How do relationships begin?

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Abstract

In this paper we address the issue ‘How do relationships begin?’ Based on a review of work within the IMP Approach on stage and state models of relationship evolution, we conclude that very little attention has been paid to beginnings of relationships. We discuss why this might be so, and why the issue deserves more consideration. Based on a case study, we make a first start at discussing how we may conceptualise and discuss relationship beginnings. Furthermore, we depict a firm’s ‘relationship initiation profile’ and suggest that a firm may benefit from examining its profile and the costs and benefits associated with it. Lastly, we propose issues which may be pursued in further research.

Keywords: relationship evolution, stage model, state model, beginning, relationship initiation profile
Introduction and purpose

Consider the following situations. (1) A start-up firm which desperately needs to find customers for its product concept, and which intends to develop relationships to these customers as well as to develop relationships to suppliers which eventually can take part in the production of the product. (2) A mature firm which develops a new product and aims to develop relationships to customers which are able to use the new product. (3) A firm which seeks to change its transactional posture towards its suppliers and to form relationships with present or new suppliers. Firms in these situations may all be interested in knowing how relationships begin, and how they may act in order to facilitate the initiation and development of relationships. Prompted by studies of firms in situations as the ones described above, we ask: What does the IMP Approach have to offer such firms? Which concepts, models and implications have been suggested in order to assist our understanding of how relationships begin? This paper is a first attempt at reviewing and discussing work within the IMP Approach on relationship beginnings. The purpose of the paper is to address the issue “How do relationships begin?” through discussing the following questions:

- How has the issue been addressed within the IMP Approach?
- Should more attention be paid to the issue with the IMP Approach?
- And if so, how may we discuss and conceptualise ‘how relationships begin’?

Literature review

In this section, we take two different review approaches in order to address the issues outlined above.

The states/stages model of relationship evolution

In order to address how relationship beginnings have been conceptualised within the IMP Approach, we first looked into ‘Understanding business markets’ edited by Ford (1997) which contains articles that are considered classics within IMP Approach. In this volume, we found two contributions which discuss how relationships evolve over time through stages or states and which therefore also include some conceptualisation of relationship beginnings. The two contributions are: *The development of buyer-seller relationships in industrial markets* by Ford (1980) and *The relationship between export manufacturers and their overseas distributors* by Ford and Rosson (1982). It may seem useful to start with the model of relationship evolution proposed by Ford (1980) which comprises five stages of evolution. The five stages are (Ford 1980): (1) pre-relationship stage, (2) early stage, (3) development stage, (4) long-term stage, and (5) final stage. While the model relies on some kind of lifecycle notion, it was however stressed that “the process described here does not argue the inevitability of relationship development. Relationships can fail to develop or regress depending upon the actions of either party or of competing buyers and sellers” (Ford 1980, p.340).

Based on additional empirical material on 21 relationships, Ford and Rosson (1982) revise the model by Ford (1980). Instead of *stages*, it is suggested that relationships may be in one of five possible *states* of development. As they explain “unlike earlier work, the only assumption made here regarding progression is that dyads move from being “new” toward being “inert”. Between the beginning point and end point, three relationship states are possible, namely, growing, troubled or static. In the middle relationship periods, any sequence of states may be experienced. For example, the “growing” state may be followed by “troubled” to be followed by a “growing” state again. In this way, the model accommodates fluctuations in relationships” (Ford and Rosson 1982, p.263). Later on, the model has been revised to comprising four stages/states: (1) the pre-relationship stage, (2) the exploratory stage, (3) the developing stage, (4) the stable stage (Ford et al., 1998), where the last two stages in the 1980 model seems to have been merged into one stage in the 1998 model. In relation to this model it is also stressed “it is important to emphasise that all relationships don’t move into each of these stages in a predetermined way. Many relationships fail to develop at all after an initial contact, others are short-lived either because their usefulness disappears or because either party is unable or unwilling to develop them” (Ford et al. 1998, p.26).

We may conclude that the revised model of relationship evolution is based on the idea of a beginning which may progress to different states of relationship development, which may be reiterated in whichever sequence over time, and the relationship may end with being inert and eventually cease to exist. Thereby, the lifecycle logic has been abandoned in the sense that relationship evolution is
considered as a variable - in the same way as a relationship is considered a variable in the IMP Approach (Håkansson and Snehota 1995) – thus making a lifecycle/stages sequence one among many possible trajectories of relationship evolution.

In addition to looking into how the model has been revised by the original proponents, it may be useful to look into work which cites the articles by Ford (1980) and Ford and Rosson (1982). By using the ISI Web of Knowledge cited reference search function, approx 80 articles were identified. The articles may be divided up into: articles written by researchers subscribing to the IMP Approach and articles written by researchers outside the IMP Approach. An article was classified as belonging to the first group if one or more of the authors had written more than one paper for the last six IMP Conferences. This, in turn, was determined based on a search for <authors> of papers on www.impgroup.org. In addition, we searched for papers on www.impgroup.org which in <titles> or <abstracts> had one of the following terms: stage, state, phase or evolution. A large number of such conference papers were identified; however, only a fraction of these referred to Ford (1980), Ford and Rosson (1982) and/or Ford et al. (1998) regarding the issue of relationship stages/states models, and many were therefore disregarded.

The articles by IMP researchers may be divided into two subgroups. The first group consists of articles in which it is mentioned that development stages/states is a feature of a relationship, but which neither discuss the issue in any detail nor base its main propositions on the relationship stage/state model. In other words, these articles acknowledge the existence of the articles and the models but do not pay serious attention to the core issues of the models. These articles primarily refer to Ford (1980) and hardly ever to Ford and Rosson (1982). There are plenty of such articles, for example:

- Ford, Håkansson and Johanson (1985) who stress the importance of interaction;
- Halinen, Salmi, and Havila (1999) who conceptualise dyadic and network changes;
- Hillebrand and Biemans (2003) who focus on the relation between internal and external cooperation;
- Leek, Turnbull, and Naudé (2004) who explore different relationship management methods;
- Pardo, Salle, and Spencer (1995) who discuss key account management;
- Ritter and Gemünden (2003) who make an overview on network research;
- Ritter et al. (2004) who discuss managing in networks;
- Walter (2003) who investigates supplier involvement in new product development;
- Roy, Sivakumar, and Wilkinson (2004) who propose factors which influence the generation of innovation in supply chain relationships; and

The second group of articles takes the stage/state model of relationship evolution much more serious. These articles investigate, discuss and/or criticise the stages/states model, either as a whole (all stages/states) or one particular stage/state. There are a small number of such articles:

- Halinen and Salmi (2001) who focus on the importance of informal personal relationships in critical phases of a relationship’s evolution, e.g. in the initiation phase, crisis periods, and the ending etc. For example, it is suggested that “there are situations where an existing personal relation provides a first contact and access to a new business partner. Also a third party to potential business partners can play a role here. Often existing contacts are relied upon in order to find information and recommendations, which then leads to a new business relationship” (Halinen and Salmi 2001, p.8);
- Halinen (1998) and Medlin (2004) both of whom scrutinise the conceptualisation of time in business relationships and reject the concept of stage models (e.g. Ford 1980) which rely on a lifecycle-like logic but accept the concept of a states model of relationships following indeterminate paths (e.g. Ford and Rosson 1982);
- Havila and Wilkinson (2002) who, based on the stages model (Ford 1980), scrutinise the dissolution phase of relationships;
- Tähtinen (2001) who focuses on the dissolution stage of relationship evolution and e.g. conceptualises this stage as consisting of six sub-stages; and
- Wilkinson and Young (1994) who introduce the concept of ‘business dancing’ in order to explain different types of relationships and patterns of relationship evolution and based on empirical studies, reject the lifecycle logic proposed by Ford (1980).

The articles by non-IMP researchers may similarly be divided into two subgroups. The first group consists of articles which mention that development stages/states is a characteristic of relationships,
but which do not discuss the concept in any detail, and which do not base its main propositions on the relationship stage/states model. Once again, Ford (1980) is more cited than Ford and Rosson (1982). There are a moderate number of such articles, for example:

- Bejou (1997) who reviews the evolution, present state, and future of relationship marketing;
- Bello and Barksdale (1986) who discuss industrial trade shows and, in particular, whether export opportunities at such trade shows are overlooked or exploited;
- Ellis (2000) examining the extent to which new international exchange partners are identified via existing social ties;
- Filiatrault and Lapierre (1997) who investigate relationship marketing practices in project-organised settings;
- Godar and O'Connor (2001) focusing on trade show motives and the fact that business relationships are sometimes initiated at trade shows;
- Hansen (2004) who suggests measures for performance at trade shows;
- Homburg and Rudolph (2001) who discuss customer satisfaction;
- Tzokas, Saren and Kyziridis (2001) scrutinising the relation between sales management and relationship marketing; and
- Weitz and Bradford (1999) who focus on the role of sales people in the relationship marketing era vs. the transactional era.

Articles in the second group of work by non IMP researchers investigate, discuss and/or criticise the stages/states model, either as a whole (all stages/states) or one particular stage/state. These articles refer mainly to Ford (1980) but some (also) refer to Ford and Rosson (1982). There are some such articles, for example:

- Batonda and Perry (2003) who review and discuss stage, state and joinings models of relationship evolution and, furthermore, test these models empirically in two culturally different settings. The conclusion is that a ‘model of six unpredictable states’ is most relevant, thus confirming the proposed model by Ford and Rosson (1982). However they also identify a number of relationship evolution processes which fit the stages model, and they conclude that such processes are primarily found “in newly established networks which are unfamiliar with the networking process and those managed by network managers” (Batonda and Perry 2003, p.1477);
- Broch, Maniscalco, and Brinberg (2003) who discuss stage and process models of relationships and pay particular attention to how a relationship is initiated and how it moves from one stage to another;
- Comer and Zirger (1997) who investigate and test relationship evolution based on the stages models by Dwyer et al. (1987) and Ford (1980) and conclude that their results “indicate that relationship formation is an understandable process that goes through more or less predictable phases. This means that an organization can plan and manage the process in some detail” (Comer and Zirger 1997, p.210);
- Dibben and Harris (2001) who investigate how business relationships develop from social relationships between CEOs;
- Leonidou (2003) who discusses how international relationships evolve through four stages (or axes) i.e. pre-engagement, initiation, development, and sustainment. While paying attention to all axes, he suggests that relationships may come about through fortuitous orders from foreign customers, meetings at trade exhibitions, via other members of the supply chain etc. As he states, “the network of relationships that the firm has with other organizations in the home market appears to constitute a serious driving force as regards entering foreign markets and, subsequently, affects interactions with customers in these markets” (Leonidou 2003, p.133);
- Rao and Perry (2002) who track the evolution of Relationship Marketing ideas, and reject the stages model of relationships and suggest that the states model is a more appropriate conceptualisation of the process of relationship development in Relationship Marketing;
- Snellman (2001) who reviews research on evolution of relationships from the fields of industrial marketing, organisational theory, and strategic management. In doing so, she recognises the difference between the stages (Ford 1980) and the states model (Ford and Rosson 1982; Ford et al. 1998);
- Warsta, Lappi and Seppänen (2001) who rely on Ford (1980) as well as Ford et al. (1998) for discussing partner screening in, primarily, the pre-relationship stage but to some extent also in the later phases of relationship development. However, as they state “we are most interested in the pre-relationship stage [...] which occurs after the customer and the supplier have recognized each other” (Warsta et al. 2001, p.5); and
Wilson and Millman (2003) who discuss the role of global account managers and suggest that global account relationships may develop through six stages which resemble the relationship stages suggested by Ford (1980).

We may also mention that there are other articles which discuss stages, states and process models of relationships but which do not refer to Ford (1980), Ford and Rosson (1982) and Ford et al. (1998). Instead, these discuss the quite comparable models as suggested by Dwyer et al. (1987) and/or Wilson (1995). It is, however, beyond the scope of this paper to discuss these other articles.

Based on this review we can conclude that:

- Ford (1980) is often cited without the main logic of the stages model being the issue which the referencing researcher intends to draw attention to;
- The logic underlying the stages/states model is used in discussions on the evolution of relationships, both for relationships as conceptualised within (the different flavours of) the IMP Approach, but also for relationships as conceptualised and discussed within Relationship Marketing, Customer Relationship Marketing, International Marketing, Export Management, Sales Management, and Supply Chain Management;
- The stage model has been exposed to some criticism, by the author himself (in collaboration with other researchers) as well as by some other authors within or outside the IMP Approach. However, most of the criticism of the Ford (1980) stages model has actually been aired after the states model was proposed by Ford and Rosson (1982). However, since this latter model is much less known and cited than the former one, it is probably to be expected that criticism centres on the first, early model of relationship stages;
- Both within and outside the IMP Approach, researchers have tested the models and found mixed evidence, i.e. evolutionary processes which confirm or reject the stages model. This, in effect, equals a confirmation of the states model;
- Some of the work on relationship stages/states models focuses on all types of stages/states. However, some researchers centre their attention to one stage, only. For example, the dissolution stage/state is put centre-stage by Havila and Wilkinson (2002), Tähtinen (2001), Tähtinen and Halinen-Kaila (1997/2002). Warsta, Lappi and Seppälä (2001) focus on the pre-relationship stage.
- Many of the reviewed contributions hardly mention or discuss the beginnings of relationships. However, there are few exceptions, such as Warsta, Lappi and Seppälä (2001), Ellis (2000); Godar and O’Connor (2001), Leonidou (2003). The majority of these contributors do not (explicitly) subscribe to the IMP Approach. Furthermore, various types of relationship initiation are discussed, some of which are in line with the IMP Approach e.g. initiation via existing joint counterparts which act as mediators, other types of initiation have received less attention within the IMP Approach e.g. initiation at trade shows, unsolicited orders by ‘strangers’, social relations among CEOs, etc.

**The relation between the bulk of IMP research and the stages/states models**

In order to investigate to what extent and how ‘relationship evolution’, in general, and ‘beginnings of relationships’, in particular, have been addressed within the IMP Approach, it is useful to review literature from an additional angle. In the following section, we look into which stages/states of relationship evolution the majority of the research within the IMP Approach focuses on.

Since the publication of the relationship stage model in 1980, the IMP Approach has grown considerably, and many different aspects of business relationships have been investigated, e.g.:

- the substance and function of relationships (Håkansson and Snehota, 1995),
- the nature and role of relationships (e.g. Easton, 1992; Wilkinson and Young, 1994);
- (strategic) management of relationships (e.g. Håkansson and Snehota, 1989; Möller and Halinen, 1999; Håkansson and Ford, 2001);
- relationship promoters and key account managers (e.g. Pardo et al., 1995; Walter, 1999);
- the network context of relationships (e.g. Anderson et al., 1994; Holmen and Pedersen, 2003);
- customer relationships (e.g. Ritter, 1999) and supplier relationships (e.g. Gadde and Håkansson, 2001; Dubois, 1998),
- technological development in relationships (e.g. Håkansson, 1989; Håkansson and Waluszewski, 2002) and, as mentioned in the previous section,
- the ending or dissolution of relationships (Alajoutsijarvi et al., 2000; Halinen and Tähtinen, 2002).
If we relate the insights gained and concepts proposed to the relationship stages/states proposed by Ford (1980), Ford and Rosson (1982) and Ford et al. (1998), it becomes clear that some stages/states have received much more attention than other stages/states. It seems fair to say that most empirical investigations and conceptual work focus on ‘the middle and late stages’ or ‘the developing and stable states’ in relationship evolution. The proposed models often capture relationships which have already acquired some degree of substance and which have already developed over some period of time. Recently, however, relationship termination has also been attended to and concepts such as exit, termination, and dissolution have been proposed and discussed.

This second review of relationship aspects attended to in the IMP Approach reveals that:

- A huge amount of attention is paid to substantial, ongoing relationships;
- Some attention is paid to the endings of relationships;
- Almost no attention is paid to the beginnings of relationships;

in short, we know much about established relationships, and a little about how they end. But we know very little about how relationships are initiated. These observations lead us to the next issue which we address.

**Why have relationship beginnings received so little attention within the IMP Approach?**

Empirical investigations have shown that many relationships are long term, characterised by continuity/stability, adaptation/investment, and institutionalization/routinization etc. (Håkansson and Snehota, 1995). Furthermore, it is assumed that interaction processes in a relationship over time through which the involved parties adapt to each other, enable the creation of efficiency, learning and innovation etc. Therefore, it may be that little attention has been paid to the relationship beginnings because it is (more or less implicitly) assumed that what matters most is what happens in a relationship over time. This is so because it is assumed that economic benefits arise when some substance has been created, and the IMP Approach often points out that many relationships are quite old from 10 years to 100 years. The more emphasis is put on lengthy processes of interaction and long duration of relationships, the smaller the significance will be of the relationship beginning. Similarly, selection of partners (suppliers, customers) is an issue which is generally disregarded within the IMP Approach. As Ford states in the beginning of his relationship stage model article “this article is less concerned with the reasons for the choice of buyer or seller partners (although this is acknowledged as a question of considerable importance!). Instead, it analyses the process of establishment and development of relationship over time by considering five stages in their evolution” (Ford, 1980, p.339). It seems to be that which happens after the first encounter which matters. Although seldom made explicit, the underlying logic might be similar to the one espoused by Latour (1996) that reasons for the failure or success of a process should never be found in the original idea igniting the process, but in how the process unfolds over time. It may also be that since other economic theories pay excessive attention to early phases and little attention to later stages, the IMP Approach has chosen to do the opposite, i.e. to pay slight attention to early phases and excessive attention to later stages. For example, the Interaction Model was developed in opposition to theories which focus on one-off market-transactions in which beginnings comprise a much larger proportion of the unit of analysis. Since the value of a theory depends equally as much on which variables it excludes as which variables it includes (Snehota, 1990), a choice not to conceptualise relationship beginnings but ‘only’ ongoing relationships may be a sensible one. However, we may still ask:

**Would it be useful to pay (more) attention to relationship beginnings?**

It is possible to argue in favour of addressing relationship beginnings. As insight into relationships has developed it has become increasingly clear that the variety of relationships is larger than initially expected, and that some relationships are relatively short-term and may comprise very few (possibly only one, lengthy) episode (Ford et al., 1998). In such cases, understanding the beginning of relationships may be of more significance than in cases with relationship durations of several decades. Secondly, it may be that the IMP Approach is less useful for analysing small, start-up firms or spin-offs which may have no, few and/or thin relationships. Similarly, in industrial settings characterised by some degree of path-breaking change, there may be a non-negligible need for establishing relationships with new counterparts. And, as suggested by Dubois et al. (2003), changes in a firm’s policy or technical modifications, or problems in an established relationship, may prompt the start up of new relationships. In any case, a beginning is always a necessary (but not sufficient) condition for the
development of a relationship. In this paper we take the position that it is useful to carry out research into the origins of relationships, which leads us to the next issue we address:

**How do relationships begin?**

We address this issue by means of a case study of Atlas, a small Dutch company in the printing business. We investigated the development of the firm’s 38 direct customer relationships since the start up of the firm in 1992 till 2003. The customer relationships by 2003 are shown in figure 1 (see end of paper). Based on an inductive case analysis and types of beginnings discerned in literature, we discern 11 types of relationship beginnings. Furthermore, we identify the number of instances of each type in the case of Atlas (# in parenthesis):

1. counterpart (i.e. customer) initiates first contact with the focal firm (10 instances)
2. focal firm initiates first contact with the counterpart (1 instance)
3. a direct counterpart of the focal firm initiates contact between the focal firm and one of its other counterparts (7 instances)
4. a former employee of focal firm initiates contact between focal firm and present employer/own start-up firm (1 instance)
5. a former employee of partner initiates contact between focal firm and present employer/own start-up firm (9 instances)
6. the focal firm meets partner via a public trade show, fair, trade meeting etc. (7 instances)
7. the focal firm meets the counterpart at private, invited meeting or seminar (1 instance)
8. contact is established via a (public) request for tenders (0 instances)
9. presence in local cluster (1 instance)
10. serendipity (0 instances)
11. an indirect counterpart of the focal firm initiates contact between the focal firm and one of its other counterparts (1 instance)

Based on this analysis, we have developed a spider web diagram (see figure 2, end of paper), showing the firm’s relationship initiation profile. We discern two dimensions:

- an **active vs. reactive** dimension, reflecting if the focal firm initiates the interaction process or not
- a **direct vs. network-mediated opportunity** dimension reflecting if a known, connected partner acts as a mediator or if more public fora facilitate the initial contact.

As the figure shows, our case firm is quite reactive, relying on customers directly approaching the firm, or 3rd parties introducing counterparts to the firm (cf. the joining function of 3rd parties as suggested by Holmen and Pedersen (2003)). Furthermore, the firm to some extent relies on ‘chance’ encounters at trade shows. We suggest that a firm may benefit from (a) identifying its present relationship initiation profile and how it has changed over time, and (b) from discussing the costs and benefits of the profile.

The two dimensions, we discern in figure 2, aim to capture ‘underlying dimensions’ of 11 types of relationship beginnings; but more work both on initiation **types and processes**, and underlying dimensions, needs to be done. While space does not allow us to pursue the issues any further, we suggest that more empirical, conceptual, theoretical, and methodological work be done on the issue of ‘how do relationships begin?’. Furthermore, it may be useful to develop measures for evaluating the effectiveness of counterparts in mediating new relationships for the focal firm, to investigate if the relationship beginning profile changes as the firm changes over time, to scrutinise if and how beginnings influence subsequent development etc. In conclusion, we suggest that ‘relationship beginnings’ is an important issue worthy of more, explicit consideration in the IMP Approach.

**References**


Figure 1: Atlas’ customer relationships
Figure 2: Atlas' customer relationship initiation profile