DEVELOPING AND MANAGING RELATIONAL MARKET-BASED ASSETS IN PROFESSIONAL SERVICES: CLIENT RELATIONSHIPS IN MANAGEMENT CONSULTANCY

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Developing and managing supplier-client relationships in professional business services are fundamental to success and profitability. Client relationships need to be developed carefully and managed properly in order to act as strong and enduring relational market-based assets. Yet these all-important processes have attracted limited research attention in the context of professional business services in general and management consultancy in particular. Using empirical data from in-depth interviews, this paper examines how business relationships are developed and managed in the management consultancy context, in order to contribute to this significant research gap. Drawing on consultants' and clients' perceptions of practices of relationship development and management, two diagnostic frameworks are conceptualized, which identify, firstly, the key success factors for developing long-term relationships and, secondly, the process mechanisms for optimum management of relationships in professional business services companies.

INTRODUCTION

Relationship management has attracted significant and increasing research and managerial attention, with a number of authors pointing to its strategic value and potential link to profitability (e.g., Cooil et al. 2007; Gummesson 2002; Helgesen 2006; Hennig-Thurau and Hansen 2000; O'Malley and Tynan 2003; Palmatier et al. 2006; Payne and Holt 2001). Srivastava et al.'s. (1998, p.16) powerful conceptualizations drew attention to the importance of customer relationships as market-based assets, which contribute directly to shareholder value and firm profitability.

Relationship development is presented therefore as an optimum strategy across a variety of business sectors. Relationships however are not equally appropriate and effective in all contexts (East et al. 2006; Palmatier et al. 2006; Steward 1997). They appear to be more important for the success of an exchange in the services rather than the product context, and in business rather than consumer markets, making successful handling of customer-seller relationships more critical for services and for business markets (e.g., Palmatier et al. 2006). Within business services, professional business services are consistently characterized in the literature as the most risky type of purchase (Mitchell 1994), with a high degree of asymmetry of information between client and supplier. These characteristics have significant implications for the criteria clients employ when selecting professional service providers and on their propensity to remain loyal and develop long-term relationships with tried and trusted suppliers. This is especially true for management consultancy, which relies heavily on both relational and intellectual market-based assets (Srivastava et al. 1998, p. 4). Yet academic research has largely overlooked the factors and process mechanisms involved in relationship management within the context of professional business services in general and management consultancy in particular. In this paper we concentrate on relational assets and we investigate how they are developed and managed in the context of management consultancy.

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Management consultancy represents an invaluable research site for investigating relationships, for a number of reasons. Firstly, as already outlined, management consulting services are high in perceived risk and in experiential and credence qualities, characteristics conducive to relationship development. Secondly, consulting assignments often extend over a long period, within which there are frequent confidential interactions, providing ample opportunities for relationship development. Thirdly, consulting firms offer other companies their expertise on strategic and tactical issues, including their own experiences on how to develop and manage inter-firm relationships, providing scope for reflexive and meta-level analyses of relationship development strategies. Investigating how consultants themselves develop and manage their relationships with clients appeared, therefore, interesting to investigate, especially in the light of the limited academic research in the area.

Studies on relationships tend to concentrate on the point of view of the supplier organization. This indicated an important gap in our understanding of client organizations' perspectives on business relationships; taking into account the customer perspective when investigating relationships is necessary.

Earlier research has also tended to concentrate on the views of top management, which provides rich insights, but captures only part of the picture of supplier-customer relationships. Relationship management within most services firms is diffused throughout the organization – indeed throughout both supplier and customer organizations – and therefore the views of personnel at different levels of the hierarchy need to be accessed.

The purpose of the paper is to address these gaps and to contribute to the debate on how relational market-based assets should be handled and managed for optimum results. To do so we employ a multilevel perspective for the investigation of relationships; we look at both the clients' and the consultants' perspectives; and we delve into the investigation of an insufficiently explored but rich research area. Insights from the empirical data are used to conceptualize the constellation of success factors and process mechanisms which underlie long-term customer relationships in management consultancy. Two diagnostic frameworks are developed which are potentially applicable across professional services industries. The first diagnostic framework identifies the success factors which are central to the development of long-term relationships, while the second captures the key process mechanisms for relationship management.

The rest of the paper is organized as follows. The characteristics of the research context affecting relationship development are outlined in the next section. Extant literature on the importance of relationship development and the mechanisms employed is presented next, followed by an analysis of suggested procedures for relationship management. The research design, which employed a multi-level perspective for the investigation of relationships, is described next; two diagnostic frameworks are conceptualized from the empirical data; and a detailed analysis of the findings on relationship development and relationship management is presented in two separate results sections. Conceptual linkages in the focal phenomena are compared with existing research in order to provide a more nuanced understanding of relational market-based assets in professional business services. The paper concludes by considering the academic and managerial implications of the study.

CHARACTERISTICS OF CONSULTANCY AND THEIR STRATEGIC IMPLICATIONS

Management consultancy has many characteristics in common with other professional services, but it can also be differentiated on a number of counts. Firstly, management consulting is not regulated by statute and this lack of formal institutionalization heightens the degree of uncertainty which regularly confronts clients who purchase professional services (Glückler and Armbrüster 2003; Powell 1997). Secondly, management consultants lack an authoritative body of knowledge (Berry and Oakley 1994), which could provide them with uncontested expertise in their area of professionalism and be a source of credence for potential purchasers. Specialized knowledge is deployed during the consultancy activity, but it lacks the status and authority of other types of professional knowledge (e.g., law; dentistry; architecture) and consequently could not provide the basis of their value proposition. Consultants' value proposition is based instead on their exposure to and experience with many different companies in many different industries and their ability to offer impartial and objective insights into management problems (Appelbaum and Steed 2005).

Management consultants usually work in joint teams with their clients and they co-produce the outcomes, in a process of mutual learning and cooperation (Glückler and Armbrüster 2003). This project-based, high-contact and high-involvement service delivery process (Gummesson 1996) is a prevalent characteristic of consultancy which affects the propensity for relationship development. Since the product is generated in co-production only after the agreement is signed, the quality of the services cannot be assessed prior to the assignment. Moreover, because corporate development is influenced by a number of factors, it is very difficult to evaluate the quality and impact of consulting recommendations even long after the project has been completed (Glückler and Armbrüster 2003).

A consulting intervention can be a highly controversial process. External experts come to evaluate people and processes, identify mistakes and suggest improvements, which can cause unease and often widespread hostility (Sturdy 1997). The nature of consulting assignments allows consultants access to confidential information, which clients are often reluctant to divulge to outsiders (Mitchell 1994). Therefore, clients are potentially vulnerable to opportunistic behavior by the consultants (Glückler and Armbrüster 2003), which makes them protective of their internal knowledge and defensive. Under such conditions, good prior experience and personal trust become central to helping to reduce uncertainty, making relationship development important, as clients would prefer to work with trusted long-term associates. It appears, therefore, that maintaining long-term relationships with satisfied clients is most appropriate and should be the main focus of consultants' marketing strategy.

THE IMPORTANCE AND THE PROCESS OF RELATIONSHIP DEVELOPMENT

Relationship development is seen as an effective strategy for building competitive advantage (Christopher et al. 2002; Eshghi et al. 2006; Harker and Egan 2006; O'Malley and Tynan 2003; Payne and Holt 2001; Thakur et al. 2006; Ulaga and Eggert 2006), with the quality and strength of customer relationships considered critical to the survival and profitability of any business (Payne et al. 1995). Tangible and intangible benefits have been associated with relationship development, such as improved financial performance, business growth, enhanced reputation, reduced uncertainty, and exchange efficiency (e.g., Buttle 1996; Grönroos 1990; Gummesson 1996; Möller and Halinen 2000; Peelen 2005). Loyal customers are associated with larger and more frequent purchases; they generate positive word of mouth (Diller 2000), acting as strong advocates for the company (Christopher et al. 2002); they can be more accommodating, more tolerant, and forgiving of mistakes (Leuthesser 1997); and they can be more willing to provide feedback and insights into unfulfilled needs (Morgan et al. 2000). Relationship development is also considered to offer benefits to the customer through a reduction in transaction costs and an improvement in the supplier's understanding of the client's circumstances and requirements (Tynan 1997), leading to effective collaboration, exchange efficiency, and the possibility of significant gains (Dwyer et al.

1987). This enhances the quality of services received by the client firm (Halinen 1997) and increases the degree of trust and reliability (Diller 2000), reducing uncertainty (Dwyer et al. 1987).

In professional services in particular, the greatest opportunities for profitable business development appear to lie in building from the existing client base (Forsyth 1992; Sheth and Sobel 2000). Powell's (1997) research into management consultancy indicated that those firms with the highest proportion of repeat business were by far the most profitable of all the firms included in his study. He argued that the ratio of repeat business can be a useful measure for the relative superiority of one consulting firm over its competitors and also a measure of its performance over time.

Delivering high service quality is considered to be the basis upon which retention efforts can be built (e.g., Eshghi et al. 2006). Performing at a high level on current assignments, however, is a necessary but not a sufficient condition. Oakley's (1994) results indicated that clients had to be satisfied to remain loyal, with only a small percentage of clients using a consultancy more than once that they were not satisfied with. However, satisfaction alone cannot guarantee that clients would return to purchase additional services from the same firm (East et al. 2006; Sheth and Sobel 2000) in an age of satisfied defectors. The added complexity in professional business services is that customers cannot be certain about the quality of the purchase even after delivery and use, due to high experience and credence qualities (Glückler and Armbrüster 2003; Mitchell 1994; Thakor and Kumar 2000). In the absence of a clearly measurable outcome, clients depend heavily on the process of the service in their evaluation of the success of the consulting intervention and they tend to center their evaluations on individuals and their behavior (Halinen 1997; Mitchell 1994).

Palmatier et al.'s (2006) meta-analysis of the factors influencing the effectiveness of relationship marketing revealed some significant antecedents to relationship development. In particular, their analysis demonstrated the importance of: seller expertise (the knowledge, experience, and overall competence of the seller); communication (the amount, frequency, and quality of communication); relationship investment (the time, effort, and resources that sellers invest in building stronger relationships); similarity (commonality between individual boundary spanners and similarity of cultures, values, and goals between organizations); and relationship benefits (time savings, convenience, companionship) for effective relationship building. These factors are explored in the present study to identify their relevance and the way they materialize in this context.

RELATIONSHIP MANAGEMENT

Active management of the relationship is seen as imperative for maintenance of the relationship to be achieved. Professional business service providers are urged therefore to invest in keeping the client deliberately willing to continue the relationship and never to take a client for granted (Venetis 1997; Halinen 1997; Gallouj 1997). This necessitates a strategic, systematic, organization-wide focus on long-term relationships, which involves significant modifications in the company's values, strategies, structures and reward systems (Gummesson 1996; Hamilton and Howcroft 1995; Hennig-Thurau and Hansen 2000; Peelen 2005; Sheth and Sobel 2000).

Account management programs are frequently used for relationship management purposes (Wathne et al. 2001). Under such programs, customers are assigned to a designated account manager who acts as an intermediary between the customer and the supplier, focusing on a single customer (Lovelock et al. 1999; Wengler et al. 2006). IMP research has pointed to the value of identifying key account executives as relationship managers, with responsibility for the inter-functional coordination of all interactions, which ensures that relationships are handled systematically and consistently (Ford 1998; Möller and Halinen 2000). There is also the phenomenon of hidden key account management, i.e., companies informally, without implementing an explicit key account scheme, serving their important customers as key accounts (Wengler et al. 2006). What is interesting in such cases is an evaluation of the extent to which there is a difference in efficiency between the two approaches, especially given the considerable difficulties, both for managers and researchers, associated with decisions as to when and how to formally implement key account management in an organization (Wengler et al. 2006). This is because the implementation process in key account management is long lasting and laborious; it has considerable internal organizational consequences; it is characterized by numerous conflicts and complexity; and requires a lot of coordination (Wengler et al. 2006).

An important aspect of key account management is the key account selection process (Ford 1998; Wengler et al. 2006), which is central to the success of relationship management. Efficient use of resources demands that the firm chooses and seeks to keep those clients that are more important and profitable. Customer portfolio or relationship portfolio procedures involve the selection of the relationships that a company intends to work with during the next planning period (Campbell and Cunningham 1990; Johnson and Selnes 2004; Yorke and Droussiotis 1994; Zolkiewski and Turnbull 2001) in order to ensure that resources for relationship development are directed towards the most appropriate set of clients (Yorke and Droussiotis 1994), which leads to an optimization of results and minimization (or at least a more effective balancing) of risks. Customer portfolio analysis is presented as necessary to be used in conjunction with key account management, but the (albeit limited) empirical evidence suggests that even though key account management is widely used in practice, customer portfolio analysis is not widely employed (Zolkiewski and Turnbull 2001), with companies still paying too little attention to the selection of key accounts (Wengler et al. 2006).

Relationships, their characteristics, importance, and value, however, evolve and change over time. A number of authors (Dwyer et al. 1987; Ford 1990; Johnson and Selnes 2004; Yorke 1990) have identified stages that relationships go through, with each stage representing significant transitions in how the two parties see each other and what they expect from the relationship. Client perceptions and needs were believed to change over time, indicating that it may be desirable on the part of the supplier to modify strategies and approach. Lifecycle theories are not to be seen as deterministic though, but rather as didactic (Hennig-Thurau and Hansen 2000), reminding decision-makers of the need to stay alert to customers' changing needs.

Relationship expansion is another important consideration in relationship development. Attempts by professionals to expand relationships with existing clients through cross-selling are, however, often unsuccessful (Lovelock et al. 1999; Maister 1997), with clients appearing less attracted to one-stop-shops and organizations facing internal problems (such as lack of collaboration and lack of information sharing across departments) which hinder successful and sustainable cross-selling.

RESEARCH OBJECTIVES AND METHODOLOGICAL ISSUES

Starting from the dual proposition that relationships, if properly managed, can act as strong and enduring market-based assets and that relationship management in professional business services has been insufficiently investigated and conceptualized, this study examines relationship development and relationship management practices in management consultancy in a Western European context (England)[1]. In particular, the research aimed to investigate the critical factors for the development and longevity of relationships in this context; and to analyze and evaluate the ways consulting organizations manage relationships, in order to identify the success factors and process mechanisms for building and managing relationships.

The research followed a qualitative research approach, aiming to derive rich insights through long interviews with clients and consultants. Two large multinational consulting firms were selected[2] and twelve semi-structured long interviews with different members of their London offices were conducted in total, six in each organization, ranging in duration from 1.5 to 2.5 hours. Respondents in each consulting firm were selected to represent different levels in the hierarchy, in order to elicit perceptions of interactions and experiences of relationships with clients from different levels of the consulting organization (four at the partner level, five at the manager/senior manager level, and three at the analyst/consultant level). Client interviews were also conducted (ranging in duration from 1 to 2 hours) to capture the client perspective. Six clients from large British companies in different industry sectors were identified for interview through a snowballing technique.[3]

All interviews were taped and transcribed in full. For the initial data analysis all the transcripts were coded, searched for units of analysis and then for broader categories, with the aim of condensing the data into analyzable units. At the second stage, the qualitative data were analyzed through noting patterns, searching for similarities, recurring themes, and relationships. This process led to the identification of a set of general themes. The third stage involved confronting these generalizations with constructs and theories, in order, firstly, to discover whether the inferences from the data were valid; secondly, to locate the research in wider theories; and thirdly, to demonstrate how existing ideas were tested, modified and extended (Carson et al. 2001; Coffey and Atkinson 1996; Miles and Huberman 1994).

FINDINGS AND DISCUSSION

The presentation of the findings is separated into two sections, one for relationship development and one for relationship management, and revolves around two diagnostic frameworks, one which encompasses the main factors conducive to the development of relationships (Diagnostic Framework 1) and one presenting the process mechanisms for successful relationship management in the context of management consultancy (Diagnostic Framework 2). Each section is further broken down into subsections, related to the themes presented in the two frameworks summarizing the results of the study.

Relationship Development

Both sets of respondents were asked to present and analyze the factors and conditions that they believed were conducive to the development of long-term relationships as strong and enduring market-based assets. They were subsequently asked to analyze one successful and one unsuccessful example of long-term relationships, in order to probe them further about the decisive factors for relationship development. These questions provided a wealth of insights into different cases of relationships, which enabled an evaluation of the critical factors for their development and endurance/longevity. The ten success factors, which came out of the analysis of both sets of interviews, are provided in Diagnostic Framework 1. In the analysis that follows each one of these factors is presented in detail, along with supporting evidence: extracts from the interviews are used to demonstrate how the findings underpin the analysis and interpretation; and also provide the rich texturing for understanding the complex interactions captured by this analysis. The factors are not presented in descending order of importance, instead, they are presented from the more tangible (factors 1-3) to the more abstract and intangible (factors 4-9), with the exception of the last factor (factor 10), which is on the boundary between relationship management and public relations/corporate reputation activities.

Diagnostic Framework 1: **Success Factors in Developing Long-Term Relationships in Management Consultancy**
1. High Quality Result
2. Improved Client Performance in the Marketplace
3. Active/Close Monitoring of Satisfaction
4. Careful Handling of the Process Aspects of the Service
5. Personal Chemistry
6. Personal Relationships
7. Similarity of Philosophies
8. Continuity of Contact, Consistency and Personal Attention
9. Empathy, Care, Active Involvement, and Genuine Interest in the Client's Well-being
10. Corporate Events, Workshops, and Seminars

Delivering a High Quality Result - Improving Client Performance - Measuring Satisfaction (Framework 1, Factors 1-3). All consultants emphasized the importance of delighting the client with good quality work, delivering good results and value for money: "the basis for a relationship is to impress them beyond what they are expecting … ensuring that the work that you do is highly valued" (senior consultant2 CN1); "the reason that clients keep coming back is because you are doing a job that is better than anybody else" (senior manager2 CN2); "the way we keep clients is by delivering" (senior manager CN1); "by doing excellent work for them … if you are really successful, you can become the knowledge base of the client … almost indispensable" (partner3 CN2). Clients also stressed the centrality of successful results in their decision to retain their consultants. In their view the added value came from improved performance and enhanced competitive position in the marketplace based on the consultants' recommendations.

Actively and closely monitoring the degree of satisfaction of the client is considered important for retention, keeping in mind Lovelock et al.'s (1999) assertions that the nature of the service negatively affects the tendency of the clients to air their concerns and complaints, which was also reflected in the respondents' comments: "in most situations clients will hold back criticism of consultants, and then just let them finish and never use them again, because that is much easier than confronting them … you have got to be proactive in making sure that the client does tell you where there are deficiencies or weaknesses … through formal mechanisms … supplemented with informal ways" (senior manager2 CN2).

The Process Aspect of Service Delivery – Personal Chemistry - Personal Relationships (Framework 1, Factors 4-6). In the consultancy context, the quality of the services delivered is closely tied to the people delivering the service. Their behavior and performance heavily influence clients' perceptions of the quality of the service. For the clients, the consultants' professionalism, knowledge, competence and expertise, responsiveness and dependability, as qualities conducive to the achievement of good results, were amongst the most important criteria for relationship maintenance: "they have a very wide knowledge of the subject, possibly the best … they are very good in what they do" (CL4); "the reasons we have maintained this relationship for so long are that they have a high degree of responsiveness and expertise… they are very professional" (CL2). These results can be related to the seller expertise factor identified by Palmatier et al. (2006) and they also indicate how process aspects are used as the basis for evaluations in the absence of clearly identifiable and measurable outcomes.

An employee in this context therefore, needs to have the expertise to deliver the service effectively, but also to be competent in dealing with the softer side of the process in service delivery. Good communications and relationship-building skills are necessary, since it is important for consultants to handle interactions carefully, in order to develop trust and gradually build sound personal relationships. Upon this basis, it is then easier to develop an inter-organizational relationship that could become long-term: "if you work with someone a lot and they trust you and if they like having you around, that could count for quite a lot … the quality of the work is important, but the emotional element, the personal chemistry can be an important add-on to that" (partner3 CN2); "if you have a comfortable personal relationship, that moves it on to a different plane" (manager CN2); "partnerships with clients are formed one-on-one, person-by-person" (manager1 CN1); "relationships with clients … that is a personal kind of deal" (manager 2 CN1); "a lot depends on the personal relationship" (partner CN1).

The majority of clients also presented interpersonal relationships and good personal chemistry as critical factors for the development and maintenance of long-term inter-organizational relationships: "you have got to be able to feel comfortable with the people you are dealing with … if you have got somebody that you do not really click with, who is so close to yourself in the strategic running of the business … it is going to be very difficult to bring success" (CL1); "…they get to know you, you get to know them, and there is quite a good personal relationship there … that is key" (CL2); "if that personal chemistry was not there, then the relationship would break down … we would start to look elsewhere, if we were not happy with the relationship between the individuals" (CL6); "without a doubt I would say that personal chemistry is one of the most important factors" (CL3); "personalities are quite important. We had a consultant, who is probably extremely competent, but … because we could not develop any kind of personal feeling, we couldn't develop a business relationship either" (CL4).

The importance of interpersonal relationships as a strong basis for relationship development features strongly in consultancy, due to the special conditions in this context, and was also emphasized in prior literature (Halinen 1997; Palmatier et al. 2006) in other contexts, but does not appear universally applicable: in the Wathne et al. (2001) study on the banking industry, interpersonal relationships did not seem to be an important factor in corporate clients' decision making. In their research results suppliers had inflated perceptions of the importance of interpersonal relationships compared to the clients.

Similarity of Philosophies (Framework 1, Factor 7). Along with personal chemistry, there was also particular emphasis placed by the clients on the congruence of philosophies between the two organizations. The culture, philosophy and business practice of a supplier appeared to be very important for the majority of the respondents, as compatibility between the two organizations was believed to go a long way towards ensuring a positive and successful co-operation: "we need to find people that fit in with the way in which we work and the culture of the company" (CL4); "we deal with these people quite a lot, so we have to make sure that the ethos of their company fits with ours … you need to get a feeling that they want the same things as you do from the relationship" (CL3); "we put a lot of time and effort into finding partners… so where possible we would invest in long term relationships with partners who share our values" (CL5). These comments emphasize the importance for the client to have a 'shared world view' with the consultant, so that the two parties are not pursuing conflicting agendas, as outlined in earlier literature: Gable (1996) and Powell (1997) both referred to the importance of the shared world view for the success of a consulting assignment. Palmatier et al. (2006) also indicated the positive impact that similarity of cultures, goals, and values between organizations can have on the effectiveness of relationship development efforts.

Continuity of Contact, Consistency and Personal Attention (Framework 1, Factor 8). Consultants also indicated the importance of consistency and continuity of contact for a relationship to develop: "I think it depends mostly upon the consistency of contact and the continuity" (senior manager1 CN2); "we try to keep informal contacts with them, as much as possible, between projects, always trying to find an excuse to meet them or telephone them" (partner1 CN2); "we keep in touch with them; sometimes we do things that help them even though we are not paid for those" (senior manager2 CN2). Clients also referred to continuity, consistency, and personal attention: "what they did, in order to develop a relationship with us, was that they kept on being proactive … they were ringing us up saying, have you thought about this, have you thought about that and they weren't getting paid anything" (CL3); "there is always someone on call for us, we have a relationship manager… we get a lot of personal attention" (CL2); "our consultants … have a good insight into our services, our culture … I would have had possibly two months of lost productivity with an alternative supplier" (CL5). The continuity of contact element resonates well with the communication factor and the consistency and personal attention elements relate to relationship investments and relationship benefits presented in Palmatier et al.'s (2006) conceptualizations.

Empathy, Care, Active Involvement, and Genuine Interest in the Client's Well-Being (Framework 1, Factor 9). For a relationship to be a successful and long-term one, based on trust and respect, there needs to be mutuality, honesty, and a genuine interest in the counterpart's well-being: "when somebody is trusting you, then you have to appear to actually give them something in return that is more than just delivering to the contract, you have to be prepared to say, let me be honest, I do not think we should be supplying you someone to do that job, you need to get somebody else to do that … when you are at this stage where you can give people that sort of advice, then you are getting something that will last" (manager CN2). "It is a completely different mindset; if a problem appears, you deal with it, and you suffer the costs … you do not sell them any more than they need … it is a different way of doing business" (partner CN1).

For the clients care, empathy, active involvement, and genuine interest in their well-being were emphasized as necessary values of long-term trusted partners. "The principle on our list is, and it probably comes marginally before competence, is care. They have to care about our business … they have to care about the effect that their recommendations have on us. If … we find someone empathizes with the company and displays the competence to help us, then those people tend to be the ones with whom we have a long-term relationship" (CL4); "we would not remain loyal, if they weren't showing active involvement" (CL3); "the best ones are really enthusiastic; they are trying to take the company forward and are happy when we succeed. That is an important quality … showing commitment to the company" (CL1).

Corporate Events, Workshops, and Seminars (Framework 1, Factor 10). Corporate events and seminars also have their place, as extra value offered to their loyal partners, which are believed to cement the relationship further: "There is all the kind of corporate entertaining that goes on with various events that we organize. We have a whole series of seminars that we invite people to, so that they can keep coming into the office and hearing experts speak on various subjects" (partner1 CN2); "CN1 builds relationships through added bonuses, like workshops or some strategic development work, to try and show off our capability and in particular show off things like our internationalism or our internal capabilities" (senior consultant2 CN1).

Relationship Management

To approach relationship management, a series of questions firstly looked into the ways in which consultants handle and manage their relationships with their clients; and secondly attempted to evaluate the results of the employed practices in an effort to identify those process mechanisms for relationship management which would best work in this context. The results of these efforts appear in Diagnostic Framework 2 and comprise eight mechanisms which are believed to optimize relationship management in management consultancy.

Active Management of the Relationship (Framework 2, Factor 1). Consultants indicated their strong belief that relationships confer strategic value and there appeared to be a company-wide orientation towards relationship development and management in both participating consultancies. Maister (1989) argued that the culture, philosophy, incentives, and rewards within consulting organizations were geared towards getting new clients. However, this mentality and orientation is not reflected in the results of the present study. There was a clear indication of a shift towards a culture that is very much oriented towards relationship development, rewarding people on that basis.

The results reinforced the emphasis placed in earlier studies on the importance of actively managing and carefully looking after the relationship (Forsyth 1992; Hennig-Thurau and Hansen 2000; Johnson and Selnes 2004; Levitt 1986; Sheth and Sobel 2000): "keeping the relationship fresh, and looking after the relationship … the key is remaining relevant to the issues of the client … and delivering value" (partner2 CN2); "it is important to never rest on our laurels, because there will always be someone else seeking to dislodge you from that position, so you have to be alert to what the competition is up to" (partner3 CN2). Clients also recognized the potential for complacency and over familiarity in a relationship and its implications: "we are probably not getting as good a value for money now as we were getting maybe four or five years ago … they are probably too laid back now" (CL1); "sometimes … they just assume that we are always going to work with them … and they become too relaxed about the relationship that we have" (CL2); "in general terms, there is always the risk of complacency" (CL3).

Key Account Management (Framework 2, Factor 2). Both consulting organizations had a system in place to handle and manage relationships with clients. They both used some form of account management. CN2 had

Diagnostic Framework 2: Mechanisms for Optimizing Relationship Management in Management Consultancy
1. Active and Careful Management of Relationships
2. Structured Key Account Management
3. Careful Selection of Key Accounts
4. Centralized Management of Relationships
5. Different Handling at Different Stages of the Relationship
6. Effective Coordination of Relationships across Levels
7. Careful Change Management and Effective Succession Planning
8. Good Inter-Departmental Coordination for Successful Relationship Expansion

implemented an explicit and centralized account management scheme, while in the case of CN1 their account management process was less structured and pre-specified, not centrally organized, and left to the discretion of individual partners.

Account management for CN2 involved developing a specific management plan for each strategic client, which is regularly updated, and submitted to senior management, "there is a strategic plan, which analyzes what we can do for this client, how much work we can do, when we can do it, what the issues are that are coming up in the client's business … really getting close to clients" (partner1 CN2); "we have to have a conscious, active plan … managing it actively … it includes, for instance, descriptions of core relationships with key people, the contact plans … people targets" (senior manager1 CN2). Each relationship is under the responsibility of an account manager and a team of people, working exclusively on the management of the account: "there is a big change … we have actually got people, individuals and teams, that devote themselves 100 percent to managing the accounts of our major clients … now everything has to be done through the account manager" (partner1 CN2); "we are trying to have a team of people who focus on the account … some of them will have different functional areas" (senior manager1 CN2). Account management for CN2 was considered to be absolutely necessary, as it ensured consistency and active management of client relationships: "with the account management scheme, we have a stronger focus for maintaining the relationship … it is all about understanding our clients more … having an on-going dialogue with them" (partner1 CN2).

This account management scheme had however provoked considerable internal opposition: "account management met some resistance, because everyone was saying, why do I have to talk to him, why do I have to go through him, in order to get to him? … It works better at the end, but at first it sort of takes some getting used to … that is a huge cultural change, for an organization like ours that has tended to be almost like a set of cottage industries that have all done their own little thing" (partner1 CN2). Another problem that the account management scheme stumbled upon was related to the work philosophy of consulting organizations and the mentality of consultants: "traditionally in consultancies a person thinks, if I am not doing chargeable work for a client, then I am not very important, because that is what we do. The first instinct when account management came up was that this is not a job I want to do, because I am not going to be working on fee-earning work. So, it took a while for people to realize that actually these are the most important jobs in the business. And now it is much more recognized" (partner1 CN2). A further aspect of account management that consultants were not particularly happy with was that the account manager does not necessarily have to be a consultant: "we are moving towards a system where, for some of the big accounts we are having specialist business development managers, whose sole focus is selling, rather than being necessarily a consultant … I do not think that in our business … one can separate completely the salesman from the doer … I think there is some benefit from having a dedicated resource to managing the account, as long as it is very clear that the account manager is the one who is opening doors, and bringing in the right people, because I do not think that in this business a pure salesman can actually deliver the sale, and certainly cannot deliver the real opportunity" (partner3 CN2).

In the case of CN1, the relationship management process was less structured and not centrally organized. Client partners were responsible for the management of relationships: each client was under the responsibility of one partner, called client partner: "rather than account managers … each client will have a client partner, who is responsible for managing the overall relationship" (senior manager CN1). This process gets more complicated in the case of large clients, with a number of different projects, where each client is placed under the responsibility of a number of partners: "many of our clients are big, so a number of partners could be responsible for each important client, and also because they cover a number of topics … different partners can contribute in different areas" (partner CN1); "we might have three or four partners" (manager2 CN1). Although having more than one partner responsible for the account could be necessitated by the size of the client organization and the diversity of its needs, it could at the same time make it more difficult to maintain consistency. Still, "you only ever have one partner who is overall responsible for the account … but you might have other partners working for the client at the same time" (manager2 CN1); "you would have a partner who is responsible for a certain client and any work that is sold to that client goes through him, and all strategic decisions … and then for each project, there is an engagement partner as well, that is more day-to-day responsibility" (senior consultant2 CN1).

CN1 respondents considered this fairly fluid and flexible approach much more appropriate and beneficial compared to rigid account management. Nevertheless, this flexibility could potentially compromise consistency. "Consultancies generally do not do the kind of account planning in as detailed a way as you would find in product industries, not quite, because it is much more fluid … relationship building is much more intangible. So although we operate an account management process, it is a fairly fluid one, it is not very structured and pre-specified… because we have better things to do than administration, we are trying to sell and to deliver work" (manager2 CN1). The way relationships are managed in CN1 relates to the 'hidden key account management' phenomenon (Wengler et al. 2006), which is described as the implementation of the principle of key account management, offering special treatment to key clients, but without aligning the internal organizational structures, as is the case in CN2.

Key Account Selection, Centralized Management of Relationships, and Management of Relationships across Time (Framework 2, Factors 3-5). Because of the costs involved in developing and maintaining relationships with clients, selecting the most appropriate clients, with whom to develop relationships, was seen as a crucial strategic choice by all respondents: "relationship development is a huge investment" (senior manager1 CN2); "you have to invest to maintain the relationship" (manager2 CN1); "all relationships have value, but the point is whether they have enough value to offset their costs" (manager1 CN1).

There was a clear understanding in CN2 of the need to be very selective and focused on a limited number of relationships: "with this new account management scheme … it is much more focused and targeted … we are being selective about clients, we now have top X accounts, those are the ones that we are most proactive with" (partner1 CN2); "the aim is more and more to focus on key clients" (partner3 CN2); "the firm has selected a small number … that they call strategic clients … Then, there is a next layer, still quite important but not as important as the strategic clients … close monitoring of the relationship and the development of a specific plan is compulsory for each strategic client … for the next layer … it is up to the individual account manager … it is not compulsory" (senior manager1 CN2).

Careful selection was also true for CN1: "CN1 definitely targets clients that it wants to partner with" (senior consultant2 CN1); "we are increasingly focused" (manager2 CN1); "there is a need to develop relationships with fewer clients and try to maintain those" (manager1 CN1); "we do grade our clients and we do have a category which we call best clients … we make sure that we look after them, and they are the ones that we develop long-term relationships over time with" (senior manager CN1).

The size of the client organization appeared to be very important as a selection criterion, since it relates to the size of projects and the variety of the clients' needs: "our current business strategy is to focus on key strategic accounts, big organizations, because they will always be there and they will always buy consulting. And so, at least in theory, we can have a continuous business relationship with them, which is not the case for a smaller organization" (manager CN2); "the most profitable option is to go after larger projects … larger projects are projects of big clients … the economics of that drives you to have fewer big clients" (manager1 CN1); "we want to work for the largest companies on long-term relationships, and our entire marketing process is geared to that … they are the ones we can add the most value; large companies have complex problems, for small companies we can do less" (manager2 CN1). A second important criterion was the reputation, the prestige of the client: "clients that we want to partner with are those that are seen as being the leaders or potential leaders in their field" (senior consultant2 CN1). There appeared, however, to be scope for more careful and in-depth analysis on the current and future profitability of clients, which could provide a better basis for selecting key accounts to invest in. This finding is in alignment with the Wengler et al. (2006) study results in the manufacturing sector, which identified that companies still pay too little attention to the selection of key accounts.

The value of individual accounts can also change with time and it is important in such cases that the re-orientation of resources is made swiftly: "sometimes you may keep the same strategic client for five years, ten years; sometimes he may not be strategic any longer … what you have got to be able to do is re-orientate yourself, and do it quickly rather than waste too many resources" (senior manager1 CN2); "it is a matter of resource allocation: should we keep investing into a client that has gone through the positive value stage, in which case we might be having a very low return on investment, or should we use this money to go after a new opportunity" (manager1 CN1). This is related to the idea of customer portfolio management, essentially concerned with facilitating decisions in the allocation of finite resources (Yorke and Droussiotis 1994), and signifies the need to measure the short- and long-term profitability of client relationships. The customer portfolio approach provides a framework to operationalize relationship management both strategically and tactically (Ford 1990; Johnson and Selnes 2004). It is a process mechanism used to indicate which existing relationships can be expanded; which should be maintained; which should be eliminated; and where new relationships need to be developed (Zolkiewski and Turnbull 2001), aiming to balance the risks and optimize rewards.

This process was part of the account management scheme of CN2, where there was an effort towards an overall, board-level evaluation of each relationship every six months. The way relationships are managed in CN1 however, makes the use of portfolio analysis and the strategic management of relationships difficult: when each client is handled by a separate partner or by a different account manager, in a flexible and unstructured way, it is difficult for the organization to have an objective system of evaluating one account in comparison to another. The person responsible for each account is perhaps too involved and would tend to defend the importance of the relationship and its contribution to the organization's long-term profitability. It could be argued, extending Ford's (1980) point from the business-to-business literature, that for effective management of relationships, an organization-wide 'strategic management' of all relationships should supplement the 'operational management' of each individual relationship. This would involve taking a holistic approach, to achieve optimum co-ordination and objective overall evaluation of individual relationships.

A further consideration has to do with the idea that relationships evolve over time (Dwyer et al. 1987; Ford 1990; Johnson and Selnes 2004; Yorke 1990) and the implications this could have on the handling and management of the account at different stages. Respondents appreciated that relationships change over time: "relationships develop over time and they go through different phases" (partner2 CN2); "most relationships go through a cycle: new client, investment phase, positive value, and tiredness/ deterioration phase" (manager1 CN1). But consultants did not appear to appreciate the evolving nature of clients' needs, as the relationship goes through different stages. It was evident from the clients' responses that they expect different handling and they look for different things as the relationship progresses. Explicit awareness of, attention, and appropriate response to the changing requirements of the relationship over time, as a result of the changing nature of client needs as the relationship progresses, could considerably enhance the effectiveness of relationship management practices.

Coordination of Relationships Across Levels (Framework 2, Factor 6). An implication of the nature of service delivery on the management of inter-organizational relationships in this context was that interactions and critical incidents between clients and consultants in most projects take place at all levels of the hierarchy and personal relationships also develop at different levels, which necessitates the coordination of interactions and relationships across levels. During the course of a project, employees from different levels of the hierarchy of the consulting organization (analysts, consultants, managers, and partners) come in contact and develop relationships with employees from various different levels of the client organization. The resulting inter-organizational relationships span various levels of the hierarchy, with a high degree of interdependence between those levels: a positive or negative change in one level can have an effect on the others. Their careful management and coordination are therefore necessary, but challenging, due to high levels of complexity.

A key issue to look at is the relative importance of the relationships at the different levels for the success of the project and their likely contribution towards relationship maintenance efforts. Many consultants regard the top levels as the only relevant ones for the development and maintenance of the relationship. It was evident from both clients' and consultants' comments however, that the way these interactions and relationships at middle and lower levels are handled can have significant implications for the overall relationship. This finding on the importance of the middle and lower levels reinforces earlier literature: Gummesson (1996) and Maister (1989) talked about the importance of the lower, working levels, for the success of the intervention in the consultancy context, as intelligence generators, and as the critical levels, where most of the problems tend to appear. The results of the present study demonstrate how these levels can also be critical for relationship development and maintenance efforts.

Respondents from middle and lower levels of the hierarchy stressed their role and gave examples of their experiences where events on those levels had had decisively positive or detrimental effects on the relationship. Not all high in the hierarchy consultants however, seemed to appreciate that. There were some respondents who could not see such relationships having any positive or negative effect on the overall relationship. As a result, they tended not to place sufficient emphasis on carefully managing the interactions at all levels, especially the lower ones, in order to effectively nurture relationships: "whether or not they place importance in the role of the lower levels very much depends on the client partner … there are some partners who would not imagine that the relationship that I have with my client, with whom I work on a daily basis, has any impact whatsoever, and on the other hand I have worked with other partners, who have been very proactively … mentoring people around how they should be with their clients and … encouraging that kind of bonding" (senior consultant2 CN1); "relationships at other levels, other than the partner-chief executive relationship, are more important in fact … those contacts are easier to maintain and more valuable" (partner CN1); "each partner is responsible for maintaining relationships at the highest level … responsibility however comes also down to the junior level, even an analyst is expected to develop relationships" (senior consultant1 CN1).

Consulting organizations should therefore pay more attention to middle and lower levels and their role in projecting the appropriate image to the client; their role in the success of the intervention; and their role in achieving a high degree of client satisfaction and retention. Middle and lower levels should be appropriately informed of the strategic goals of the organization, the relationship management strategies and the image the organization aims to promote externally. The importance of their role should also be continuously reinforced by the people higher up in the hierarchy, so that the optimum attention is given to the relationship management process at all levels.

Managing Change and Planning Succession (Framework 2, Factor 7). Another implication of the importance in this context of personal relationships is that they can be substantially affected by changes in the position of individuals from either side. A change in the consulting team can have an impact on the relationship. This reinforces earlier research findings: Halinen (1997) in the advertising context, Mitchell (1994) in services in general, and Ford (1980) in B2B manufacturing, all referred to the risks associated with changing key people in the relationship. In this context, because of the special characteristics of the type of services and the nature of service delivery, clients, if they are to retain their consulting firm, want to keep the same individuals they know, they have tested, and trust. Clients stressed that changes in the position of key individuals could affect the overall relationship. Consultants also identified the pressures that they often get from their clients not to change the people that work for them. They indicated that most of the time these people (their competence, qualities, and the personal relationships they develop) are the main reason that the client comes back: "when key people change, the effects to the relationship can be detrimental" (partner CN1); "it does make it difficult … it is always a problem if you have got key people leaving, clients do not like key people leaving" (manager2 CN1); "if by the time you approach the client again for a new project, people have moved on, it is just like bidding afresh again, you have no advantage" (manager CN2).

Changes are unavoidable however when consultants leave the firm and they can also be beneficial: consultancies need to rotate staff for training purposes and clients are also to benefit from such changes: "changes can bring freshness, relationships get stagnant … if I tried all the ideas I had for them and I am bored of the people and the place, if I were to go somewhere else, I could get a different angle on things … you need to refresh the relationship with new people and new ideas from time to time" (partner CN1).

When such changes are made, consulting organizations have to ensure minimal disruption, plan in advance, and manage the succession properly to avoid client dissatisfaction: "you have got to manage the succession properly, where you have strong relationships built on individuals … eventually people change … our person can change, and the client person can change, and that would suddenly interrupt the relationship … it needs to be several people here and several people there, to reduce the risk, to an extent" (partner1 CN2). Succession planning, which needs to be an important part of relationship management, should involve a number of steps. First of all, the relationship has to be broadly based and not dependent on a key individual. Secondly, knowledge from and experience with the client's company have to be communicated throughout the team so that a number of individuals are familiar with the client organization and are able to add value to the client from the outset of each new project. Thirdly, since clients attribute good results to the abilities of specific individuals, the client should feel that the good outcome was based on a number of factors and was the result of the efforts of many individuals. Greater efforts need to be made to emphasize the importance of organizational capabilities and knowledge to clients. Finally, the consulting organization needs to plan ahead and communicate any changes to all relevant parties well in advance.

Interdepartmental Coordination for Relationship Expansion (Framework 2, Factor 8). Relationship expansion, in addition to relationship maintenance, is a central goal of relationship management. Cross selling, the effort to encourage the purchase of additional related products and services, is an important activity, as it enhances the levels of involvement and cements the relationship between the two parties. This is however, not a particularly successful activity for consultants. "Repeat business is going to be specific to a certain kind of work … say we do a lot of IT consultancy with a client, then if we do it well, they will probably ask us back to do the next project and the next project after that, that is common, but if they then want some human resource work done or some marketing plan, they won't naturally say these are our consultants, so we go to them, they know that is not the same kind of expertise … So, repeat business tends to be specific to a particular stream of work and probably to a particular part of the client company" (partner1 CN2). The reasons for this were associated with internal coordination problems between departments, which prevented the exchange of ideas and interdepartmental collaboration in the consulting organizations. These internal issues would need to be resolved to make cross-selling efforts more effective and clearly beneficial for the client. As it stands, clients appeared to be largely neither interested nor susceptible to cross-selling efforts. They appeared wary of consulting capture and complacency and at the same time could not see any clear benefits from retaining the same firm for a different type of consulting services. These findings replicate Maister's (1997) results, which indicated the existence of internal barriers and the lack of clear benefits for the client from cross selling.

GENERAL DISCUSSION

The study aimed to advance our understanding of relationship development and relationship management in the potentially rich, but relatively neglected, research context of management consultancy. To this end a multilevel perspective was employed to investigate supplier-client relationships, drawing on both consultants' and clients' perspectives. The empirical data enabled us to conceptualize the constellation of success factors and process mechanisms, which underlie long-term customer relationships in management consultancy. The results added new insights into previously unexplored phenomena; strengthened earlier findings from the relatively scarce academic research into management consultancy; and validated the relevance for consultancy of earlier conceptualizations about managing relationships developed in other contexts.

Client satisfaction is the all-important first step to achieving customer loyalty, and stems directly from delivering value for money (e.g., Eshghi et al. 2006). In this context, client responses indicated that they evaluate their consultants based on whether or not their close collaboration with them is yielding results in the form of enhanced competitive position in the marketplace and improved performance. However, because such evaluations can only be undertaken in the long-term and there are other factors, beyond the consultants' input, that can affect the client organization's performance, there are significant evaluation difficulties which make clients resort to surrogate criteria, such as the process of service delivery. Halinen (1997) talked about the importance of the process aspects of the service in a different, but closely related, industry within professional business services: the advertising industry. The results of the present study confirmed the importance of the process aspects and demonstrated which aspects of the process and characteristics of individual service providers clients pay attention to in the context of management consultancy (Framework 1, factors 1-2, 4).

Lovelock et al. (1999) had indicated that the nature of service delivery makes it very difficult for clients to air their concerns in certain services contexts. This assertion was reflected in the results of the study. Clients would not openly air their concerns, due firstly, to their aversion to confrontation and secondly to attribution of blame difficulties and complications. Instead, clients would just never consider this supplier again. But without the clients explaining the reasons for their decision, suppliers lose the opportunity to defend their actions and make up for any shortcomings. This strengthens the necessity of actively and continuously measuring the degree of satisfaction of the client to ensure that any problems are picked up sufficiently early and are effectively resolved (Framework 1, factor 3).

The importance of interpersonal relationships as a strong basis for relationship development came through strongly in the results of the study. Prior literature (Halinen 1997; Palmatier et al. 2006) in other contexts had also indicated the importance of interpersonal relationships. However, this finding is not universally applicable across service industries. In the banking industry, interpersonal relationships were not seen to be an important factor in corporate clients' decision making relating to relationship maintenance (Wathne et al. 2001) (Framework 1, factors 5-6).

Palmatier et al.'s (2006) meta-analytic framework revealed some significant antecedents to relationship development. The results from the present study on relationship development were compared and linked to these factors, signifying their relevance and how these factors apply in this context. Seller expertise was related to consultants' professionalism, competence and dependability, as process-related qualities. Similarity manifested itself in relation to personal chemistry and similarity of philosophies; while relationship investment, communication, and relationship benefits resonated well with continuity of contact, consistency, personal attention, and corporate events (Framework 1, factors 4, 5, 7, 8, 10).

Regarding the relative importance of the different factors for relationship development, there was variability in the importance assigned to each factor amongst the clients. Some clients primarily stressed certain factors, while others placed more emphasis on others, which relates to Buttle's (1997) idea of the different interpretations of quality when it comes to relationship development. This further reinforces the need for consultants to stay close to their clients and work actively to understand their preferences and requirements. Nevertheless, a common thread, which clearly emerged in this context, was the importance clients placed on empathy and genuine interest in the well-being of their organization, which they regarded as even more important than competence (Framework 1, factor 9).

On relationship management practices, the study demonstrated a shift from a relative neglect of relationships which was reported to have been the case a few years ago (Maister 1989) to conscious understanding of the importance of relationships and an active effort to handle and manage them (Framework 2, factor 1). It was fortuitous that, of the two participating consultancies, one had implemented an explicit key account management scheme and the other was operating under a more flexible relationship management system, which resonated well with the phenomenon of hidden key account management (Wengler et al. 2006). This offered an interesting opportunity to compare the two options: explicit and hidden key account management. The results of this study indicate that explicit KAM works better due to the coordination and diligence it imposes. Alongside this finding however, some very interesting implementation problems and oppositions were identified. These arose especially from clashes with the mentality of professionals and the way they operate. This finding complements and enriches our understanding of the side-effects of implementing key account management (Framework 2, factor 2).

The two consulting organizations in the study appeared to be aware of the need to be very selective when it comes to relationship development. They tried to evaluate the potential of different clients for relationship development. However, when it came to the discussion of the criteria they employ in the selection process, these were found to be limited. This reinforces the finding (Wengler et al. 2006) that companies still pay too little attention to the selection of key accounts, suggesting scope for the use of customer portfolio analysis mechanisms and for a strategic relationship management orientation (Framework 2, factors 3, 4). A strategic relationship management orientation could also have a further positive impact: on inter-departmental coordination, which appeared to be limited albeit it was recognized to be necessary for successful relationship expansion. This limited interdepartmental coordination hindered the success of cross-selling efforts, making it difficult for clients to see any benefit in cross-buying and for consultants, in their turn, to coordinate their efforts towards such a goal, reinforcing Maister's (1997) findings on barriers to cross-selling (Framework 2, factor 8).

The results have also demonstrated the importance of the interactions and relationships in the middle and lower levels of the hierarchy for the longevity of inter-organizational relationships (Framework 2, factor 6). This finding was very important for relationship management purposes and advanced earlier findings, which signified the importance of the middle and lower levels for the success of consultancy interventions (Gummesson 1996; Maister 1989). Finally, changes in key people are always disruptive and the results of this study reinforced earlier findings about the negative implications of such practices (Ford 1980; Halinen, 1997; Mitchell 1994) and also allowed the identification of a set of mechanisms, which are believed to minimize the impact of such changes (Framework 2, factor 7).

MANAGERIAL IMPLICATIONS

Relationship development and management are presented as strong competitive tools in the strategic armory of organizations, but with mixed results from their implementation in business practice, this has been highlighted in the literature as an area deserving further study and conceptualization (Boulding et al. 2005; Lin et al., 2006; Ngai, 2005). In an effort to alleviate the ambiguity and resolve the implementation dilemmas, research into different business sectors is seen as necessary, to shed light onto what relationship management practices are employed in business practice and with what results. Such research has however been limited hitherto, indicating a research gap and scope for context-specific research (e.g., Buttle, 1996; Palmatier et al. 2006; Steward, 1997). This study has significant practical value as there are some important managerial insights provided into the key mechanisms for organization-wide relationship development and their strategic value; into what the clients have to say about relationships; and into how relationships with clients should be managed throughout the organization. Table 1 provides a summary of the managerial implications deriving from the results of this study. There are 14 important insights in total which are relevant to managers. These managerial implications are presented in alignment with the two diagnostic frameworks. Points 1-6 relate to relationship development, while points 7-14 focus on relationship management.

On relationship development, it is important for consultants to appreciate how clients make quality and value evaluations, in relation both to the outcome and to the process of the service (Table 1, points 1-2). These provide a solid basis for the development of a relationship - not a sufficient, but certainly a necessary condition. Personal relationships, personal chemistry, and similarity of philosophies are also very important for relationship development. Because of the nature of service delivery in this context, there are increased opportunities for the development of individual relationships and scope for personal chemistry and similarity of philosophies to manifest themselves and play a facilitating role in the collaboration, affecting its quality and longevity (Table 1, points 3-4). Clients appeared particularly appreciative of continuity and personal attention in the context of a relationship and they actively looked out for empathy, care, involvement, and genuine interest in their well-being if they were to decide to commit to a long-term relationship (Table 1, points 5-6). Competence was seen as insufficient alone, if it were surgical; it was necessary for competence to be complemented with empathy and a genuine interest in the well-being of their organization.

When it comes to relationship management, active and structured handling of relationships is beneficial in consultancy, as it ensures that these crucial market-based assets are managed appropriately, centrally, and strategically. The structured approach that a key account management scheme can offer is necessary, resulting in improved coordination, efficiency, and consistency (Table 1, point 7). Interestingly, the key account management implementation example reported in this study sheds light onto some potential problems that can appear in the process of implementation, due to clashes with the mentality of professionals in this context, which might need to be taken into consideration when implementing such schemes. When it comes to the selection of clients to focus on for the development of long-term relationships, customer portfolio analysis can supplement key account management and can be used to select the right portfolio of clients to balance risks, costs, and rewards, enabling informed resource allocation decisions (Table 1, point 8). This structured handling of relationships, and the hoped for co-ordination, can be further enhanced by an organization-wide strategic management of all relationships (Table 1, point 9). Coordination of relationships across time and across levels are also significant considerations, necessitating close attention to changing client requirements at different stages of the relationship and close monitoring and management of all relationships that develop at all levels of the organization, especially at the middle and lower levels (Table 1, points 10-12). Succession planning, in those cases where changes of personnel are necessary, is another important mechanism within the management of the relationship. Given the adverse effects on clients' degree of satisfaction and retention that such personnel changes can have, they must be handled appropriately, in a planned and careful manner, to offset their negative consequences (Table 1, point 13). Finally, relationship expansion must be the driving force for advanced inter-departmental collaboration. If clients are to benefit from cross-buying, then there has to be interdepartmental coordination and exchange of information between departments, enabling value enhancement through synergies (Table 1, point 14).

CONCLUSION

The study overall aimed to address three gaps: to look into an under-explored and under-conceptualized context: relationship development and management in management consultancy; to look at relationships from both the supplier and the client perspectives; and to supplement our understanding and knowledge of relationships with insights from people at different levels of the hierarchy, to enable a better and more rounded view than the one which is normally provided by top management.

Starting from the proposition that relationships can act as strong and enduring market-based assets (Srivastava et al. 1998) if properly developed and managed, this study embarked on an investigation of the relationship development and relationship management practices in an industry which relies heavily on reputational and relational market-based assets: management consultancy. This was seen as a rich and fitting context, which remained largely under-conceptualized from a relationship management perspective. Overall, this study primarily aimed at achieving theoretical generalization (Maxwell 1996) by developing an understanding of the special conditions, circumstances and individualities of

TABLE 1:
Summary of Implications for Relationship Development and Management in Consultancy

1. In the consultancy context, clients' judgements of the quality and value of their consultants' recommendations are based on results: improvements in their performance and in their competitive position in the marketplace.
2. Due to the nature of the service in this context, the process aspects of service delivery also play a significant role in the formation of evaluations. Under these conditions, the competence and personal characteristics of the individuals involved are of crucial importance in consultancy, affecting both quality evaluations and the development of relationships.
3. The personal relationships that develop between individual consultants and members of the client organization can play an important facilitating role in the consulting process and can provide a solid basis for the development of strong inter-organizational relationships.
4. Similarity of philosophies between the organizations and personal chemistry between the individuals involved can significantly contribute towards the achievement of effective cooperation and successful relationship development.
5. Continuity and personal attention are seen by clients as a very important added value in relationship maintenance and should be provided to induce a client to remain loyal.
6. Empathy, care, and genuine interest in the client's well being are considered prerequisites for the development of successful and long-lasting inter-organizational relationships.
7. Consultancies largely show a tendency for less structured and rigid account management. Although this has the benefit of flexibility, it can compromise consistency, with negative consequences for the long-term management of the account. A well-coordinated and efficient handling of relationships would be preferable.
8. A wider use of customer portfolio analysis would benefit consulting organizations, as it would improve their efforts to evaluate the long-term profitability and importance of individual relationships and ensure the appropriate allocation of resources.
9. An organization-wide strategic management of all relationships should supplement the operational management of each individual relationship, for optimum coordination and more objective overall evaluation of individual relationships.
10. Explicit awareness of, and attention to, the changing requirements of the relationship over time, as a result of the changing nature of client needs as the relationship progresses, could also considerably enhance the effectiveness of relationship management practices.
11. Inter-organizational relationships in consultancy span across a number of different levels, with a high degree of interdependence between them, which makes the effective coordination of relationships across levels necessary for the long-term well being of the inter-organizational relationship.
12. Because of the nature of service delivery in this context, employees in all levels of the hierarchy, even the middle and lower ones, should be well informed of the organization's relationship development and management strategy and practices, as they can all play a crucial role in the success of such efforts.
13. Clients do not like changes in the members of their consulting teams and would prefer to keep the same people whom they know and trust working on their projects. As a result, consultants should carefully consider changes, ensure minimal disruption when such changes are necessitated, plan in advance, and manage succession properly to avoid client dissatisfaction.
14. Clients are largely neither interested nor susceptible to cross-selling efforts. The reasons for this are associated with internal coordination problems between departments, which prevent the exchange of ideas and interdepartmental collaboration in consulting organizations. These internal issues would need to be resolved to make cross-selling efforts more effective and clearly beneficial for the client.

management consultancy, which affect the relationship development and relationship management practices, in an effort to sustain and increase the value of relational market-based assets.

The results yielded rich insights into the factors that can lead to successful relationship development and into the process mechanisms that should be employed for optimum relationship management, which were summarized into two diagnostic frameworks. In addition, the study also offered significant managerial insights and implications for management practice (see Table 1).

Future studies could test the conceptualizations represented in the diagnostic frameworks further through a wider sample with a quantitative research design to identify frequencies and correlations. Follow-up studies could also compare the findings through research into other professional services contexts, while cross-cultural research could investigate the influence of national-cultural contexts on the appropriateness of relationship development and the applicability of relationship management practices in professional services in markets which differ significantly from Anglo-Saxon ones.

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[1] Europe was considered a good context for empirical research, to further conceptualizations mostly developed on US data. England was selected, as it is a European country, sufficiently different to offer potentially valuable additional insights, but at the same time close in many market-type features to the USA, to enable comparability.

[2] We decided to focus on large multinational, US-headquartered consultancies for consistency and comparability. All eligible consultancies in this category were contacted and access was negotiated with those most interested in the study and willing to be involved to the extent that the study necessitated.

[3] Due to confidentiality issues, no name of company or participant could be divulged. Codes are used for reporting the data: CN denotes consultant and CL stands for client. In the case of consultants, a number was allocated to the participating organizations (1-3) and the position of each respondent is indicated (e.g., Partner, CN1). In the case of clients a number (1-6) is allocated to each individual respondent.