ABSTRACT

Relationship development is most often contemplated as positively assisting the partners to achieve joint business objectives and interests, whereas recognition also exits of the negative or troublesome sides of relationships (Hakansson and Snehota, 1998). Research has also reported how others in the wider business network may advance or oppose initiatives to develop a single business relationship (Munksgaard et al., 2012). This paper seeks to address the dynamics between how the self-interests and collective interest develop in an evolving relationship, and which skills are needed to manage this dynamics. Specifically, the study focuses on how partners can handle the interplay between own, mutual and network interests as their relationship developed.

The empirical basis is unique insides from a customer-supplier relationship in the Danish food industry of two business partners, with a joint vision to develop their mutual business. Although, the relationship is well-known to others in the network, the partners foresee a strong reaction to the development of their mutual business from especially the supplier’s other customers. Accordingly, they decide to initiate the development of their relationship in secrecy. The data consists of qualitative interviews with the supplier and customer, field observation of strategic seminars where the partners discuss their joint development and minutes of meetings from joint relationship meetings.

Keywords: self interest, collective interest, relationship, management skills
INTRODUCTION

Relationships develop as partners do intended and deliberate actions to bring their relationship to a next phase (Ford, 1980) – e.g. the partners decide to do joint investments in mutual systems for enhancing efficiency and quality of production. Equally well, the relationship may develop as a natural extension of the partners pursuing a joint interest in a business opportunity (Ford, 1980) – e.g. doing collaborative innovation for servicing a joint customer. Important to note is also the unintended and unplanned ways relationships may evolve. In either situation, when developing the mutual business and relationship the partners’ action naturally brings mutual adaptations and interdependencies (Ford and Hakansson, 2005).

Relationship development is most often contemplated as positively assisting a customer and supplier to achieve joint business objectives and interests, bringing benefits to both parties (Anderson et al., 1994). As such, inter-organisational business relationships develop as the collective interests of partners evolve. Accordingly, we would most often think of relationship development as something positive. However, it has been recognised how also some negative or troublesome sides of relationships exits (Hakansson and Snehota, 1998). Burdens of relationship include giving up some control when sharing business with the counterpart, just as the partner may have different perceptions and opinions on how to develop the relationship that has to be dealt with. Further, relationship development is resource demanding which may also lead to tough prioritisations of which relationships to develop.

Relationship development will naturally effect the on-going interaction between a customer and supplier. The partners need to consent on issues for development (Mouzas and Ford, 2014), to align self- and collective interests related hereto (Corsaro and Snehota, 2011, Munksgaard and Medlin, 2014) and further the partners may also need to develop their competencies or transfer competencies from one partner to another (Prévot and Spencer, 2006). However, effects from relationship development will also trail in each partners’ organisation as well as in the wider network.

Following the IMP tradition of managing in relationship and networks entails issues of handling both context and process (Ford and Hakansson, 2006). Developments in a single relationship will affect other relationships in the context of the wider network. The development of the specific relationship may bring new possibilities in other relationship or set up limitations – e.g. as new activities are initiated or resources are combined in new ways. As such these alterations in activities and resources may spark developments in other relationships as well - and vice versa. Accordingly, this multiplicity of simultaneous developments of interactions and relationships in the network will be linked together in a process of time (Hakansson et al., 2009). The network activities, resources and other actors are likely to have more influence on the direction of a firm than its own internal activities, resources or intentions (Hakansson and Snehota, 1989).

THEORETICAL FRAME

When an effort is made to jointly develop a relationship, the related managerial and strategic process will thus be ‘interactive, evolutionary and responsive’ (Hakansson and Ford, 2002:137). Accordingly, the development strategy is not independently planned and developed by the management of one firm – but will rely on the interactions between the partners (Ford and Mouzas, 2007). In this sense, strategizing and managing in networks can be considered a pattern of choices and actions and the related process will be closely related to the context in which it unfolds (Baraldi et al., 2007).
In the interactive business landscape where managers in firms seek to act out their strategy, much of these actions will naturally come out as re-actions to partners’ moves. Managing and strategizing for developing a specific business relationship while taking into account the reactions of partners in other relationships will thus be a process of formulating and negotiating mutual interests for the development. This will be the effort of managers to influence and direct their mutual interaction in a constant process of action and reaction. As also related to other relationships of both parties this is essential an issue of interaction or ‘networking’. In these processes of interaction and networking managers will formulate their business interests as conscious attempts to influence the business of others to achieve own aims (Hakansson et al., 2009).

These interests will however not build on the planned strategy of the actors engaged in the relationship development, but rather on their (joint) picture of the world around them and the network positions of other actors as well as themselves (this is often referred to as network pictures (Ford and Redwood, 2005, Kragh and Andersen, 2009, Öberg et al., 2007), network horizons (Holmen and Pedersen, 2003, Anderson et al., 1994) or network identity (Anderson et al., 1994, Gadde and Hakansson, 2001). Managers use these more or less conscious mental images of the network to gain and progress their understanding of business potentials and possibilities.

Following from managing and strategizing in the network is the multiple, sequential and actual execution of interaction and networking (Ford and Hakansson, 2005, Ford and Hakansson, 2014). The execution is acted out differently for actors at different points in time and so will the (perceived) outcome. The execution as well as the outcomes will form essential managerial clues for subsequent formulation of following intentions.

Figure 1 illustrates the discussion of this section related to how business interests, interaction skills and managerial understanding in interaction frames relationship developments. The framing of the figure is developed with inspiration from Ford et al. (2011), Hakansson et al. (2009). Each element of the figure is discussed in more below.

![Figure 1: Interest, interaction skills and managerial understanding framing relationship development](image_url)
Everyone will have their own picture or understanding of the network. This understanding forms actors’ perception of what happens in the network and provides a basis for actions. Business partners and others in the wider network may have a strong influence on this understanding and naturally, some joint understanding of the network can be held. However, gaining this understanding is continuous and not linked to particular moments in which managerial decisions are taken. In managers’ continuous interpretation of the context they may recognize patterns in interactions and build insights on the network understanding of the partner which will influence their own understanding of how to develop the relationship.

Thus, how actors interact are to a large extent based on convictions rooted in past experience and translated into own rules of behaviour. As such interaction skills build on learning by doing. Since no firm alone has the resources to solve business problems but are interdependent on others, outcomes in the network are constantly produced. These (expected) outcomes will be reflected in each their interest for developing the relationship. Taking into consideration their interests each firm will purposefully plan acts as well as react to the moves of the partner in the quest to develop the relationship.

The partners’ interest in developing the relationship will be rooted in the search for solutions to various business problems. Further, their interest will be the basis for allocating resources and coordinating activities for developing the relationship.

Building skills for managing the interplay between self- and collective interests

A firm’s interest for engaging in the development of a particular relationship will be framed by related issues. First of all, when developing a relationship actors are expected to seek new or better solutions to their different business problems. Or hold an interest in keeping the momentum and status quo in the mutual business (Ford and Mouzas, 2008). In other words, each partner’s business interest for the offers provided and the solutions sought will frame the development of the relationship. A second closely related issues is how each actor’s pursue of their own interest (Ford and Hakansson, 2005, Ford and Hakansson, 2006), also includes the perception of the expected interest of the counterpart and the expected effects from developing the joint business (Ford et al., 2003). Third, the partners’ interest will form the basis for allocating resources and coordinating activities for developing the relationships. The interactions between the partners will on one hand give some degree of restricted freedom as the partners’ activities and resources becomes increasingly interwoven. On the other hand, the interaction will fuel the on-going (re)formulation of each partner’s business interest as part of the actors’ identifying a preferred future state of the relationship. As such, a firms interest is not to be juxtaposed its business goals, but better understood as the reasons for a firm to join in and support some activities and not others (Medlin and Törnroos, 2014).

In the literature, the self-interest of firms engaging in a relationship have been argued to sum up to a collective interest of the partners vis-á-vis others in the immediate network (Medlin, 2006). Firms will engage in relationship to fulfill their business interest – in essence to achieve an economic goal – and participate to jointly achieve some elements of relationship performance (Medlin et al., 2005). The collective interest is an outcome that cannot be achieved alone. Thus, relationship development is derived from the collective effort of the business partners. Adding complexity to the dynamic development of interest in relationship development is the collective action forming a new environment composed of changing opportunities at a wider network level (Medlin, 2006). Accordingly, a firm has to negotiate self-interest vis-á-vis the collective interest shared with specific partners, while also taking into account the network level interest e.g. in society (Medlin and Törnroos, 2013). Thus, expanding the definition on self- and collective interest put forward by Medlin (2006),
Medlin and Törnroos (2014) argue that the collective interest relies on the total combined interest of all parties in a wider network or society. This societal interest generally lies beyond the individual self-interest of a firm and the specific collective interest of a relationship. The relationship has specific interest resulting from the relationship itself, rather than only from each firm’s specific interest in the relationship.

In deciding interest, attribution is important, since interest is apparent by combining one party’s interest against that of others. Decisions on interest – whether explicit or implicit – will lead to variations in related actions and behavior (Medlin, 2006). As business and relationships evolve, so will also the self-interest of the firm. This is somewhat related to collective action for developing the relationship which will have implications in the network as well as to the single firm, thus opening many potential futures for relationship development. Part of formulating interest is thus a way for the firm to identify a preferred future development and state for the relationship.

An additional relevant issue for understanding the dynamics underlying business relationship development is the entwinement of self-interest and collective interest of partners involved (Medlin, 2006). Since the actors involved will have different perceptions of each their self-interest and their collective interest, manager will have to negotiate to bring their understandings into some partial alignment. Accordingly, the ways self-interest and collective interest entwine also provide understanding of the limitations and possibilities for strategy development in relationships. The self-interest of each firm and their perception of the specific collective interest of their relationship will influence their negotiations for developing the relationship – whether explicit or implicit – on several issues (Ritter and Ford, 2004). First, depending on their interest each firm will choose to conform to or confront actions of the partner in the specific relationship under development. Second, the firms will need to make choices on their position in the network and thus on whether to consolidate or create in other existing as well as potential new relationships. Third, each firm will make choices on how to network for initiatives and control in the specific relationship at hand, but also re other partners in the wider network. Such choices can be understood as ways to concede or coerce initiatives and actions vis-á-vis partners in the network.

The basis for interacting on the specific collective interest of relationship is for it to be clearly formulated and related to the ‘reality’ of each firm, if to be effective and possible act out. Negotiating and handling self- and collective interest is thus not related to how active firms are per se. Rather a vital element in benefitting from collective interest in the relationship is the competence to convert the specific collective interest into self-interest (Munksgaard and Medlin, 2014). In other words, to benefit from the collective interest, each firm needs to build competencies to communicate and negotiate with the partner to join activities and share resources that further develop the relationship in a direction which fulfill self-interest. Accordingly, each firm will have to negotiate to combine or convert self- and collective interests for developing the relationship.

Developing and gaining an understanding that enables managers to couple or convert collective interest into self-interest is not without challenges. At heart in managing in relationships and interaction is the vital issue of scrutinizing the interfaces and cohesion between the internal strategies and performance of a firm with the strategies and performance of specific others (Baraldi et al., 2007). So in a network where every firm is pursuing its own interest while seeking to influence as well as be responsive to specific others, management becomes a challenge of coping with, through and against others. In such an interactive, evolutionary and responsive business environment outcomes and effects will rely more on the
mutual effort of firms than the specific aim and intention of any single firm (Ford and Mouzas, 2007). This means that the managerial skill gaining and developing understanding of relationships with specific others and the wider network is vital.

Skilled interaction and networking includes operating at many levels and over different periods of time (Hakansson et al., 2009). Building on discussions of recent IMP literature on the interacting actor It is important and necessary for firms to develop their skills for doing business in a network of relationships. This includes skills for dealing with the inherent difficulties and conflicts arising between partners in relationships and between different relationships. Sources of conflicts do not only pertain to partners’ willingness to engage in joint developments but also to the degree of mutual understanding of and insights into each other’s business (or lack hereof)(Munksgaard et al., 2012). However, this is not to argue that firms should strive for alignment and convergence in strategies for joint initiatives. Indeed, complementarity in strategic intension has been shown to be sufficient in achieving benefits for involved partners (Munksgaard et al., 2012). Further, it has been argued that when perceptual misalignments exits, efforts to align practices may produce positive effects in relationships (Corsaro and Snehota, 2011).

Ford and Hakansson (2014) point out three issues of managing in interaction. First, managers need to be experts in handling the diversity of interaction engaging in highly diverse and often complex processes in different types of interaction with different partners. Second, it is a managerial challenge to understand, influence and harness the dynamic effects of interaction in terms of the myriads outcomes on activities, resources and actors. This means that the effects of multiple interactions have to be related to each other to create an organised development pattern for the firm and its constituent parts. Third, managers need to integrate the evolving effects of interaction in the management and strategy of the firm. Managers must be able to interpret the implications of initiatives of others, assess the value and cost of their consent and determine the most appropriate response.

Further, Munksgaard and Ford (2014) suggest five aspects of skills needed in interaction. First, consistency of purpose is the actor’s ability to relate business purpose over time and across multiple episodes and elements. Consistency of interaction concerns the actor’s ability to build consent across the physical, economic and behavioural network. Third, coherency of resources, activities and actors implies how the actor do not pursue own control – but seek to build optimum dependence on others and do relationship specific investments when relevant. Fourth, appropriate versatility is the ability to manage in a range of different relationships. And finally, converging interest is the ability to read collective interest vis-à-vis specific others and converge these into self-interest.

METHOD

The data collected for this paper is qualitative and constitute one in-depth case study of the development of a customer-supplier relationship. It has been noted that ‘the interaction between a phenomenon and its context is best understood through in-depth case studies’ (Dubois and Gadde, 2002:554) and accordingly, the qualitative case study approach is chosen since it is considered particularly relevant for studying the managerial skill needed to handle the interplay between firm self-interest and collective interest in a relationship. Using a case study method will further allow for retaining a meaningful characteristic of a real-life event such as organisational and managerial processes and relationships (Yin, 2003:1-2). Adhering to a critical realist perspective, the use of a case study method can provide descriptions and reflections of different perceptions of reality related to an empirical event such as the development of a relationship (Easton, 1998).
For this particular study of skills for managing self-interest and collective interest in a relationship an extreme and unique case of a customer-supplier relationship in the Danish food industry has been chosen. According to Flyvbjerg (2011), extreme cases are relevant for obtaining information on unusual situations which can contribute to understanding the limitations of existing theories and thus bring forward issues for theoretical refinement. The chosen case is extreme in the sense that the involved partners seek to develop their collective interest and joint business in ‘secrecy’ to other business partners in their wider network. This particular case study thus offers promising expectations for relevant information on how the development of self and collective interest are handled and managed in a relationship. Further, unique access is given by the individuals involved in the development of the secret relationship, since they have invited in the author to follow how joint visions and collective interest evolve and develop in relation to each party’s self-interest.

The involved customer and supplier have been doing business for a couple of years and the existence of the relationship is well-known to others in the wider network. During summer 2014 the customer recognises a perceived threat of becoming short of organic products, where the production cannot follow the demands of the end-market. So it is the self-interest of the customer, to secure supply and it is decided to approach the supplier and producer of organic vegetable to form a partnership with exclusive access to selected products. The supplier regards the proposal to be of great interest giving access to building a closer relationship to an important customer. The partners soon develop additional ideas for joint business opportunities and a gentleman agreement for developing mutual business is made. Whereas the collective interest is to develop a strong and close partnership, the content of mutual business is not declared from the start. Instead the partners perceive their mutual development to be dependent on the business with others. That is, the supplier is still to have other large and important customers and vice-versa. So, it is also the partners’ collective interest that joint developments are to take this into consideration. Further, the partners decide that part of their agreement is to keep the planned mutual development a secret to others. It is believed that especially other customers of the supplier will react strongly to the partnership and instantly withdraw as much of their business from the supplier as possible, if and when these customers learn about the intended magnitude of the relationship. Since the development of mutual business of the partners is perceived dependent on the business with these other customers, it is decided to keep it all a secret. The names used in the case presentation are not the real names of the firms involved, since they have requested anonymity.

For this specific study access to follow the development of the relationship was given for a period of eight months. The data collected consist of interviews, joint seminars and minutes from meetings between the supplier and customers engaged in the secret relationship. Semi-structured face-to-face interviews with the directly involved individuals from each party constitute the primary empirical material. Further, unique access to meeting minutes and observation of joint seminars and meetings between the partners provides additional insights on interactions. Shorter video recordings from seminars of the partners presenting their collective interest for developing the relationship are included as data in the study. Table 1 provides an overview of the empirical material.

<table>
<thead>
<tr>
<th></th>
<th>Customer</th>
<th>Supplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telephone interviews</td>
<td>Two interviews with the concept developer – in total approx. 30 min.</td>
<td>One interview with the owner – approx. 20 min.</td>
</tr>
</tbody>
</table>
**Table 1: Interviews, meetings and seminar used as empirical material**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Joint seminar</td>
<td>Two full-day seminars&lt;br&gt;4 video recordings of joint presentations – in total approx. 20 min.</td>
</tr>
<tr>
<td>Joint meeting</td>
<td>Participation in one joint meeting at the customers – approx. 2 h. 30. min.</td>
</tr>
<tr>
<td>Face to face interviews</td>
<td>Two interviews – one with the concept developer and one with the purchaser and concept developer – in total approx. 3 h. One interview with the owner and sales manager – approx. 1 h. 30. min.</td>
</tr>
</tbody>
</table>

The theoretical frame has acted as an informing ground for data collection. The initial interview guide included questions related to the self-interest of the customer and supplier respectively, their visions for developing the relationship and the perceived potential barriers for joint development. During interviews both partners have been asked to sketch each their business network. Following the development of the relationship over a period of time, ongoing data analysis has been an inherent part of the process. Accordingly, the interview guide has been continuously developed and additional issues of e.g. anticipated reactions from third parties in the network and reasoning for managerial decisions made related to the development of the relationship have been thoroughly discussed.

During seminars the partners have been asked to sketch their joint network (based on Damgaard et al., 2010) and observational notes have been made of presentations on the relationship given to other seminar participants. Observational notes followed guidelines provided by Babbie (2001) suggesting a two-stage system of initial keywords that are subsequently rewritten in more detail. Transcriptions of interviews and meetings as well as narratives from seminars have been coded and analysed, following the theoretical concepts outlined.

**CASE – WHEN ROMEO AND JULIET MEET**

In the primary production of food the two main parameters to differentiate your products are price and quality. Since primary food products in many instances are sold fresh, producer and buyers are interdependent for getting the products at the right time onwards to the market. In milk and meat production primary producers and buyers solve this by making mutual contracts binding deliveries and conditioning price and quality – at least for a period. In vegetables and fruits products are sold more on spot market terms. Buyers often hold a selected range of primary producers from which they often buy. But price and quality are considered important determinates for transactions and deals to close. So even when having contracts with preferred partners, you still bargain for price among the selected few from week to week. This naturally affects the characteristics and potentials for development of relationships between primary producers and buyers.

Also affecting exchanges between producers and buyers are megatrends in food. Whereas the organic megatrend already started a wave of reorganisation in primary production years ago, a similar trend toward local production is now starting to affect e.g. choices for seed planning to grow more special local vegetables and fruits. This planning need to rest on choices made sometimes several harvesting seasons before send to the market. Further, since the availability of such products are more scares and the production often more demanding (issues related to quality of soil, harvesting etc.) producers and buyers may benefit from doing different interactions than when exchanging more ordinary products.
Plaza is a larger wholesaler of fruit and vegetables in Denmark and has for a few years been buying various ordinary and special local products from Nordgaard – a medium sized organic primary producer. Two causes initiated the mutual business between Nordgaard and Plaza. The wholesaler increased their sales of organic products to their range of smaller and larger customers including selected retailers, restaurant chains and gourmet restaurants. At the same time Nordgaard decided to broaden their business to include more sales to the food service sector, thus seeking to downscale their dependence on large retail customers. Until recently, exchanges have mainly been characterised by repeated transaction of ordinary vegetables (like onions, potatoes and carrots) – where Plaza has been bargaining for obtaining the best quality and price among selected organic suppliers including Nordgaard. Scouting for new megatrends, Plaza approaches Nordgaard a year ago and suggests for developing a closer partnership focusing on joint branding of locally produced vegetables.

Plaza’s interest in developing the relationship with Nordgaard is rooted in a strategy for increasing sales of local organic products. The wholesaler wishes to secure access to scarce products and suggests to Nordgaard that they mutually engage in the producer’s seed planning while giving Nordgaard full access to Plaza’s own forecasting for such products. This is a new way of collaboration for the partners – also not very often seen in the industry. Plaza does not have a history on developing such types of strategic partnerships with suppliers, since the prevailing purchasing practice is based weekly bargaining for price and quality among a range of selected suppliers. However, the concept developer at Plaza also has a strong interest in strengthening their company brand and see potentials in co-branding with Nordgaard, as she argues: “Reflecting on this trend on local food, we started discussing potential partners who could strengthen our effort and with whom we could do branding and storytelling.”

The owner at Nordgaard claims: “Our basic business philosophy to develop value with others.” However, letting the wholesaler participate in seed planning is all new to Nordgaard and it is recognized that this implies giving up some control. Nevertheless, the organic producer sees benefits from developing the relationship for securing their sales and increasing the production of special vegetables which is less sensitive to price variations in the market. As already noted, increasing sales to Plaza is also an opportunity for the producer to decrease their dependence of sales of ordinary products to strong retail customers. Additionally, Nordgaard has a long-termed strategy and interest in going more into product processing and sees a potential for doing so together with Plaza.

Kick-starting discussions for developing the relationship Plaza and Nordgaard meet for a brainstorming workshop coming up with many ideas for jointly developing products, branding and concepts. Product developers, purchasers and management from Plaza participate along with the owner and salesman from Nordgaard. Both parties feel enthusiastic and a joint interest is developing with a perceived strong potential for both their businesses. The collective interest is nested in two. On one hand, a mutual aim to take advantage of the ‘locally produced’ megatrend for joint developments and co-branding and on the other hand, to strengthen and consolidate their business on ordinary standard vegetables. The individuals involved experience the development of strong personal ties and feel a strong mutuality towards the other.

A lovers’ quarrel
Although Nordgaard has a rather large production of vegetables and fruits, the firm only has few permanent staff besides the owner. The producer soon realises what was essentially already known - developing a relationship requires many resources. Also, working with Plaza
place demands at Nordgaard’s organizing since weekly contact to several functions at Plaza are requested – e.g. purchasers, concept developers, quality etc. Plaza has a large organisation geared for the daily coordination with many suppliers and customers. The wholesalers has well-developed systems to handling daily business which Nordgaard needs to accommodate to, as the sales manager explains: “when we started doing business I received a list of more than ten contacts at Plaza – including the purchaser, his assistants, warehouse workers, quality people and the ones you need to contact if something is returned... and that list is as long as our entire list of staff.”

To secure the progress of joint developments, Plaza invites Nordgaard to participate in two different courses on Open Innovation and Supplier Driven Innovation at a university. Nordgaard only somewhat reluctant accepts the invitation – since participation in the seminars requires many resources from the owner and the salesman at Nordgaard for preparing and contributing on several full-day seminars. However, the producer feel obliged to show the dedication toward Plaza. It is the concept developer at Plaza who takes this joint initiative. Since several colleagues at Plaza are in daily contact with Nordgaard, she sees such joint activities as a possibility to also secure internal alignment on how to develop this specific relationship.

As the relationship develops, Plaza is pleased with the partner. It is soon realised that tapping into the knowledge of Nordgaard’s owner related to the organic market is extremely fruitful and educating. The purchaser at Plaza regularly calls the owner to discuss matters – also not directly related to their joint business. “When I am with James [Nordgaard’s owner, ed.] talking about things, I get so much knowledge about things. He is so incredibly well-informed about what is going on. He is a great knowledge partner,” the purchaser claims. Plaza also builds access to Nordgaard’s network of smaller organic producers both in Denmark and abroad. Through these contacts Plaza gains security of supply on an increased number of speciality products. Also, these contacts are seen as potential co-branding collaborations supporting Plaza’s interest in strengthening the position as a wholesaler that offers locally produced organic vegetables and fruits to customers around Denmark.

However, the supply of ordinary standard vegetables from Nordgaard faces problems on quality sorting. Plaza’s purchaser emphasises how customers put great value in quality and sorting (e.g. in sizes of carrots and weight of cabbage) and when Nordgaard repeatedly does not live up to the requirements, Plaza gets worried for the future of the relationship. Plaza expects quality and price to be the ground basis which is not to be discussed for developing a partnership with Nordgaard. Still, Plaza does not confront Nordgaard with the problems in an offensive manner, as the purchaser explains: “If it had been any other supplier I had been tough saying ’I don’t care – fix it’. But since we are building this relationship it is different.” The potential of the relationship and the strong personal relations are considered too valuable. Plaza admits how other suppliers would have been sent packing in similar situations, but Nordgaard is granted a longer leash. Off course the issue is approached so Plaza is able to deliver what customers request, but only in a friendly and kind matter. At Nordgaard, the quality issues raised by Plaza are received with some bewilderment. No other customer place similar complaints on the quality. Since business with Plaza is considered very important additional quality checks and sorting of vegetables are initiated to please this particular customer. The sorting of standard vegetables to Plaza leads to additional 20 % waste compared to other customers. Confident on their products, Nordgaard assures that quality issues will no longer be a problem.
The Nordgaard-Plaza relationship is considered young and vulnerable. Both partners fear conflicts to lead to mistrust and a break-up. Still, both the producer and the wholesaler really see the potential of the partnership for their own business as well as for that of the counterpart. Accordingly, the involved individuals watch their steps when daily disputes on quality arise and show more mutual tolerance than displayed in other relationships. From the initial learning and experience partnering with Nordgaard, Plaza even considers developing a similar relationship with a producer of conventional vegetables.

Keeping the relationship a secret to the network
Preparing for one of the university seminars the partners develop a written joint plan for development years ahead. The plan implies rather comprehensive developments on products, concepts and the relationship as such. Although the concept developer from Plaza recognises that many things may influence or even alter the plan, she sees the plan as the joint vision of the partnership. One idea for an upcoming joint activity is Plaza’s customers being invited to visit Nordgaard on food events. Having customers visiting the fields where the vegetables grow are known to increase sales and making customers start using new and special types of vegetables. To Nordgaard the advantage of having Plaza’s customers visit is related to enhancing their storytelling of being a local producer. The producer expects to start a ‘pull-effect’ having Plaza’s customers ordering their specific products. Additionally, Nordgaard redirect some of their significant customers to be serviced through Plaza, saving the producer from handling and logistics resources, while also benefitting Plaza as well as the customers.

However, the partners share a strong fear that Nordgaard’s other customers will discover the amount of mutual knowledge sharing with Plaza and especially the joint seed planning. These other customers are expected to immediately withdraw their business with Nordgaard, if the plans for relationship development are revealed. Even though Plaza stands for a good percentage of Nordgaard’s sales, the producer’s business is vulnerable to loosing other customers. Also, some of these larger customers regard Plaza to be a competitor. If these customers withdraw their business from Nordgaard, it would have terrible effects on their business and is perceived to ultimately also have negative effects on the Plaza-Nordgaard relationship. Whereas, Plaza potentially could help Nordgaard by selling additional products to their customers this would probably be difficult to achieve without losses due to the short durability of vegetables. Since Nordgaard is more dependent on the larger customers than the customers are of Nordgaard, the partners have agreed not to reveal their plans; to develop the relationship in a step-wise and slow manner and to keep the mutual long-termed vision a secret to other business partners.

Fallacies, a potential tragedy… or a new beginning?
As quality disputes continues between the two partners, Nordgaard is having meetings with a retail customer with whom they have done limited business for many years. Nordgaard is eager to increase sales and proposes several new ideas for joint business including product and concept developments. The retail purchaser is excited and sees potentials in Nordgaard’s ideas matching very well with a new strategy announced from the management. This sparks a fast process where the top management of the retailer contacts the owner of Nordgaard with a proposal for a letter of intent and a four year contract for building mutual business, co-branding and a strong strategic partnership to be publicly announced. The timing couldn’t be worse. Nordgaard just signed a regular contract with the retailer’s biggest competitor. However, the competitor asks for an annulment when the new partnership becomes known. Similarly, the retailer has to break a contract with another supplier. Even before new products and concepts are tested or the mutual business has increased the new partnership deal is
signed. Nordgaard is pleased and praises the large retailer for being very considered and fair in negotiations.

Plaza is one of the first customers who get informed as the Nordgaard-retailer partnership is a reality. Since the wholesaler does not service the biggest retail chains in Denmark and do not consider this retailer a competitor, the news is rewarded with acknowledgements and congratulations to Nordgaard. To Nordgaard it is important to communicate how the partnership with the retailer is not considered to be excluding the development of the relationship with Plaza. The producer claims to have capacity and resources for servicing both partners, as the owner declares at a joint meeting with Plaza: “From the start [in the negotiations with the retailer, ed.] we have been very aware, that you might worry about how this will affect you. It is very important to us to reassure you that it will have no effect on our collaboration – not at all. Only positive effects.”

However, quarrels on quality continue. Plaza claims that the quality from Nordgaard is much poorer compared to other producers and Nordgaard argues that other customers have no complaints on their products. At some point the purchaser decides to return an entire, larger order, due to quality issues on a few products. This is for Nordgaard ‘to learn the lesson’! He calls the owner at Nordgaard to scold on his sales manager, suggesting the incompetence of the guy. The owner is furious but chooses to let it go, ignoring the comment. Nordgaard’s dissatisfaction with the relationship with Plaza also concerns earning. During the months of quarrels on quality on standard products, the producer has not earned a cent on deliveries. The concept developer at Plaza is frustrated, as she still sees potential for developing the relationship and she calls for a meeting inviting the vice-CEO and purchaser at Plaza and the owner and sales manager at Nordgaard. During the meeting the purchaser and sales manager argue on quality and prices. However, with pressure from the vice-CEO an agreement is made to initiate discussions on a new price structure to ensure earnings at the producer. Further, quality issues are settled and the partners leave each other somewhat confident that this is a new beginning. However, reflecting on the meeting the concept developer acknowledges how internal disagreements at Plaza on how a partnership with a supplier is to be developed is a main upsetting factor: “I think it was a good and constructive meeting. But I also realised how difficult it is in an organisation as ours if those sitting in key positions do not have the same understandings of how the outside world looks like or how to act in it.”

But, she feels confident that development activities will proceed as initially planned, and decides to start contacting Nordgaard’s suppliers for making agreements on co-branding. The purchaser remains worried that this supplier is getting special treatment in the daily handling compared to other supplier. But he also wishes to continue the joint seed planning giving him access to special vegetables demanded by customers. The vice-CEO at Plaza decides to discuss the partnership with Nordgaard at an up-coming management meeting. At Nordgaard spirits are high, since the new partnership with the large retailer is considered a business ‘scalp’. The owner and sales manager is also pleased with the possibility to re-negotiate the price structure in the relationship with Plaza, although they are less confident on how many resources should be put in developing the relationship further.

CONCLUDING DISCUSSION

The purpose of this study is to deepen our understanding of how actors’ self-interest and collective interest develops in an evolving relationship and which skills are needed to manage this dynamics. Accordingly, the section is intended to discuss how business partners manage the interplay between self- and collective interests based in the presented case of a ‘secret’ relationship. When partners invest heavily in the development of a specific relationship, then the collective interest of involved actors becomes very clear vis-à-vis the wider network.
From such relationships we can learn more on how interaction skills come in play for developing the mutual business. Whereas, IMP literature most often focus on what unfolds in the interaction between firms – this study seeks to address the interfaces between the managerial issue and skill partners need to apply and the firm self-interest and collective interest in the relationship.

From the single-case study reported, we learn how the partners hold a clear mutual orientation. They share a mutual vision for developing joint business, although they do not dare to put it in play immediately, but seek to develop it in a step-wise manner. The development of their ‘secret’ customer-supplier relationship is based on some shared assumptions and understandings of the market in which they operate. First, it is anticipated that there will be a general short of supply of organic products. To the customer it is thus considered relevant to find a supplier who will secure future business. If the forecasts for the future demand of organic products continue to raise this might be a possible scenario, when compared with the potential supply from current organic producers and the planned reorganising of conventional producers to organic (by law producers has to announce this years before to be an approved organic producer). Second, the partners in the secret relationship anticipate negative reactions from others in the network. This scenario is not easily evaluated, but naturally it may be expected that a customer will be withdrawing its business from a supplier in the moments a strategic relationship is announced to one of the customer’s competitor (unless, the customer is very dependent on this specific supplier). Also, the anticipated negative reactions from wider network partners seems to comply with some perceived constituted rule of how specially larger players (often retailers) determine the rules for how to develop closer relationships in the Danish food sector (an issue pointed out by Munksgaard, 2009). Related to the theoretical frame underlying the study, the assumptions and understandings described are in many ways the basis for the partners’ collective interest to develop their joint business.

However, this joint understanding of potential market-developments is only partly visible in the partners’ actual interaction. Some activities – like seed planning and joint idea-generation workshops – are initiated questing to realise the joint future vision of the partnership. To a greater degree the partners’ interests for developing the partnership are reflected in their interaction – as when the customer show forbearance to the supplier’s insufficiency in deliveries or when the supplier forward an important customer to be handled and serviced by the wholesale-partner. Mutual activities is organised to be consistent in purpose with the desired outcomes of developing the relationship – although not fully considered vis-à-vis the wider network. To some degree, the partners’ interests and desires for developing this specific relationship appear to shape more their interactions and interpretations of potential outcomes than their shared understanding of the wider network (somewhat in line with Corsaro and Snehota, 2012).

In order to manage and handle the development of their specific relationship, the partners are very much aware of how to utilise the resources and activities of each other and they see potentials for investing in their mutual business. Engaging in the development of this specific relationship, the partners step into a new type of relationship somewhat different to other business interactions known to them. Keeping the relationship a secret is not intended to build entry barriers against competitors as such. Of course it is possible for others to develop a closer relationship to e.g. secure access to products. Rather, the interest is to deliberately build exit barriers in the specific relationship while still keeping the business re specific other customers of the supplier. However, it also seems that the partners as their seek to keep the relationship a secret is on a quest to ‘isolate’ the effects of interaction – to make it
‘manageable’ and avoid or at least postpone reactions from others and the related network effects. The partners acknowledge how the effects of interactions are difficult to overview and grasp – but by keeping aspects of the interaction and collective interest a ‘secret’ to specific others, the partners seek to ‘control’ and overview effects. The partners seem to focus very much on their ‘small world’ seeking to hide from or run out perceived possible network effects from developing their mutual relationship. Essentially, they seek the time to ‘duet’ as long as possible closing their eyes for potentials ‘duels’ to be fought with other actors in the wider network (Ford and Hakansson, 2014).

The partners’ expectations for positive as well as potential negative effects are revealed in different ways. The initial positive expectations relate mostly to the perceived potential outcomes from the relationship itself. They share an understanding of evolving megatrends in the market and they believe that their potential joint business is a way to accommodate. The partners also share a vision for joint future activities and for developing the relationship which will benefit each their business and meet each their interests. However, the partners also hold seemingly different understandings of the burdens related to developing the relationship. One example is how the partners both view the relationship as ‘demanding’ (using the concepts of burdens by Hakansson and Snehota, 1998). At Nordgaard many resources are used to coordinate daily activities with the many different functions at Plaza and the requirements for quality in products leads to extra waste. Since this is a demand not experienced from other customers, the Plaza relationship is also considered ‘unruly’ – a burden in terms of yielding to interests which is not shared – as well as ‘exclusive’ since resources is needed to give priority potentially taking resources from other partners. Plaza also uses many resources when arguing with Nordgaard on the quality of products and the purchasers feel that they time and time again need to teach this supplier. Although claiming to have much more patience with this specific supplier they retain the demand that Nordgaard should live up to the same requirements as any other supplier on standard deliveries to Plaza. This leads to a perceived burden of the ‘undetermined’ future of the relationship, which even varies among individuals at Plaza. The concept developer continuous to see potentials for joint developments with Nordgaard, while the purchaser finds that the basis for developing the relationship is uncertain since the supplier cannot even live up to standard delivery requirements.

In handling these perceived burdens in the relationship the partners end up sneaking behind each other’s back. The Plaza purchaser gets personal and grouse about his daily contact to the sales manager at Nordgaard, while Nordgaard puts resources into developing a strategic relationship with another customer. It can be argued that both parties in some activities seek to act consistently with the purpose of the overall vision of the relationship. Further, the parties seek to be somewhat consistent in implementing this vision in their daily interaction towards the other. However, the partners hold rather different perceptions of the actual interaction played out between them and the burden of the relationship – since none of them thinks that the other is consistent in actions.

Summing up, there seems to be different layers in partners’ interest for developing a relationship which is important to consider. This study confirms - as already pointed out by Medlin and Törnroos (2014) – how it is relevant can distinguish between self-interests related to the single firm, the collective interest nested in a specific relationship between two (or additional) partners, and the social interest in a wider network or societal level. Further, as also discussed by Munksgaard and Medlin (2014), this study touches on the importance of partners to be able to connect collective interests with self-interest if to gain from the collaboration. This study contributes to these findings by showing different dimensions in the
collective interest which firms need to handle, when the collective interest or shared vision for development in the specific partnership is out of sync with daily interactions and the partners hold different perceptions of relationship burdens.

REFERENCES


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