emerges because of good work delivered. Relationships are taken care by the Management. Even though it would be appreciated by the Management, employees do not seem to be in charge of relationship management. In addition these relationships need to be differentiated between private and business relationships. Relationships that lead to business benefits are categorised as *business* relationships. Business relationships do not need to be private but have however a social character and are driven by emotions. When conducting relationship management it is important to be patient, not abuse trust, be opportunistic and understand that business

comes when it comes. The principle behind these relationships is defined as a ‘people business’. People business means *respecting* a giving and taking principle.

Following table summarises these statements, respectively these key variables required to describe relationships:

Emerged category	Key variables
On the Nature of Relationships	<ul style="list-style-type: none"> <li data-bbox="608 463 1380 517">› Relationships with customers and strategic alliance partners are required to ensure the achievement of Business Benefits. <li data-bbox="608 533 1380 586">› Relationships are business relationships (differentiation between private and business relationships), which are based on trust. <li data-bbox="608 602 1380 633">› Trust emerges from reliability. <li data-bbox="608 649 1380 680">› Reliability emerges from delivered qualitative good work. <li data-bbox="608 696 1380 728">› Management takes care of relationship management <li data-bbox="608 743 1380 797">› Employees do not care about relationship management, would be appreciated if they would. <li data-bbox="608 813 1380 866">› The People Business principle means respecting the giving and taking principle. <li data-bbox="608 882 1380 936">› There is a social character in all business relationships, but emotions are a major driver behind business relationships. <li data-bbox="608 952 1380 1005">› Relationship management requires being patient, not abusing trust, being opportune, business comes when it comes.

Table 22: ICP-FI – Key variables on the Nature of Relationships

7.8.4 Conclusion

The aim of this section was to provide key variables that explain the CSFI’s People Business Network. These key variables show that this strategic network mainly addresses the creation of business benefits through relationships. Basically and according to the details in chapter 5.11 (The strategic role of the People Business Network) these key variables describe how relationships need to be before a required service can be delivered.

With these key variables the base could be provided for the comparison with key variables of the CSnFI’s People Business Network, according to the details in the next section.

7.9 CSnFI: Key variables of the People Business Network

As it was illustrated in detail in chapter 6.12 (The strategic role of the People Business Network) the nature of this network within the CSnFI describes the strategic role of relationships, required to achieve business benefits. Accordingly, the link between the strategic activity ‘On the Nature of Relationships’ and the strategic Goal ‘On the Nature of Business Benefits’ is made through this strategic role of the ‘People Business Network’.

The following sections provide key variables, required to describe these single categories and their links. First, key variables, which describe the category ‘On the Nature of Business Benefits’ are provided. Thereafter, key variables, which refer to the category ‘On the Nature of Networks’ are provided before concluding this section with key variables that refer to the category ‘On the Nature of Relationships’.

7.9.1 Key variables ‘On the Nature of Business Benefits’

According to the details in chapter 6.10 (On the Nature of Relationships and Business Benefits) this strategic mainly goal refers to creating business benefits through customer acquisition. In considering that customer acquisition impacts a company’s financial performance (turnover, profit, etc.), the same key variable naming as used before with CSFI’s business benefit key variable definition, can be adopted. Accordingly, the following table includes the key variable that refers to the generic expression ‘financial performance’:

Emerged category	Key variables
On the Nature of Business Benefits	› The strategic goal Business Benefits refers the companies’ financial performance.

Table 23: ICP-nFI – Key variables on the Nature of Business Benefits

7.9.2 Key variables ‘On the Nature of Networks’

According to the details in chapter 6.12 (The strategic role of the People Business Network) the strategic role of networks represents an emergent reality to sustain the before stated Business Benefits. Further, this network emerges because of the relationship with customers and strategic alliance partners, as explained in the subsequent section 7.9.3 (Key variables ‘On the Nature of Relationships’). The nature of this network is represented by the People Business Network. The following table summarises these statements, which represent key variables, required to describe this strategic role:

Emergед category	Key variables
On the Nature of Networks	<ul style="list-style-type: none"> <li data-bbox="608 624 1372 678">› This strategic role, named as the ‘People Business Network’, is required to ensure the achievement of Business Benefits. <li data-bbox="608 685 1372 766">› The network emerges because of relationships with customers and other ‘people’, which could support the company in creating business benefits.

Table 24: ICP-nFI – Key variables on the Nature of Networks

The following section provides the details that stimulate this strategic role of networks, the People Business Network.

7.9.3 Key variables ‘On the Nature of Relationships’

As it was stated in chapter 6.10 (On the Nature of Relationships and Business Benefits) relationships, including relationship management, represent the underlying activity that connects a strategic network. This network is represented by the People Business Network, as explained in detail in chapter 6.12 (The strategic role of the People Business Network). According to the details in chapter 6.10 (On the Nature of Relationships and Business Benefits), there is a connection between relationships and business benefits. According to the case study details, relationships *lead to* business benefits.

The CSnFI details illustrate how relationships are built on trust. This trust emerges because of reliability and good work delivered. Knowing that people can rely on each other was stated as essential. Relationships need time to be developed. They do not need to be social, however could have social character. A researched company described this circumstance as differentiating between *private social relationships* and *business social relationships*, as illustrated in chapter 6.7 (EUACSnFI-6 – Management Consulting Company). There are risks around if relationships are too close. Relationship management is conducted by the managers and not employees. The people business principle was stated by most companies. Last, it seems to be important to let the relationships know when something positive was achieved, such as successful conclusion of a project.

Following table summarises these statement, respectively these key variables to describe relationships:

Emerged category	Key variables
On the Nature of Relationships	<ul style="list-style-type: none"> › Relationships with customers and other ‘people’ are required to ensure the achievement of Business Benefits. › Relationships are business relationships (differentiation between private and business relationships), which are based on trust. › Trust emerges from reliability. › Reliability emerges from delivered qualitative good work. › Management takes care of relationship management. › Employees do not care about relationship management, would be appreciated if they would. › The People Business principle means respecting the giving and taking principle. › There is a social character in all business relationships, but emotions are a major driver behind business relationships. › Relationships need to know about success stories, it is important to make them know about positive achievements.

Table 25: ICP-nFI – Key variables on the Nature of Relationships

7.9.4 Conclusion

The aim of this section was to illustrate key variables that explain the CSnFI’s People Business network. These key variables show that this strategic network mainly addresses the creation of business benefits through relationships. Basically and according to the details in chapter 6.12 (The strategic role of the People Business Network) these key variables describe how relationships need to be existent before a service can be delivered.

At this stage key variables in regard to both People Business Networks were identified. The next section focuses on the comparison of key variables of both case studies identified.

7.10 CSFI and CSnFI: Key variables comparison

This section compares the CSFI key variables as identified in section 7.8 (CSFI: Key variables of the People Business Network) with the CSnFI key variables as identified before in section 7.9 (CSnFI: Key variables of the People Business Network). According to the introduction, the aim of this comparison is to identify configurations (Miles and Huberman 1994, p. 174) which lead to the corresponding different strategic roles of collaboration.

To support this comparison the single tables created earlier are combined according to Table 13 (Emerged categories within ICP-FI vs. ICP-nFI), as follows:

Emerged Categories	CSFI	CSnFI
	People Business Network	People Business Network
On the Nature of Business Benefits	Networks (including networking) only make sense if it contributes to the companies' financial performance.	The strategic goal Business Benefits refers the companies' financial performance.
On the Nature of Customer Centricity		
On the Nature of Networks	Represents the relationship network with customers and strategic alliance partners defined as the 'People Business Network' and required to ensure the achievement of Business Benefits.	This strategic role, named as the 'People Business Network', is required to ensure the achievement of Business Benefits. The network emerges because of relationships with customers and other 'people', which could support the company in creating business benefits.
On the Nature of Collaboration		
On the Nature of Relationships	<p>Relationships with customers and strategic alliance partners are required to ensure the achievement of Business Benefits.</p> <p>Relationships are business relationships (differentiation between private and business relationships), which are based on trust.</p> <p>Trust emerges from reliability.</p> <p>Reliability emerges from delivered qualitative good work.</p> <p>Management takes care of relationship management</p> <p>Employees do not care about relationship management, would be appreciated if they would.</p> <p>The People Business principle means respecting the giving and taking principle.</p> <p>There is a social character in all business relationships, but emotions are a major driver behind business relationships.</p> <p>Relationship management requires being patient, not abusing trust, being opportune, business comes when it comes.</p>	<p>Relationships with customers and other 'people' are required to ensure the achievement of Business Benefits.</p> <p>Relationships are business relationships (differentiation between private and business relationships), which are based on trust.</p> <p>Trust emerges from reliability.</p> <p>Reliability emerges from delivered qualitative good work.</p> <p>Management takes care of relationship management.</p> <p>Employees do not care about relationship management, would be appreciated if they would.</p> <p>The People Business principle means respecting the giving and taking principle.</p> <p>There is a social character in all business relationships, but emotions are a major driver behind business relationships.</p> <p>Relationships need to know about success stories, it is important to make them know about positive achievements.</p>

Table 26: Key variables required to describe both People Business Networks

With Table 26 (Key variables required to describe both People Business Networks) the base for drawing conclusions that explain the similar strategic roles of the People Business Network is made, as illustrated subsequently.

7.10.1 Conclusion on business relationships

According to the details of the comparative analysis in section 7.7 (Introduction: Comparison of both People Business Networks), **business relationships, including relationship management, represent an emergent strategic activity that connects a strategic network, as represented by the People Business Network. A major aim of this People Business Network is the creation of financial benefits.** The comparative analysis could also provide evidence that this strategic network is similar within both contexts researched. Rationales that indicate these contextual similarities are provided with this comparative analysis and summarised in Table 26 (Key variables required to describe both People Business Networks).

According to the details of the comparative analysis, a first *general* conclusion, which will be refined further subsequently, can be provided. Based on the evidence of this comparative analysis it can be stated that **generally, within any context (researched), the creation of financial benefits strongly depends on personal, but business relationships.**

This context-independent conclusion refers *inter alia* to a chain of dependencies, which consists by the key variables identified *trust, reliability* and the (past) *work experience*. Within the Swiss Finance Industry this trust is on the one hand required between business relationships of customers and the enquired companies, which need to deliver customer services. On the other hand, because of the Customer Centricity Network, this trust is also required within business relationships between companies and their strategic alliance partners. Basically, enquired companies, which need to provide customer centricity, need to trust those third party companies, which could become a strategic alliance partners. Within the Swiss SME NON-Finance Industry, and from the perspective of this research, the trust identified mainly refers to the business relationship between customers and enquired companies.

According to these details, business relationships are based on the (past) work experience (the delivery of good work), which lead to reliability and finally to trust. Hence, a further conclusion can be provided, namely: the **creation of financial benefits**, in any context, strongly **depends on trust and reliability**, which **emerges from the (past) work experience**.

The comparative analysis also could illustrate the context-independent *importance* of the management. Key variables identified illustrate that within both contexts researched management takes care about business relationships. Carrying about business relationships does not mean that management and the counterpart (customer or strategic alliance partner)

need to enter in a *private* relationship. Relationships identified are definitely business relationships, but these relationships have however a **social character** and are **based on emotions**. Hence, by considering these points, following new conclusion can be provided: The **creation of financial benefits**, in any context, also strongly depends on **the management's social and emotional abilities to care about relationships**.

According to these details, and by considering the two different perspectives, namely relationships between companies and customers and relationships between companies and strategic alliance partners, the underlying principles of the People Business Network can be explained. The first perspective, which could be identified within both contexts researched, refers to the chain of dependencies identified, which lead to trust. Further, it refers to the social character of the business relationship and emotions required between customers and the company's management. The combination of these perspectives seems to represent a major condition for ensuring the creation of financial benefits.

The second perspective refers back to the Customer Centricity Network and hence, only to the Swiss Finance Industry. A company, which requires third party services, needs to ensure that the customer's trust received and emotions created can be *transferred* to a strategic alliance partner. Basically, the strategic alliance partner should be able to manage the business relationship in the same manner as the focal company with the customer. Hence, the Customer Centricity Network is based on the principles of the People Business Network, but embodies a different strategic role. Where the Customer Centricity Network represents a strategic network function (Porter 1985a) of the Swiss Finance Industry, the People Business Network rather explains how a company could or will be considered as a strategic alliance partner. Strategic alliance partners also need to provide trust. Hence, they need to be reliable and provide a good track record in (past) work delivered. Further, the People Business Network also illustrates the importance of the *giving and taking* principle. Considering strategic alliance partners for providing customer centricity, is based on the past work experience with such a partner. Strategic alliance partner cannot only 'take' customers, but need also to 'give' customers. Thus, this giving and taking principle describes an exchange of business opportunities, which need to be equally balanced.

In conclusion, this comparative analysis could *ultimately* illustrate the strategic importance of having Management engaged, able to conduct *networking*, respectively managing business relationships according to the findings illustrated. Managers need to be able to act as an *interface* between the company and the external stakeholders ((Freeman and Reed 1983, Clarkson 1995, Ackermann and Eden 2010), represented by customers and strategic alliance partners. Hence, the Management is *ultimately* responsible to *make work* the

People Business Network, and thus, they strongly influence opportunities for the creation of financial benefits.

7.11 Conclusion on the Comparative Analysis

The cross-case analysis conducted could provide concluding answers to the last open research question, which refers to the contextual dependencies of the strategic role of networks. Particularly, this cross-case analysis could provide evidence that **the strategic role of networks is partially context-dependent**. This evidence emerged first with the replication of both emerged inter-company patterns ICP-FI and ICP-nFI, as illustrated in section 7.2 (Replication of ICP-FI to ICP-nFI). Thereafter, the comparison of key variables, as illustrated in section 7.3 (Introduction: Comparison of the Customer Centricity Network with the NON-existent Collaboration Network) and section 7.7 (Introduction: Comparison of both People Business Networks) provided further details about differences and similarities.

On the one hand and according to the details in section 7.3 (Introduction: Comparison of the Customer Centricity Network with the NON-existent Collaboration Network) the cross-case analysis illustrated that **contextual conditions** leads to **different strategic network roles**. On the other hand, the details of section 7.7 (Introduction: Comparison of both People Business Networks) illustrated that **the strategic role of networks is largely context-neutral; a similar strategic role of networks is in place**. Hence, **the strategic role of networks partially depends on the context**.

Together with these findings, which directly address the aim of this research, further essential details emerged. These details are essential to understanding better the strategic role of networks and explaining in more detail the mentioned partial context-dependencies. These findings refer to the **strategic role of collaboration** (differences) **and business relationships** (similarities).

8 COMPARATIVE ANALYSIS CONCEPTUAL VIEW

8.1 Chapter outline

This comparative analysis represents the second of three different comparative analyses, as described in chapter 2.8 (Applied research design) and graphically illustrated in Figure 10 (Final Blueprint Research Design). The central element of this comparative analysis is the Case Study of the Finance Industry (CSFI), as available in chapter 5 (The Swiss SME Finance Industry). The findings of this case study are according to the research design compared to the details of the conceptual model development, as explained in chapter 3 (Pre-Research Conceptual Development).

This comparison endeavours, according to chapter 3.2.2 (Approach on the conceptual development), to ‘adjust’ the researcher’s thoughts alongside the collected evidence. Hence, with this adjustment the researcher aims to refine to his conceptual world by confirming or denying the personal conceptual views through the collected and analysed evidence.

According to the structure of the conceptual development in chapter 3 (Pre-Research Conceptual Development) four conceptual conclusions were made, which refer to:

- › interpretations on business value;
- › interpretations on business networks;
- › interpretations on the link between business network and business value;
and
- › interpretations on the context.

The following sections are structured according these bullet points. Each section provides first final statements made in chapter 3 (Pre-Research Conceptual Development).

Thereafter, the findings of this researched are used to address these statements and hence, to conduct the comparative analysis. Thus, this comparative analysis summarises findings of this research, which were compared to the conceptual view. The final section provides the overall conclusion of this comparative analysis.

8.2 Comparison of the conceptual view on **business value**

This section provides the details about the comparison of the conceptual view on business value with the evidence gathered. The corresponding details about the conceptual view on business value are available in chapter 3.3 (Interpretation and role of *value*). According to these details, following statements were made to delineate issues that are aimed to be compared with the findings:

‘The research should focus on identifying definitions for the term ‘business value’ with regards to the strategic role of networks. This also includes a description of what exactly a strategic role of networks is.’

The next section aims to provide answers to these statements with the use of the findings of this research.

8.2.1 Findings

From the strategic role of networks perspective of this research and according to the definitions given in chapter 3.3.1 (The business value of value) **two major business values could be identified**, namely:

- › ensuring Customer Centricity
and
- › creation of Business Benefits

According to the definitions given in chapter 3.3.1 (The business value of value), **these goals became *business values*, since they represent *important, respectively strategic goals to the researched companies*** (Steiner 1979, Burt 1992). The strategic importance of these business values were described by the inter-company pattern ICP-FI (Figure 37: Inter-Company Pattern of the Swiss SME Finance Industry Case Study (ICP-FI)). Particularly, the ICP-FI concepts ‘On the Nature of Customer Centricity’ and ‘On the Nature of Business Benefits’, as explained in detail in chapter 5.9.2 (On the Nature of Customer Centricity and Business Benefits), represent the these strategic goals.

The research could illustrate that network activities only make sense as long as they support one – or both – of these strategic goals. Specifically, the *strategic role of networks* is a network that supports the achievement of either one – or both – of these strategic goals, respectively business values. Thus, in the first instance it can be stated that a *business value* does not only refer to a *financial benefit*, as represented with the strategic

goal ‘On the Nature of Business Benefits’. A business value can also be represented by a *non-financial benefit*, as illustrated with the strategic goal ‘ensuring Customer Centricity’.

In second instance, by considering the conclusion made in chapter 7.6.1 (Conclusion on collaboration), this definition changes. Based on the conclusion made about collaboration, it can be stated that a **business value always refers to a financial benefit, either a latent financial benefit or an immediate financial benefit**. Thus, according to the findings and lens of this research it can be stated: **a business value always refers to a strategic financial benefit to be achieved with the use of a network**.

8.3 Comparison with conceptual view on **business networks**

This section provides the details about the comparison of the conceptual view on business networks with the gathered evidence. The details about the conceptual view on business networks are available in chapter 3.4 (Interpretation and role of *business networks*). According to these details, following statements were made to delineate issues that are aimed to be compared with the findings:

‘The research should focus on identifying any patterns that could describe the role of stakeholders and possible ‘stake-contributors’ within business networks. The research should also focus on identifying any patterns that could describe the mentioned networked economic vehicles, including the manner the researched companies approach the own networked economic vehicle.’

The next section aims to provide answers to these statements with the use of the findings of this research.

8.3.1 Findings

According to the findings two strategic roles of networks emerged, namely the Customer Centricity Network (chapter 5.10) and the People Business Network (chapter 5.11). Hence, to analyse if there are patterns that describe the role of stakeholders and possible ‘stake-contributors’, including patterns that could describe networked economic vehicles, it is required to review the constellation of these two networks. The following sections start first with Customer Centricity Network. Thereafter, details of the People Business Network are provided.

8.3.2 Findings on the Customer Centricity Network

According to the findings several stakeholders are involved within the Customer Centricity Network. Further and in line with the definitions given in chapter 3.4.2 (Details of business networks) stakeholders of the Customer Centricity Network can be divided into external and internal stakeholders. Customers and third party service providers, required to provide customer centricity, represent the external stakeholder. The company's management, together with employees required to deliver customer centricity, represent the internal stakeholder.

From the networked economic vehicle point of view as illustrated in chapter 3.4.3 (The emergent networked economic vehicle), it is possible to describe such a vehicle with these stakeholders. Accordingly, this vehicle is built by three stakeholder *groupings*, namely:

- › customers, which with their requests trigger the necessity of the Customer Centricity Network;
- › the focal company in charge of the customer at the moment of the request; and
- › third party service providers required to ensure, customer requests can be resolved.

Thus, the networked economic vehicle of the Customer Centricity Network emerges because of customer requests, which require third party services and the ability to resolve these requests together with third party service providers. This means *inter alia*: if customers of a company do not have any requests, which require the involvement of third party service providers, this networked economic vehicle would not exist. Further and according to the details of chapter 7.3 (Introduction: Comparison of the Customer Centricity Network with the NON-existent Collaboration Network) **this networked economic vehicle represents a collaborative networked economic vehicle**, since collaboration represents the central strategic activity of this networked economic vehicle. Still according to 7.3 (Introduction: Comparison of the Customer Centricity Network with the NON-existent Collaboration Network) strategic alliance partners *intentionally* collaborate to provide customer centricity.

From the stated stake-contributor perspective, according to the details in chapter 3.4.2 (Details of business networks), **customers and third party service providers could turn into stake-contributors**. On one hand customers could become stake-contributors, since they could refer the company to other potential customers. On the other hand, since third party service providers could face the same issues on providing customer centricity to their customers, they would require from their perspective third party service providers. Hence,

they could require services from the focal company for their customer centricity, and so they would contribute to the company's business benefits.

8.3.3 Findings on the People Business Network

According to the details of the comparative analysis in chapter 7.11 (Conclusion on the Comparative Analysis), the Customer Centricity Network depends on the People Business Network. Hence, from the networked economic vehicles perspective it can be stated that **the better the Management is able to manage business relationships, the better this vehicle performs**. Particularly, third party companies could consider the Management's company to provide their Customer Centricity because of the strong relationship with the Management. Hence, **because of the strong relationships with the Management, the third party company could become a stake-contributor**. The importance of strong relationships is particularly illustrated in chapter 7.7 (Introduction: Comparison of both People Business Networks).

8.4 Comparison with conceptual view on the **link between business networks and business value**

This section provides the details about the comparison of the conceptual view on business networks and the link to business with the gathered evidence. The details about the conceptual view on the link between business networks and business value are available in chapter 3.5 (Native vs. strategic link between business networks and business value). According to these details, following statements were made to delineate issues that are aimed to be compared with the findings:

'The research should focus on identifying patterns that could provide clarification with regards to the deliberate and emergent use of networks. This particularly includes a clarification about if the researched companies differentiate between the native- and strategic network.'

The next section aims to provide answers to these statements with the use of the findings of this research.

8.4.1 Findings

According to the findings, and as illustrated before in section 8.2 (Comparison of the conceptual view on **business value**) two strategic networks could be identified, the Customer Centricity Network and the People Business Network. Further and in line with

the findings provided in section 8.3 (Comparison with conceptual view on **business networks**) these strategic networks are linked to business values, namely:

- › The strategic network ‘Customer Centricity Network’ to the business value ‘ensuring Customer Centricity’
and
- › The strategic network ‘People Business Network’ to the business value ‘creation of Business Benefits’

Hence, **two deliberated uses of networks could be identified**, which embody a strategic role to the companies researched. Further, according to the definitions given in chapter 3.5 (Native vs. strategic link between business networks and business value), **these networks can be delineated from a ‘native network’ because of their strategic focus.**

Accordingly, anything that is not strategic could be seen as native, respectively a natural network.

According to the findings, the value chain, as illustrated in Figure 15 (Second correction of the value chain: The introduction of the strategic network) needs to be corrected.

Particularly, the indication of the native network in the value chain does not make sense, since the native network does not refer to the creation of *important* added value, according to chapter 3.3 (Interpretation and role of *value*). Further, the strategic network indicated in the figure needs to be split into its components, namely the identified Customer Centricity Network and the People Business Network. Since these networks are seen as *activities*, and because of their *strategic character*, they could for instance become primary activities in Porter’s value chain (1985a).

According to these details, the following figure illustrates Porter’s value chain, including the indication of both strategic networks on the bottom left side:

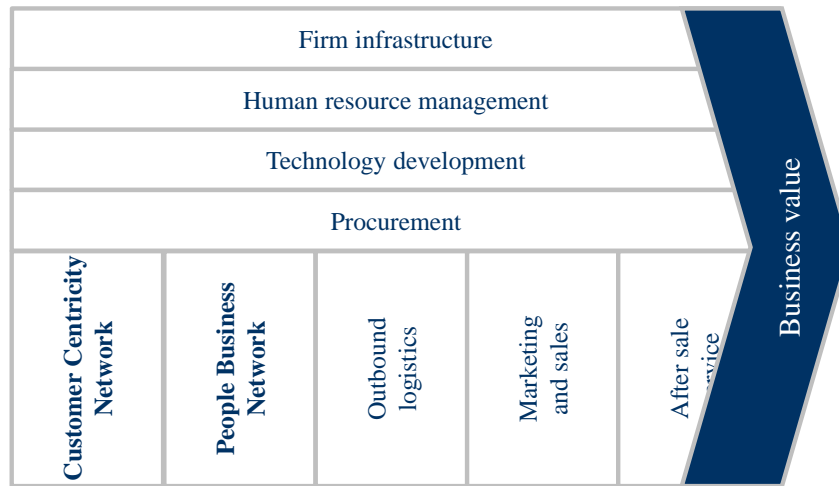


Figure 58: Possible view to the value chain by considering the customer centricity network and the people business network

This figure only indicates the existence of these two strategic networks. Hence, the figure does not indicate the stated dependency of the Customer Centricity Network from the People Business Network. This dependency needs always to be considered when reading this figure.

8.5 Comparison with conceptual view on the **context**

This section provides the details about the comparison of the conceptual view on the context with the gathered evidence. The details about the context are available in chapter 3.6 (Interpretation and role of the *context*). According to these details, following statements were made to delineate issues that are aimed to be compared with the findings:

‘The researcher needs to identify how business relationships are understood by the researched companies. As a major objective of this research, the researcher needs also to understand if between the case studies – Finance and NON-Finance – business relationships are understood and managed in a different manner. Accordingly, the strategic role of networks, including the exploration of the meaning ‘business relationship’, ‘business network’ and ‘business value’, need to be compared between the two case studies.’

The next section aims to provide answers to these statements with the use of the findings of this research.

8.5.1 Findings

The details about the context are all provided together with the comparative analysis in chapter 7 (Comparative Analysis Case Studies). This comparative analysis has provided evidence that in regard to the subject under research, the strategic role of networks, **the context partially matters**. Particularly, where in regard to the People Business Network the context does not seem to impact such a strategic role, the details of the Customer Centricity Network have shown that contextual conditions impact the strategic role of a network.

8.6 Conclusion on the comparative analysis conceptual view

The aim of this comparative analysis was to give substance to the researcher's conceptual views hold before the fieldwork and listed in chapter 3 (Pre-Research Conceptual Development). The outcome of the case studies and particularly the cross-case analysis as presented in chapter 7 (Comparative Analysis Case Studies) provided most answers to the initial conceptual view. Further and according to the details later in chapter 10 (Overall conclusion) this research strongly supported the researcher in extending his views and understanding about business networks. Hence, final statements made in chapter 3 (Pre-Research Conceptual Development) could entirely be addressed.

9 COMPARATIVE ANALYSIS OF EXISTING LITERATURE

9.1 Chapter outline

The post-research literature review presented in this chapter, represents the third and last of three different comparative analyses, as described in chapter 2.8 (Applied research design) and graphically illustrated in Figure 10 (Final Blueprint Research Design). This post-research literature review intends to further deepen the understanding and explanation of the findings of this research (Glaser and Strauss 1967). Specifically, this post-research review aims to verify to what extent existing literature supports or differs from the strategic roles of networks identified, according to the details in chapter 5.10 (The strategic role of the Customer Centricity Network), chapter 5.11 (The strategic role of the People Business Network), chapter 6.11 (The NON-existent Collaboration Network) and chapter 6.12 (The strategic role of the People Business Network). The results of the comparative analysis conducted, as presented in chapter 7 (Comparative Analysis Case Studies), were considered to structure this literature review.

Thus, two bodies of literature were considered for this research: the body of literature for business relationships and the body of literature for collaboration. Accordingly, this chapter is split in two major parts.

The first part, as presented in section 9.2 (On key concepts of the People Business Network) focuses on comparing emergent key concepts of the People Business Network with existing literature. As summarised in chapter 7.7 (Introduction: Comparison of both People Business Networks) this network is constructed through *business relationships*. Hence, this sections reviews literature on business relationships and compares them with the findings of this research. Along with this comparison, key attributes identified from the empirical work which describe these business relationships, particularly the role of *trust* and the *social character* will also be considered.

The second part, as presented in section 9.3 (On key concepts of the Customer Centricity Network) focuses on comparing key concepts of the Customer Centricity Network with existing literature. Hence and according to the details in chapter 7.3 (Introduction: Comparison of the Customer Centricity Network with the NON-existent Collaboration Network), literature, which refers to *collaboration* will be considered.

Similarly to the pre-research literature review in chapter 4 (Pre-Research Literature Review) this post-research literature review considered literature of *key players*, who were cited most by other researchers and literature in the fields explained before.

Section 9.4 (Conclusion on the comparative analysis existing literature) ends this chapter with an overall conclusion.

9.2 On key concepts of the People Business Network

According to the details in chapter 5.11 (The strategic role of the People Business Network) and chapter 6.12 (The strategic role of the People Business Network), **business relationships represent the emergent strategic activity, which constitutes the strategic People Business Network**. As illustrated with this research, the strategic importance of the People Business Network, and hence the strategic importance of business relationships, is context-independent. This assertion emerges since the companies of both contexts researched (finance and non-finance) link business relationships directly to the achievement a major strategic goal, namely the creation of financial benefits.

Hence, the following sections first start with examining literature on the importance of business relationships. Thereafter, the term ‘business relationship’ will be discussed to examine how literature defines business relationships and how the findings of this research contribute to definitions identified. Because of the link identified within this research between business relationships and social exchange, literature on social exchange theory (SET) (e.g. Emerson 1976, Molm 1994, Molm 2003) will also be reviewed with this examination. The discussion on SET leads then to the penultimate section, which focuses on trust, an essential concept identified within the social exchange of this research. The conclusion on business relationships ends this first part of the post research literature.

9.2.1 *On the strategic importance of business relationships*

Existing literature largely confirms the context-independent strategic importance of business relationships. For instance, Håkansson and Snehota (1995, p. 5) argued ‘*we consider business relationships to be important empirical phenomena that have a considerable impact on business enterprises*’. This statement refers *context-independently* to business relationships, but does not explain what such *considerable impact* means. Here, the findings of this research provide empirical details namely that business relationships are directly linked to the achievement of a major *strategic goal*, namely the creation of *financial benefits*. Hence, this research provides empirical evidence of a *financial impact on business enterprises* because of business relationships. For example, EUACFSI-1’s Managing Partner stated that 90 per cent of financial benefits are created because of

business relationships. The Branch Manager of EUACSFI-3 has even gone further stating that the creation of financial benefits is **purely** (and hence, 100 per cent) **relationship-driven**. By switching to the second context researched, the Swiss SME NON-Finance Industry, the CEO of EUACSnFI-2 illustrated how **business of Swiss SMEs is predominantly done through relationships**. Similarly, the CEO of EUACSnFI-6 made clear that **business is given because of the relationships with each other** (the business parties involved in the relationship). Similar positions were held by most of the researched companies, context-independently. So, based on the evidence of this research it can be stated that business relationships embody an *asset* (Madhavan, Koka et al. 1998, Bryson, Ackermann et al. 2007, Johnson Winter 1999), respectively a *tangible value* (Donaldson and O'Toole 2002), which *has a considerable impact on companies* (Håkansson and Snehota 1995, p. 5) in the creation of financial benefits (measurable and thus, tangible). Because of this close link identified between business relationships and the creation of financial benefits, business relationships embody a *differentiator* (Levitt 1980, Ford 2002, Vandenbosch and Dawar 2002, Ulaga 2003, Ulaga and Eggert 2006) through which *competitive advantages* can be gained (Porter 1985b, Barney 1991, Kanter 1994, Huxham 1996).

According to these details, **the findings of this research contribute to literature by providing empirical data**, which first, **asserts business relationships as context-independent strategic activity** and second, **links business relationships to the achievement of competitive advantages**. To better understand these assertions, the meaning of the term 'business relationships' is explored further. Therefore, the questions what exactly business relationships are and hence, what is it exactly through which competitive advantages can be gained, are discussed next.

9.2.2 *On the term 'business relationship'*

The literature review conducted illustrates that the term 'business relationships' is not *univocal* (Ford 2002, p. 88, Zolkiewski 2004). Essentially, the vast amount of literature on business relationships generally shows an extensive *ambiguity* on this term. The cause of this ambiguity seems to be based on the *complexity* of business relationships (Blois 1972, Blois 1996, Holm, Eriksson et al. 1999, Lambe, Spekman et al. 2000). This ambiguity can be illustrated, for instance, with following definitions. Holm, Eriksson et al. (1999) state, by focusing on company-to-company relationships: *'we use the term business relationship to denote these extremely important long-lasting exchange relations between two firms doing business with each other'*. Another view on business relationships is offered by Blois (1996), who states by focussing on company-to-customer relationships: *'a relationship can be perceived to exist, at the moment a customer considers it to be of*

value'. These two perspectives emphasize the stated ambiguity on this term, because first and on the one hand, the term '*business relationships*' refers to company-to-company relationships. On the other hand the same term refers to company-to-customer relationships. Second, the first description sees *extremely important long-lasting exchange relationships* (Holm, Eriksson et al. 1999) as a *central attribute* of business relationships. In contrast, the second term sees a *value*, which is *perceived* by a customer, as a central attribute of business relationships (Blois 1996). Indeed, *long-lasting exchange relationships* could lead to a *perceived value*. However, this circumstance is not explicitly mentioned within both definitions.

Further, the literature review conducted confirms views made by Zolkiewski (2004), who states that definitions are not univocal but that there is a general *implicit assumption* about what is meant by a '*relationship*' and that '*such an assumption is undoubtedly correct*'. These statements from Zolkiewski (2004) confirm the experience made with this research. During the fieldwork (when discussing business relationships) the meaning of this term was deliberately left open and *implicitly interpreted* as a *connection*, respectively a *relationship in business* between *individuals making business with each other*. With this general understanding, this connection was then explored from a *private* and *business nature*. However, the evidence available provides indications which, with the support of existing literature, can further deepen the meaning of the term 'business relationships', as follows: In addition to the examples provided above (which will be referenced again at the end of this section) descriptions found in literature can be used to further deepen the understanding of this term. With reference to the European International Marketing and Purchasing (IMP) project (Håkansson 1982), Holm, Eriksson et al. (1996) state: '*business relationships evolve as a result of interaction between the parties doing business*'. This description proceeds then with: '*a business relationship, in turn, is a framework within which subsequent interactions take place*'. These statements indicate that business relationships are based on *interactions* between *parties doing business* and that these relationships *evolve*. Therefore, because of its evolving nature, relationships represent a *dynamic interaction process*. This dynamic interaction process varies in intensity at the different stages of an individual relationship (Turnbull and Valla 1986, p. 4). These different stages can be seen as 'episodes' of relationships, which involve exchange between two parties (Håkansson 1982, p. 24). Such exchanges could be for instance in the industrial market (Håkansson 1982, p. 24):

- › **Product or service exchange**, which basically refers to the *core* of the exchange between buyer and seller.
- › **Information exchange**, which refers for instance to technical details, required develop a product or service.

- › **Financial exchange**, which refers to the economic (monetary) exchange. and
- › **Social exchange**, which describes a non-economic exchange in business relationships and *inter alia* discusses the importance of mutual trust in such relationships (Macaulay 1963).

Hence, the above presented listing illustrates that interactions, and therefore business relationships (Holm, Eriksson et al. 1996), do not only refer to *economic* exchanges, but also to *non-economic* exchanges.

According to this view, this research identifies two major *exchanges*, *economic* and *non-economic*. The former refers to the achievement of a major strategic goal identified, namely the creation of financial benefits through a *financial exchange* (*inter alia* through a service exchange). The latter refers to the *social exchange* between the parties involved within the business relationship. So, **this research unconditionally illustrates the strategic importance of having these social exchanges in place for achieving financial benefits** (financial exchanges). However, this research also provides essential indications that a non-economic **social exchange does mean having a private relationship** (as for instance with friends and family) with business partners. Following empirical evidence underlines these assertions.

This strategic importance of the social exchange episode is described, for instance, by the CEO of EUACSF1-4 in following manner: '*you need sufficient time to develop* (where the **social exchange** takes place) *the relationship and then, when a business opportunity comes* (where the **financial exchange** will take place), *it is welcomed*'. In a similar manner the Managing Partner of EUACSF1-1 and other company researched stated that **social relationships** lead to new business (**financial exchange**). Within the Swiss SME NON-Finance Industry the CEO of EUACSnFI-1 explained how having same ideas and expectations on a **social level, seen as the trust that the entities** (parties involved in the business relationship) **create to succeed**. The CEO of EUACSnFI-3 sees social relationships as essential within business but does however differentiate between *social* and *private* relationships. According to his view, a *non-economic social exchange* is required however, with certain limits. The CEO particularly states that the social exchange only needs to take place within the **business context**, not within the **private context**. This position is strongly shared with the CEO of EUACSnFI-6 who **differentiates between relationships** with a **private social character** and relationships with a **business social character**.

Along with these social exchanges, the factor ‘time’ as stated by EUACFSI-4’s CEO is also seen as essential in business relationships. According to the details in chapter 7.7 (Introduction: Comparison of both People Business Networks), this ‘time’ refers to the *on-going social exchange*, required to build and maintain *trust* between the exchange parties. The empirical evidence of such a need of ‘time’ in business relationships largely supports existing literature (e.g. Dwyer, Schurr et al. 1987, Anderson and Weitz 1989, Holm, Eriksson et al. 1996, Lambe, Spekman et al. 2000, Lambe, Wittmann et al. 2001).

So, based on this discussion and particularly according to the findings of this research, a ‘business relationships’ can be defined, as stated at the beginning of this section, as a *framework within which subsequent interaction takes place* (Holm, Eriksson et al. 1996). From the *strategic* point of view, according to the definitions given in chapter 1.1 (About the research) it needs to be stated that the social interaction between parties doing business, represents the *strategic non-economic exchange* required to enter in the *strategic economic exchange*, the financial exchange. Thus, according to the findings of this research, this **interaction framework can be supported with empirical evidence, but needs to be interpreted with following considerations:**

- › First: a business relationship, as identified within this research, is a framework within which two major interactions take place, economic and non-economic.
- › Second: the non-economic exchange between the parties involved in business relationship, namely the social exchange, is conducted because it represents a major condition to enter into the economic (financial) exchange.
- › Third: Such non-economic social exchange does not necessarily mean having a private social exchange, such as with friends or family.
- › Fourth: the economic exchange (the financial exchange) *inter alia* depends on this non-economic exchange (the social exchange).
- › Fifth: the non-economic exchange is conducted because of the need to build and maintain trust between the exchange parties, an essential requirement to enter in the financial exchange. According to the details provided later in section 9.2.4 (On trust), this trust particularly refers to the reliability of the exchange parties.
- › Sixth: time is a major factor required to build and maintain this trust, and hence to switch from the non-economic exchange into an economic exchange interaction.

Hence, according to these details, a business relationship represents a framework, within which **economic and non-economic exchanges embody a cyclical relationship**. Thus, economic and non-economic exchanges alternate during the existence of a business relationship. Further, this cyclical relationship refers to the building of trust through the non-economic exchange and to a *confirmation of this trust*, through economic exchange.

After the confirmation of trust through the economic exchange, the non-economic exchange again takes place. This non-economic exchange then could lead to a new economic exchange, and so on. The CEO of EUACSnFI-6 explained this cyclical relationship as follows: *'Usually it is an exchange of business topics. We exchange our experience, but we are not focusing on doing business. Only when the other party has a need does it mean he gets back to me and asks for a service. Through a social discussion at the end the business question arose whenever I could provide a particular service.'* Further, the cyclical relationship does not mean the periods between customer requests are cyclical. Customer requests could be *acyclic* as illustrated by the Director of EUACSF1-2. She particularly stated that *'EUACSF1-2's customers are like 'mayflies', they unexpectedly contact EUACSF1-2 for solving a problem when it appears but then leave afterwards.'* Hence, the cyclical relationship only refers to the earlier stated fact that non-economic and economic exchanges *alternate*.

Further, because of the factor 'time' required, the first statement made by Holm, Eriksson et al. (1996), namely *'business relationships evolve as a result of interaction between the parties doing business'* can be confirmed with the empirical data of this research. According to the details provided earlier, time is required to develop the non-economic exchange, which then could lead to an economic exchange.

According to these details, the definitions provided earlier with regard to business relationships can be extended with the findings of this research. Namely, *'we use the term business relationship to denote these extremely important long-lasting exchange relations between two firms doing business with each other'*, as stated by Holm, Eriksson et al. (1999) and *'a relationship can be perceived to exist, at the moment a customer considers it to be of value'*, as stated by Blois (1996). First, with reference to Holm, Eriksson et al. (1999) this research confirms the time required to develop business relationships. Second, this research identifies cyclical relations as an essential characteristic of business relationship. Hence, according to the empirical evidence, *'long-lasting exchange relations'* need to be considered as *time intensive* and *cyclical exchange relations* within which non-economic and economic exchange takes place.

Referring to the definition provided by Blois (1996) the following considerations can be taken when set against the empirical data. In considering that the trust, as emerged within this research, is *inter alia* strongly connected to the focal company's reliability in providing customer services, it can be stated that this reliability could be considered by customers as a *value*. The value is that customers will have their needs resolved by the focal company. However, this value only represents one of two major views of the business relationships identified within this research. Because of the Customer Centricity

Network, besides the relationships with customers, companies researched also invest time and effort in the business relationship with strategic alliance partners. Within such a business relationship between the focal company and its strategic alliance partner, a *value* can be identified. Particularly, the focal company and its strategic alliance partner share a *mutual value*. This mutual value basically means that the business relationship of the focal company with strategic alliance partner needs to be of **value for the focal company and for the strategic alliance partner**. If there would not be such a mutual value, the strategic alliance would not make sense. This circumstance was, for instance, illustrated by the Director of EUACSF1-2 in following manner: *'thanks to the Alliance EUACSF1-2 is able to transfer a customer to the Trustee Company that is part of the same Alliance. Whenever a new request of higher complexity emerges, the customer can be transferred again back the EUACSF1-2'*. Hence, the *mutual value* between these alliance partners basically refers to the ability to respond to different customer requests and so, *inter alia* to ensure the creation financial benefits. The CEO of EUACSF1-1, even not entirely happy with the collaboration, illustrated how he interprets mutual value: *'We are mostly a business generator; the taking and giving approach is not working well. I believe we are giving at 90 per cent level, and get business back at 10 per cent. Our partner companies are mostly offering resources; this is an important fact indeed, but there could be much more in the collaboration.'* EUACSF1-1 considers *inter alia* the partner's resources as a value, were partner companies *inter alia* could interpret the business generation of EUACSF1-1 as their value. However, the evidence of this research suggests that Blois' perspective on **business relationship needs to be extended accordingly, by considering the value perceived by strategic alliance partners**.

Now, because of the strategic important social exchange within business relationships it is essential to understand what a *'social exchange'* is, as discussed next with the support of the social exchange theory (SET). This next section first discusses major principles of the SET. These major principles lead to a general understanding of SET and particularly to a *'mutual dependence'* of actors conducting business. This is where empirical data of this research contributes to SET.

9.2.3 *On social exchange theory (SET)*

Social exchange theory (SET) explains human behaviour within exchanges. SET has its roots in anthropology (Mauss 1925) and was further developed in social psychology (Homans 1958, Thibaut and Kelley 1959, Emerson 1962, Emerson 1972a) and sociology (Blau 1964). Basically, SET describes interactions between actors (Emerson 1976, Molm 1994, Molm 2003), and their exchange of goods, materials and non-material goods

(Homans 1958, Homans 1961). These materials and non-material goods are defined in SET as resources (Emerson 1976, Molm 1994, Molm 2003).

The simplest form of social exchange involves two actors, each of whom possesses at least one resource that the other values (Molm 2003). This view is based on the definition that exchanges need to be mutually rewarding (Gouldner 1960, Homans 1961, Lambe, Spekman et al. 2000, Lambe, Wittmann et al. 2001). Such a norm of reciprocity (mutually rewarding exchange) is seen as an universal principle (Gouldner 1960), which does not mean that all actors value reciprocity in the same manner (Cropanzano and Mitchell 2005). Social relations, and hence reciprocity, commonly entail ties of mutual dependence between the parties (Emerson 1962). Interactions between actors in social exchange can be divided into three distinct components (Homans 1961, Blau 1964, Michaels and Wiggins 1976, Molm 1994). According to Molm (1994), these distinct components specify, for each actor, the extent to which that actor's outcome depend:

- › solely on the actor's own behaviours, defined as independence;
- › solely on the other actor's behaviours, defined as dependence;
- or
- › on some combination of behaviours by both self and other, defined as interdependence between the actors.

According to these definitions, only the interdependence between actors implies social exchange. This interdependence leads to a reciprocity in social exchange, which involves mutual and complementary arrangements (Molm 1994, Cropanzano and Mitchell 2005). Such mutual and complementary arrangements also imply mutual trust (Macaulay 1963, Ford 2002). The building of mutual trust within this interdependent interaction supports, for instance, the elimination of uncertainties between the exchange partners (Håkansson and Östberg 1975).

The findings of this research support this final statement on mutual trust, which can be seen as *key* to the social exchange. Particularly, the section earlier illustrated how **social exchange represents a condition to enter in a financial exchange**. According to the findings of this research, when business opportunities emerge, the elimination of uncertainties (Håkansson and Östberg 1975) supports the switch from to this social exchange to the financial exchange through the building and maintenance of trust between the exchange parties. Details about trust and how evidence gathered supports or differs to existing literature, is presented subsequently in section 9.2.4 (On trust).

SET further sees the interdependence between actors (Cropanzano and Mitchell 2005), respectively a mutual dependence (Emerson 1962) as central. **The findings of this research principally confirm this view but do however relativize this interpretation.** Basically, from a rather ordinary business perspective, such interdependence could be found between the customers and companies researched. This interdependence principally emerges since customers have needs to be resolved by the companies researched. Further, because of particular customer requests, which lead to customer centricity, additional interdependence emerges. The focal company is in a first instance *dependent* on strategic alliance partners able to ensure the focal company's customer centricity. However, strategic alliance partners *inter alia* also belong to the same context researched and hence do, according to the evidence gathered, also face the same challenge to provide their customer centricity. Therefore, these strategic alliance partners are also *dependent* on other financial service companies. Thus, mutual dependence, respectively interdependence between actors within the Swiss SME Finance Industry emerges. So, because of the context-related Customer Centricity, the interdependence identified basically means, service providers within the Swiss SME Finance Industry *need each other* to conduct their business.

In both cases, the social exchange conducted supports the parties involved in the business relationship in the building of trust. From the perspective of the focal company this means, the stronger the trust with customers or strategic alliance partners, the higher the chances to being considered in providing services, respectively to being considered in entering the aimed financial exchange.

Hence, empirical evidence shows that social exchange leads in a first instance to trust. This trust again enables indirectly the achievement of a major strategic goal, the financial exchange. **Thus, empirical evidence strongly suggests extending the view on SET according to this chain of dependencies.** Namely, from the focal companies' perspective, the achievement of a major strategic goal, namely the financial exchange depends on the social exchange. The *enabler*, which allows the switch from the social exchange to the financial exchange, is trust. This being stated, the next section provides further details about trust and how empirical data contributes to literature on trust.

9.2.4 *On trust*

This research confirmed the importance of trust between actors from several perspectives. For instance, the CEO of EUACSFI-4 affirmed: ***'The driver of our business is trust, nothing but trust'***. Within the Swiss NON-Finance Industry the CEO of EUACSFI-6

stated: '*Trust and the fact that one can rely to one other are always mandatory constant companions.*'

Generally and as stated before, trust, as identified within this research, *quasi* represents a condition to shift from the stated social exchange to the financial exchange. Further, the findings indicate that customers *inter alia* trust their service providers because of their *reliability* when resolving their needs. This reliability emerges because of the high *quality* of services (work) delivered (in the past). The findings also indicate that customers trust their service providers when additional services, which require the involvement of third party companies to resolve them, are required. In such situations, trust refers to the customer's confidence in the service provider to find an appropriate solution (an appropriate third party company), capable to resolve their needs. So, the trust identified also refers to the relationship between the company and its strategic alliance partners. This trust makes the focal company consider third party companies to become a strategic alliance partner, required for the delivery of customer centricity. Where such strategic alliance partners are required, trust also indicates their ability to *manage* the customer in a *same manner* as the company itself. With other words, the manner in which the social exchange between the service partner and its customer takes place is *transferred* to the strategic alliance partner. This circumstance is, for instance, confirmed again by EUACFSI-1's Managing Partner, who stated: '*the connection between the customer and third party solution provider is established because of the personal match between the two entities*'. In any case, the trust identified within this research refers to the service provider's *reliability* in resolving customer needs.

However, the literature reviewed further illustrates that the term 'trust', is similar to the earlier discussed term 'business relationship', and is subject to many definitions (Williamson 1993, Rousseau, Sitkin et al. 1998, Blois 1999). These different definitions again emerge because of the complexity of this term (Rousseau, Sitkin et al. 1998, Blois 1999) and because of its use in various disciplines (Doney and Cannon 1997, Rousseau, Sitkin et al. 1998), such as economics (Williamson 1993), psychology (Deutsch 1962, Rotter 1967) or sociology, either between people (Granovetter 1985) or between institutions (Zucker 1986). In management science most papers mainly refer to company-to-customer relationships (relationship marketing) and company-to-company relationships (business to business markets) (Blois 1999). For instance, Anderson and Weitz (1989) conceptualize: '*one party's belief that its needs will be fulfilled in the future by actions undertaken by the other party*'. This definition supports the findings of this research, since Customers trust in the *future actions undertaken* by their service providers, in fulfilling (resolving) their needs. Independently from both perspectives identified, namely when service providers resolve such requests by themselves or when they need the involvement

of a strategic alliance partner to resolve a request, this definition can be applied to the findings of this research. Particularly, the trust between the service provider and its strategic alliance partner can be seen as '*the firm's belief that another company will perform actions that will result in positive outcomes for the firm, as well as not take unexpected actions that would result in negative outcomes for the firm*' (Anderson and Narus 1990).

Statements, as for instance provided by the Managing Partner of EUACSFI-1, empirically underline this definition. The Managing Partner stated '*trust means **having the certainty that the services asked for are going to be perfectly delivered** by the other company*'. This trust is hence seen as an essential condition when collaborating with strategic alliance partners (Huxham and Vangen 1996, Vangen and Huxham 2003, Huxham and Vangen 2005). Huxham and Vangen particularly underline that *trust is a precondition for collaboration* (2005, p. 66). A view shared by the PM of EUACSnFI-3 who stated: '***there is also need for a certain level of trust between the companies***'. The existence of this precondition is *inter alia* considered when evaluating possible risks within collaboration (Huxham and Vangen 1996). This research provides empirical evidence of such risks. For instance, according to the Managing Partner of EUACSFI-1, risks emerge at the moment a strategic alliance partner requires EUACSFI-1's support when providing their customer centricity. The Managing Partner stated if he would provide bad services or advice to the partner's customer, the partner would be in a delicate situation and **risk losing the customer**. Further, EUACSFI-1 would receive adverse rumours in the market, which **could negatively impact this and other collaborations with third party companies**. Huxham and Vangen describe this circumstance in following manner: '*partners need to trust each other enough to allow them to take a risk to initiate the collaboration*' (2005, p. 68). Therefore, the partner's reliability is essential to avoid such risks.

Generally, before collaborating, respectively initiating such *actions* (Anderson and Weitz 1989, Anderson and Narus 1990), there is the need of an agreement, of an information exchange (Håkansson 1982, p. 24), which describes the actions required. Hence, trust could be seen as '*the belief that a party's word or promise is reliable and that a party will fulfil his/her obligations in an exchange relationship*', as stated by Schurr and Ozanne (1985), with reference to Blau (1964) and Rotter (1967). Other definitions could be found, which see *reliability* as a key attribute within trust, as has emerged within this research. For instance, Morgan and Hunt (1994) conceptualize trust as '*existing when one party has confidence in an exchange partner's reliability and integrity*'. Even though the necessity of integrity cannot be confirmed with this research, this definition confirms the necessity of being reliable. Further and still by focussing on reliability, a statement made by Blois (1999) further confirms integrity's importance. For example, Blois (1999) states that '*trust*

may evolve from experiencing another's reliability'. Finally, this focus on reliability, a two-dimensional construct of trust, as conceptualized by Nooteboom (1996) and Das and Teng (2001), also supports the findings of this research. According to their view, trust can be divided into *competence trust* and *goodwill trust* (Nooteboom 1996, Das and Teng 2001). Competence trust refers to the *partners ability to perform according to agreements*, where goodwill trust refers to the *partners intention* to do so (Nooteboom 1996).

Companies researched made clear they need reliable partners that ensure that services are delivered (actions performed) in a best possible manner. Hence, an *intention* to perform an action is not sufficient. Competence trust is ultimately required within business relationships and hence, within the strategic People Business Network. The Director of EUACSMI-6 explained this circumstance as the difference between a 'felt' and a 'net'. Where in a felt only the social connection (not even an intention) connects actors, in a net, such as the People Business Network, he states: *'you are getting back to the top specialists, to people and companies who have the necessary background and skills and where you can rely on each other'*. Hence, trust that emerges from reliability and can be seen as a source of confidence required in business relationships (Ring and van de Ven 1992, Ring and Ven 1994). This source of confidence provides several benefits to business relationships (Das and Teng 1998). For instance, as particularly illustrated with the Customer Centricity Network, trust lowers transaction costs (Gulati 1995) and supports the reduction of formal contracts (Larson 1992). Further details on these two aspects will be provided later in section 9.3 (On key concepts of the Customer Centricity Network).

This research provides empirical evidence to literature, which sees trust as essential in relationships (Deutsch 1958, Blau 1964, Rotter 1967, Granovetter 1973, Morgan and Hunt 1994, Blois 1999). With this last statement, a final conclusion on business relationships can be provided, as presented next.

9.2.5 Conclusion on key concepts of the People Business Network

This research has provided empirical evidence to existing literature on the strategic importance of business relationships. Further, the research contributes to literature by illustrating a strategic link between business relationships and competitive advantages. Based on this strategic link identified, definitions of business relationship were explored in the literature and adjusted according to the findings of this research.

A description provided by Holm, Eriksson et al. (1996) suggests analysing business relationships as a framework within which interaction, respectively exchange takes place. From this perspective it could be illustrated that business relationships as emerged within

this research, are based on economic and non-economic exchanges. Where the economic exchange refers to a financial exchange, the non-economic exchange refers to a social exchange between the parties doing business. The findings of this research suggest that this social exchange *quasi* represents a condition to enter in the financial exchange. Hence, the social exchange represents a strategic important activity within business relationships, required to achieve a financial exchange. Further, empirical data illustrates that such economic and non-economic exchange have cyclical relationship. With this perspective, the findings of this research further extend the view on business relationships.

Because of the strategic importance of the social exchange within business relationships, SET was reviewed. SET *inter alia* illustrates how social exchange requires mutual dependence between the parties involved within business relationships. Here, empirical data explains such mutual dependence. Particularly, mutual dependence could be identified between the focal company and its customers, as well as between the focal company and its strategic alliance partners. Hence, empirical data shows how a mutual oriented interaction takes place between all parties involved in the business relationship. Such a mutually oriented interaction implies the need of time, and has the scope to develop and maintain trust between parties involved in business relationships. Therefore, this research contributes to SET by illustrating with empirical data, how the social exchange identified is conducted for this development and maintenance of trust. Here, empirical data further illustrates that trust emerges because of reliability of the focal company. This empirical evidence hence contributes to the literature on trust.

Now, by considering the initial view on business relationships and the strategic link to competitive advantages, following final statement can be provided. This research contributes to literature by providing evidence how **business relationships can be defined as a framework, within which subsequent social exchange is mandatory, with the scope to build and maintain mutual trust between the parties involved within the business relationship, for the achievement of a major strategic goal, namely the financial exchange.**

Therefore, competitive advantages as stated at the beginning of this section are dependent on the companies' ability to conduct social exchange.

9.3 On key concepts of the Customer Centricity Network

According to the details in chapter 5.10 (The strategic role of the Customer Centricity Network) and chapter 7.6.1 (Conclusion on collaboration) **collaboration represents an emergent strategic activity that connects a network of strategic alliance partners,**

which supports the achievement of Customer Centricity. As further illustrated with this research, the strategic importance of the Customer Centricity Network, and hence the **strategic importance of collaboration, is context-dependent.** This assertion emerges since only companies of the Swiss SME Finance context link collaboration to a major strategic goal, i.e. the stated customer centricity. Accordingly and as clarified with the comparative analysis in chapter 7.6.1 (Conclusion on collaboration) **the strategic role of collaboration represents an exception.** Thus, empirical data shows that **generally, collaboration networks are unimportant.**

According to these findings, the following discussion focuses on examining extant literature on the strategic importance of inter-firm collaboration. Along with this discussion, two major perspectives, namely a *collaborative advantage* and a *collaborative inertia*, will be discussed and compared to empirical data. The conclusion on collaboration ends this section.

9.3.1 *On the strategic importance of collaboration*

Extant literature discusses inter-firm collaboration from two major perspectives. A first perspective sees inter-firm collaboration as an essential activity within *inter-organisational cooperation* (e.g. Smith, Carroll et al. 1995, Brass, Galaskiewicz et al. 2004). Inter-organisational cooperation could be for instance joint ventures, strategic alliances or public-private partnerships (e.g. Kanter 1994, Huxham 1996, Rosenfeld 1996, Vangen and Huxham 2003, Huxham and Vangen 2005). Generally, such inter-firm collaboration is pursued with the scope to meet *objectives*, which cannot be met by an individual company alone (Huxham and Macdonald 1992, Huxham 1996, Vangen and Huxham 2003, Huxham and Vangen 2005). This perspective further conceptualises how companies expect to achieve *collaborative advantages* (Huxham and Macdonald 1992, Kanter 1994, Huxham 1996, Huxham and Vangen 2000, Vangen and Huxham 2003, Vangen and Huxham 2006). Expected collaborative advantages do not only refer to advantages over other organizations. Collaborative advantages could also mean advantages over a *'situation which would pertain if there were no collaboration'* (Huxham and Macdonald 1992).

A second major perspective in literature is conceptualised as the *collaborative inertia* (Huxham and Vangen 2000, Huxham 2003, Vangen and Huxham 2003). Basically, collaborative inertia describes the difficulty to manage inter-organisational arrangements (Huxham and Vangen 2000). This collaborative inertia occurs since collaboration within inter-organisational arrangements *often fail to meet expectations* and *often lead to slower work output than might be expected* (Huxham and Vangen 2000). Further, collaborative

inertia emerges when *'the output from collaborative arrangements often appears to be negligible or the rate of output to be extremely slow'* (Huxham 2003). Here, existing literature provides numerous factors that could lead to collaborative inertia. For instance, Huxham and Vangen (2000), as well as Eden and Huxham (2001) summarise:

- › missing joint purpose, respectively no shared vision between the collaboration partners;
- › lack of communication between the collaboration partners;
- › missing joint modes of operating;

Regardless of whether the factors are for making collaboration work (collaborative advantage) or fail (collaborative inertia), the literature generally shares a common opinion on collaboration, namely: collaboration should only be considered if there is a *need to collaborate* (e.g. Gray 1985, Huxham and Vangen 1996, Eden and Huxham 2001, Huxham 2003, Vangen and Huxham 2003), respectively only when collaboration provides a *significant contribution to a firm* (Medcof 1997). Huxham (2003) further specifies: *'don't do it unless you have to'* and by focussing on collaborative advantage: *'unless the potential for real collaborative advantage is clear, it is generally best, if there is any choice, to avoid collaboration'*. With this, extant literature generally shows that collaboration is difficult to put into practice. This difficulty seems to emerge since *objectives (defined)*, which should lead to *collaborative advantage*, do not automatically represent *needs (sufficient)* to make collaboration work. Hence, literature indicates how *discrepancies* between *objectives* and *needs* could emerge, which, instead of creating collaborative advantages, lead to collaborative inertia.

This research further deepens this view by illustrating how *context-related factors* either *support or hinder* collaboration, respectively influence the formation of such *discrepancies*. Particularly, empirical evidence shows:

- › **how a *commonly shared contextual objective* leads to a *common contextual need* for collaborating and hence, collaborative advantages could be gained.**
and
- › **how a *missing commonly shared contextual objective* does not lead to a *common contextual need* for collaborating and so, because of an *emergent discrepancy*, collaborative inertia could occur.**

The first bullet point refers to the only *collaborative advantage* identified within this research. As discussed in chapter 5.10 (The strategic role of the Customer Centricity Network), the *collaborative advantage* is represented by the *objective* 'ensuring Customer

Centricity'. As further explained in chapter 7.4 (CSFI: Key variables for collaborating in the Customer Centricity Network), collaborative advantage emerges, since ensuring Customer Centricity leads either to immediate (kickbacks) or latent (customer loyalty) financial benefits. Last, this *objective* 'ensuring Customer Centricity' is commonly aimed by all companies (researched) of the Swiss SME Finance Industry and hence, is *context-related*.

The second bullet point refers to a *collaborative inertia* as analysed in chapter 7.5 (CSnFI: Key variables for NON-collaborating in the NON-existent Collaboration Network). Basically, the collaborative inertia identified within **this research discusses an intended but missing collaboration**. Particularly, collaborative inertia emerges since several companies researched see in several *objectives* collaborative advantages but however, potential collaboration partners do not share this view. **This interpretation of collaborative inertia differs from the definitions given by Huxham and Vangen** (Huxham and Vangen 2000, Huxham 2003, Vangen and Huxham 2003). Huxham and Vangen basically refer to existing collaboration which however, does not lead to benefits expected. **This research interprets inertia as the missing willingness to even start collaboration**. This missing willingness was particularly researched within the non-finance industry, as summarised in chapter 7.5.2 (Key variables 'The Network Inaction').

Now, according to the details in chapter 7.6.1 (Conclusion on collaboration), empirical evidence illustrates that a major difference between *collaborative advantage* and *collaborative inertia* lies in the *common contextual needs* of these companies. On the one hand and as illustrated in chapter 7.5.2 (Key variables 'The Network Inaction'), all companies (researched) share a common reality, namely sufficient customer demand (work), which can be resolved with own competencies. Chapter 7.6.1 (Conclusion on collaboration) also summarises how collaborative inertia emerges when *objectives* are not linked to *immediate customer requests*. Basically, empirical data shows that whenever objectives do not refer to customer requests but rather to a focal company's own initiative, no collaboration takes place. As it was further explained in chapter 7.6.1 (Conclusion on collaboration), such objectives typically refer to shared activities, such as shared marketing activities or sharing the same brand.

On the other hand, *collaboration* is only seen as an *advantage* when customer requests require such collaboration. Only *immediate customer requests*, which, for being able to resolve them require collaboration with third-party companies, turn into *general contextual needs* for collaborating. Further, the mentioned *intentional willingness* to resolve such customer requests, is explained with the before mentioned financial benefits companies can gain by resolving such customer requests. Because of this chain of dependencies (customer

request, intentional willingness, need for collaboration), a basis to make collaboration *a priori* work is present. This chain of dependencies basically means that the Swiss SME Finance Industry *values* these customer requests in the same manner and therefore, a need for collaborating emerges.

This being stated, the following section provides the conclusion on collaboration and explains the contribution of this research to extant literature.

9.3.2 Conclusion on key concepts of the Customer Centricity Network

This discussion on collaboration again illustrates how the Swiss SME Finance Industry represents a particular context, within which *collaboration* embodies a common *contextual strategic activity*, which supports the Customer Centricity Network. Accordingly, collaboration is commonly pursued, since companies within this context share a common *contextual objective*, namely '*ensuring Customer Centricity*'. Because of this common contextual objective, *immediate customer requests*, which for resolving require the engagement of third-party companies, lead to *contextual immediate needs* for collaborating. Hence, this *common contextual chain of dependencies* (objective, customer requests, needs) leads to a *contextual collaborative interdependence* between the companies (researched).

Now, as already illustrated within this research, interdependence is largely discussed in literature. For instance, in chapter 4 (Pre-Research Literature Review) interdependence is discussed from the network perspective (e.g. Human and Provan 1997). Chapter 9.2.3 (On social exchange theory (SET)) discusses interdependence from its social exchange point of view (e.g. Molm 1994). Extant literature also knows interdependence when discussing collaboration (e.g. Gray 1985, Smith, Carroll et al. 1995, Vangen and Huxham 2003). Thus, **empirical evidence of this research contributes to extant literature by illustrating a particular form of such interdependence**, which emerges because of the earlier stated common and context-related objective pursued, namely '*ensuring Customer Centricity*'. So, because of this *contextual collaborative interdependence*, the earlier mentioned *discrepancies* between *objectives* (defined) and *needs* (sufficient) for collaborating do not emerge. Hence, this *contextual collaborative interdependence* does represent an *a priori requirement*, which sustains collaboration. So, **this research further extends the view of extant literature on collaboration by illustrating how contextual factors influence the formation of collaborative advantages** (Huxham and Macdonald 1992, Kanter 1994, Huxham 1996, Huxham and Vangen 2000, Vangen and Huxham 2003, Vangen and Huxham 2006) and *collaborative inertia* (Huxham and Vangen 2000, Huxham 2003, Vangen and Huxham 2003). Namely and as illustrated in detail in chapter 7.5.2 (Key

variables ‘The Network Inaction’), context-independently, the *collaborative advantage* faces a major *inhibiting factor*, namely sufficient, respectively *sufficient customer demand (work)*, which can be resolved with the focal companies’ own competencies. This *inhibiting factor* could be eliminated the moment own competencies, respectively resources are not sufficient anymore. However, Swiss SMEs aim to be *independent* and aim to keep the *power of decision*. These circumstances *hinder* collaboration and hence, strongly influence the formation of *collaborative inertia*. So, **empirical evidence contributes to literature by illustrating how these contextual factors, which are in stark contrast to each other, influence the formation of *collaborative inertia* and *collaborative advantage*.**

9.4 Conclusion on the comparative analysis existing literature

A major goal of this comparative analysis was to further deepen the understanding and explanation of the findings of this research (Glaser and Strauss 1967). For this purpose, extant literature on key concepts of the two strategic networks identified, namely the key concept *business relationship* of the People Business Network and *collaboration* of the Customer Centricity Network were reviewed and compared to extant literature. Therefore, the major goal stated could ultimately be achieved, according to the conclusions made in section 9.2.5 (Conclusion on key concepts of the People Business Network) and section 9.3.2 (Conclusion on key concepts of the Customer Centricity Network). **This comparative analysis does further provide a greater contribution to literature in explaining related concepts identified, such as *trust, social exchange, competitive advantage and competitive inertia*, from their practical perspective.**

With this, all three comparative analyses as explained in chapter 2.8 (Applied research design) are concluded and ready to be considered for the overall conclusion as presented next in chapter 10 (Overall conclusion).

10 OVERALL CONCLUSION

10.1 Chapter outline

This concluding chapter synthesises and integrates the findings already described and analysed in the previous chapters. Further, this chapter identifies both the limitations and benefits of the findings and considers the general implications of this research for theory and practice.

The first section discusses the contribution of the findings of this research in developing knowledge regarding the strategic role of SME business networks. Here, the benefits of this research both for theory³⁰ and for practice are explored. The second section then discusses the limitations of the findings of this research. Thereafter, the last section identifies a number of areas where future research is required.

10.2 Comparison to research aim and theoretical contribution

The intended outcome of this research was to identify whether SMEs of a specific context share the same or similar business challenges which lead to the same or similar network strategies. Further, this research aimed to identify whether such context-related network strategies, providing they exist at all, vary from context to context. With this, this research aimed to identify whether networks perform a strategic role and whether this strategic role is dependent on the context to which these SMEs belong. The results were expected in the form of context-related inter-company patterns which describe this sought-after strategic role of networks.

Two such context-related inter-company patterns were evidenced, one for each context researched—that is, for each case study conducted. On the one hand, the case study of the Swiss SME Finance Industry, as discussed in chapter 5 (The Swiss SME Finance Industry), led to the **I**nter-**C**ompany-**P**attern of the Swiss SME **F**inance **I**ndustry, the **ICP-FI**. On the other hand, the case study of the Swiss SME Non-Finance Industry, according to the details in chapter 6 (The Swiss SME NON-Finance Industry), led to the **I**nter-**C**ompany-**P**attern of the Swiss SME **N**ON-**F**inance **I**ndustry, the **ICP-nFI**. These patterns mainly emerged because of two circumstances:

³⁰ In order to avoid reiteration, particularly regarding definitions and governance of business relationships as discussed in chapter 9.2.1 (On the strategic importance of business relationships) and collaboration as discussed in chapter 9.3.1 (On the strategic importance of collaboration), only the theoretical contributions, which refer to the initial research aim are discussed here.

- › First, SMEs within a specific context share the same strategic goals: ‘ensuring Business Benefit’ for both contexts researched, and ‘ensuring Customer Centricity’ for the Swiss Finance Industry.
- › Second, these SMEs consider business networks as strategic as long as they support the company in achieving one or both of these strategic goals.

Further, the evidenced **People Business Network**, a **context-independent strategic network**, explains how **business benefits** are strongly **dependent on business relationships**. The network is **context-independent** since this **People Business Network emerged** within **both contexts researched**. Additionally, the evidenced **Customer Centricity Network** explains the need for a **network of collaboration partners**. As already extensively explained in the previous chapters, SMEs of the Swiss Finance Industry face customer requests which cannot be resolved with their own competencies alone. Additionally, and first and foremost, these SMEs, because of the customer centricity, will to resolve such requests. This Customer Centricity Network, in contrast to the People Business Network, represents a **context-dependent strategic network** since it was **only found within the Swiss SME Finance Industry**.

This being stated, the first contribution this research provides to theory is to prove the **need to research context-related, specifically industry-related, strategic SME business networks**. Particularly, **empirical evidence proves that context-independent theories about strategic SME business networks cannot be generalised and hence need to be revised**. Particularly, this research proves that **general strategic network theories should be substituted by ‘strategic network theory within the industry xy’**, wherein xy indicates the need to specify the industry researched.

Along with these findings, this research provides further supporting details. As stated earlier, both the People Business Network and the Customer Centricity Network are **connected by strategic activities**—namely, **business relationships** and **collaboration**. Therefore and because of the partial context-dependency of the strategic networks identified, these **strategic activities are partially context-dependent**. On the one hand, **business relationships represent a context-independent strategic activity**. On the other hand, **collaboration represents a context-dependent strategic activity**. Therefore, the findings of this research confirm that **strategic business relationship theories can be generalised**. But this research also proves that **strategic collaboration theories cannot be generalised and thus need to be revised**. Therefore, and according to the details of the Customer Centricity Network, this research strongly suggests that **general strategic collaboration theories need to be substituted by ‘strategic collaboration theory within the industry yz’**, wherein yz indicates the need to specify the industry researched.

The last major contribution of this research to extant theory refers to the governance of these identified networks. Besides the details already extensively provided in the earlier chapters, the strategic importance of social exchange, as explained in chapter 9.2.3 (On social exchange theory (SET)), requires particular attention. Here, the following findings need to be considered:

- › First, both networks identified, **the People Business Network and the Customer Centricity Network, describe *what* (kind of network) is required to achieve *which* (aimed-at) strategic goal (either business benefits or customer centricity).**
- › Second, and according to the details in chapter 7 (Comparative Analysis Case Studies), **the Customer Centricity Network depends on the People Business Network.**
- › Third, the People Business Network is connected by **business relationships within which social exchange holds a fundamental function.** Namely, this social exchange within business relationships is essential for **building and maintaining mutual trust between the parties involved within the business relationship.**

These bullet points state that the **social exchange defines *whom* (which business party) can be considered within such business relationships, and hence within the People Business Network, for financial exchange.** So, because of the dependency of the Customer Centricity Network on the People Business Network, the social exchange consequently also defines ***whom* (which collaboration party) can be considered for delivering Customer Centricity.** Now, the social exchange mentioned represents a non-economic exchange of social exchange theory (SET) (e.g. Emerson 1976, Molm 1994, Molm 2003). **Thus, according to the details given, SET always needs to be considered within strategic network theories, as well as within business relationship and collaboration theories.**

10.3 Practical contribution

The findings from this research have been used to consider some possible practical applications of the research. These findings particularly support SME executives in analysing and developing network strategies. Such network strategies could positively impact a company's business development activities.

The following sections consider the major findings described above, starting with the last one, the strategic importance of social exchange. This strategic importance of social exchange is defined for the practical contribution as *essential networking abilities*. The subsequent section discusses a particular view concerning the strategic importance of the People Business Network. Here, some practical aspects which SME executives should consider concerning the terms *self-employed* and *independent* are discussed. Subsequently, a further practical contribution refers to potential Customer Centricity Network strategies. Thereafter, the last practical contribution ends this section by illustrating some considerations concerning collaboration.

10.3.1 *Essential networking abilities*

According to the details in chapter 5.11 (The strategic role of the People Business Network) and chapter 6.12 (The strategic role of the People Business Network), the People Business Network states that the Swiss SME Industry, Finance and NON-Finance, fundamentally depends on personal business relationships. Such business relationships enable SMEs to deliver—that is, sell—their services. This research further illustrates that such services need to be delivered with a high quality.

In considering these two circumstances, SME executives need to reflect about the following dependencies. Firstly, there is a need to employ *experts* who ensure the high service quality can be delivered. Secondly, there is a need to employ *networkers* who are able to manage business relationships and so *enable* the company to deliver its services. Particularly and according to the details in the section above, there is a need to employ **networkers** who are **able to conduct social exchange** with customers and, because of the Customer Centricity Network, also with collaboration partners.

Here, SME executives need to be aware that **these are predominantly two different profiles required within business relationships**. The first profile refers to **expertise and competence** in the company's field. The second profile refers to business relationship management skills, which *a priori* refer to **social exchange abilities**. Having **experts employed who possess such social abilities** cannot be taken for granted since, according to a few indications within the findings, such employees are difficult to find. Therefore, it

needs to be assumed that generally different employees will cover these important strategic roles. In any case, the findings strongly suggest that SME executives **need to invest in both competencies—expertise and social ability—of their employees**. This is required since both social ability and the delivery of high quality service *feed* the business relationship and hence can increase the chances of ensuring business benefits in the long term.

Last, and according to the conceptual development in chapter 3.6.1 (The role of the country), it can further be assumed that knowing the culture of the country (Sheth 1981) within which social exchange is conducted is a major requirement for *networkers*.

10.3.2 Being ‘self-employed’ does not mean being ‘independent’

SME executives who see themselves as *self-employed*, or *independent*, need to be aware that such *independence* mainly refers to their own decision making. This research clearly illustrates that SMEs are never purely *independent*. According to the definitions given in chapter 3.4.3 (The emergent networked economic vehicle), the People Business Network represents a *networked economic vehicle* within which any SME represents one member among many of this network. This networked economic vehicle, the People Business Network, can *independently* be managed by SME executives. Therefore, SME executives can *independently* influence financial success or failure. However, the underlying strategic activity of **business relationship management indispensably creates dependencies on members of this vehicle**. Therefore, **independence is not given** since the **creation of financial benefits always depends on the members of this networked economic vehicle**.

Being aware of these dependencies should support SME executives in estimating possible rebounds (of the network) concerning the actions they take. This circumstance is *cleverly* described by EUACFSI-1’s managing partner as follows:

A network built by partners is like a spider’s web. If you shake the spider’s web somewhere, the web shakes everywhere.

10.3.3 A Customer Centricity Network strategy

This research provides significant knowledge regarding collaboration and factors which can enhance business benefits for SMEs within the Swiss Finance Industry. Because of the context-related strategic goal of ensuring customer centricity and the corresponding emergent interdependence, this context offers to SME executives a major opportunity to put in place a Customer Centricity Network strategy.

Such strategy should *inter alia* aim to connect the executive's own company to other service providers of the same context which offer complementary services. Because of the interdependence identified between companies within this context, such service providers can become valuable strategic alliance partners and hence positively influence the building of business benefits.

Identifying and connecting to such service providers can again help to develop a new, networked economic vehicle which focuses on delivering customer centricity, thereby creating business benefits. Further, and according to the definitions given in chapter 3.4.3 (The emergent networked economic vehicle), such service providers can become *stake-contributors* which contribute to the creation of the stated business benefits.

However, because of the dependency of the Customer Centricity Network on the People Business Network, SME executives should always keep in mind the giving and taking principle, such as emerged within the People Business Network. Possible service providers only contribute to one's stake (business benefits) when one contributes (business benefits) back. Therefore, SME executives within the Swiss Finance Industry, besides identifying suitable service providers, should always make sure they are in a position to offer something (business benefits) back.

Once appropriate service providers are identified, the details provided in section 10.3.1 (Essential networking abilities) describe further necessary skills required to build long-lasting and beneficial business relationships.

10.3.4 Adjusting expectations for collaborating

The findings of this research suggest that besides the Customer Centricity Network no other *strategic* need for collaboration exists within the Swiss SME Finance Industry. The Customer Centricity Network represents, again according to the available data, the only *interdependence* which can lead to collaborative advantages (Huxham and Macdonald 1992, Kanter 1994, Huxham 1996, Huxham and Vangen 2000, Vangen and Huxham 2003, Vangen and Huxham 2006).

A major rationale which explains the absence of a strategic need for collaboration is that in Switzerland, SMEs seem to have sufficient customer demand which can be resolved with the company's available services. Therefore, according to the definitions of this study, collaboration is *generally* seen as *unimportant* and *generally* does not provide any added value to Swiss SMEs. Therefore, before defining collaborative initiatives, SME executives

need be clear about such *collaborative interdependencies* (Huxham and Macdonald 1992, Kanter 1994, Huxham 1996, Huxham and Vangen 2000, Vangen and Huxham 2003, Vangen and Huxham 2006). Some major questions which should always guide SME executives are these:

- › What does my collaborative initiative mean for other companies?
- › Does the other company share the same needs as my company?
- › Which interdependences does my collaborative initiative address?

Last, it was also extensively illustrated how collaboration is *loose*, *opportunistic*, and *limited in time*. Accordingly, collaboration only takes place at the moment customer centricity needs to be provided. It was further illustrated that such opportunistic behaviour *inter alia* is again based on the giving and taking principle. Thus, SME executives should also be able to answer the following question:

- › What kind of *reciprocal business benefits* is this collaboration able to create?

10.4 Reflections on the research and its limitations

The research has its roots in the researcher's entrepreneurial experience, which strongly influenced this research from a business development perspective. Additionally, the researcher had a close and personal relationship with all interviewees, who were aware of the researcher's professional background and interests. Therefore, the results of this research are strongly influenced by an entrepreneurial and business development perspective.

This circumstance was considered and described in the *risks* and *opportunities* in chapter 2.3 (Personal experience), and particularly discussed in chapter 2.6 (Ontological and epistemological considerations). Therefore, the findings of this research might need to be re-interpreted. Particularly, even though the findings reflect an objective view about the topic of research, the findings should be considered to be from an *objective entrepreneurial perspective*. Thus, defining *strategic* and *non-strategic networks* depends on the eye of the beholder.

So, considering these limitations, the definitions given in section 10.2 (Comparison to research aim and theoretical contribution) change slightly:

- › the definition ‘**strategic network theory within the industry xy**’ should be changed to ‘**an entrepreneurial perspective to a strategic network theory within the industry xy**’.
- › the definition ‘**strategic collaboration theory within the industry yz**’ should be changed to ‘**an entrepreneurial perspective to a strategic collaboration theory within the industry yz**’.

Further, both of these definitions need always to be considered as a **Swiss SME perspective**. This further indicates the need to also consider the country and size of company researched.

A last major limitation is the amount of empirical evidence collected. The evidence collected indicates some clear directions concerning the strategic role of Swiss SME business networks and the governance of these networks. However, to further develop these findings, more evidence would be required.

10.5 Future research

A critical contribution identified by this research is that the industry context matters when conceptualising network strategies. However, according to the limitations given in the previous section, the importance of context-related network strategy also depends on the beholder’s perspective. Here, further research could provide additional details by investigating supplementary stakeholders within the SMEs researched.

For instance, an **investigation of experts within these SMEs** in charge of delivering requested high quality services would provide great benefits to academia and practice. Such an investigation could clarify if these **experts require the support of additional, and from their perspective strategic, networks to fulfil the strategic goals defined by the SME executives**. Such strategic networks, if they exist at all, could again emerge in the form of context-related inter-company patterns and so be linked to the patterns already identified within this research. Understanding such a link could significantly support SME executives in **developing further and more detailed network strategies, considering both the expert’s and executive’s perspective**.

Further, as was stated within the limitations, this research would benefit from additional evidence. When collecting such evidence it would also make sense to slightly adjust the set-up of the case studies to be researched. Namely, and with a particular focus on the Swiss SME Finance Industry, it would make sense to create a case study for each service provider of the same finance *subsector* and to consider each company researched as an

embedded unit of analysis (Yin 2003). The outcome of the case studies could then again be used to conduct cross-case analyses (Eisenhardt 1989) and so to identify similarities and differences between the subsectors researched. Such case study configuration could look like this:

- › a first case study which solely focuses on tax advisors, wherein each tax advisory company researched represents an embedded unit of analysis;
- › a second case study which solely focuses on trustees, wherein each trustee company researched represents an embedded unit of analysis;
- › a third case study which solely focuses on wealth managers, wherein each wealth management company researched represents an embedded unit of analysis;
- › and so on.

This approach would lead to increased and more granular knowledge about the topic of research. Additionally and according to the first paragraph of this section, different stakeholder perspectives should also be considered. A pragmatic approach would be to first analyse stakeholders in charge of defining the company's strategy, as for instance SME executives. Thereafter, the analysis could proceed by focussing on those stakeholders in charge of delivering the strategy defined. Identified patterns which consider both perspectives could then be linked and so provide a broader picture concerning the strategic role of networks. Further, this approach could also be applied to other industries and to other countries. The corresponding results could then be used to conduct *cross-industry* and *cross-country* comparisons.

A further possibility for future research refers to the findings of the Customer Centricity Network. According to the findings of this research, ensuring customer centricity will in any case create financial benefits, either latent (through customer loyalty) or immediate (through kick-backs). Here, future research could aim to analyse the relationship between these financial benefits and those created **without** the Customer Centricity Network. This relationship could provide **significant insights concerning the financial added value** which **a Customer Centricity Network brings to a company**. Based on this approach, cross-company, cross-industry, and maybe cross-country comparisons could again provide additional significant insights. For instance, a context-related cross-company comparison could lead to a 'trend' concerning the financial added value of the Customer Centricity Network within a specific industry. Identifying this trend could significantly support SME executives in analysing and adjusting their efforts in their own Customer Centricity Network.

An additional future research opportunity refers to the People Business Network. The major findings indicate within this strategic network the need to have business relationships in place with customers and potential collaboration partners. It would provide great benefits to academia and practice to extend this view. Particularly, it would be useful to understand if and how this network manages *referrals*. Basically, major questions to follow would be if and how customers and potential collaboration partners **refer a focal company** either to other potential customers or to other potential collaboration partners. Here, it would again make sense to verify the strategic importance—that is, the impact on the overall financial benefits of such referrals.

Keeping the focus on the People Business Networks, a last future research opportunity refers to the social exchange identified within this study. The findings of this research clearly indicate the necessity of developing and maintaining mutual trust through social exchange between parties involved within business relationships. However, a few statements also indicated the existence of *emotions* within the social exchange identified. Therefore, it would provide great benefits to academia and practice to better understand the role of *emotions* within business relationships. This future research should particularly investigate the meaning of such emotions and how they relate to the trust identified.

These future research proposals represent a few possible areas to focus on and only reflect the researcher's current interests.

11 APPENDIX

11.1 Abbreviations

Abbreviation	Details
CS	Case Study
EUA	Embedded Unit of Analysis
FI	Finance Industry
nFI	NON-Finance Industry
CSFI	Case Study Finance Industry
CSnFI	Case Study NON-Finance Industry
EUACSF	Embedded Unit of Analysis Case Study Finance Industry EUACSF-x: 'x' stands for Unit 1, 2, 3, 4, 5 or 6 and refers to the corresponding analysed company, according to following list: EUACSF-1 Financial Consulting Company EUACSF-2 Tax Consulting Company EUACSF-3 Banking Company EUACSF-4 Trustee Company EUACSF-5 Asset Management Company EUACSF-6 Wealth Management Company
EUACSnFI	Embedded Unit of Analysis Case Study NON-Finance Industry EUACSnFI-x: 'x' stands for Unit 1, 2, 3, 4, 5 or 6 and refers to the corresponding analysed company, according to following list: EUACSnFI-1 IT Consulting Company EUACSnFI-2 Construction Company EUACSnFI-3 Construction Company EUACSnFI-4 IT Consulting Company EUACSnFI-5 Management Consulting Company EUACSnFI-6 Management Consulting Company
ICP-FI	Inter Company Pattern Finance Industry
ICP-nFI	Inter Company Pattern NON Finance Industry

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