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**“The management of firm specific resources
as a source of competitive advantage”**

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Abstract

This study is about helping managers identify and enhance the idiosyncratic firm resources required for delivering superior perceived use value to customers. Specifically, the research has focused on the organisational knowledge required for routinised service delivery, and has operationalised this organisational knowledge as activities.

Project 1 was a comparative study involving observation and interviews in two similar but differentially performing financial services organisations in order to identify the activities involved in service delivery and the differences between the two operations. Project 2 identified customers' perceptions of value through customer interviews, and then mapped the links between these and the service delivery activities identified in Project 1. Project 3 involved a clinical inquiry intervention aiming to encourage and leverage the firm specific resource of inter-team coordination to enhance the delivery of customer value.

The research has confirmed the role of firm specific resources as a source of competitive advantage, and has demonstrated a link with customers' dimensions of perceived use value. In this study, effective inter-team coordination is identified as the firm specific strategic resource that appears to enable effective service delivery as perceived by customers, through the sharing of knowledge and interpretations, and the development of service process innovation. Many of these coordination activities are discretionary rather than prescribed, with implications for management practice.

From this research, a framework has been developed for considering and managing firm specific sources of advantage at the detailed operational level. This is a micro level approach that makes specific links between the customer experience and internal activities, through identifying internal and external competitiveness factors, mapping the 'inside-outside' connections, and achieving alignment between internal activities and customer perceptions of value.

1. Introduction

This introduction discusses why this area of research is important, and briefly reviews the theoretical context in order to locate this study in the academic literature. This section also summarises the results from the research and the research methodology.

Sections 2, 3 and 4 of this thesis then present each of the three linked research projects in detail, and Sections 5 and 6 discuss the contributions from this research and areas for future research.

1.1 Why this research is important

As a practising consultant, I started this research with a question: “How can I help clients address the ‘fuzzier’ aspects of their organisations in order to provide superior performance in the eyes of their customers?”. Perhaps not an ‘academic’ question, but one that reflected the realities of my consulting experience. Managers tend to focus their attention on tangible and easy-to-understand resources. However, the commercial customer satisfaction research that I had reviewed suggested a more complex picture of what customers want and that suppliers need to deliver, in order for suppliers to achieve real differentiation and advantage in the marketplace. As a consultant, I did not feel adequately equipped with a language and tools that I could use to help managers to broaden their perspective; an investigation of the practitioner literature did not unearth appropriate existing consulting approaches that seemed to address the problem as I saw it.

The question of how to manage truly differentiating resources is central to organisational competitive performance and strategic management theory. In an increasingly competitive environment, firms have to find ways of being not only better than the competition, but also different in ways that are difficult to copy in order to open and sustain a competitive gap. In a commercial world where organisations can access the same tangible resources and ‘off-the-peg’ systems and procedures, a process of ‘convergent evolution’ can occur where competitors look

increasingly alike. The challenge for managers is to identify how to be better and *different*, in ways that cannot be easily imitated.

This research is approached from the perspective of the resource-based view (RBV) (Penrose, 1959; Barney, 1986; Barney, 1991; Grant, 1991; Dierickx and Cool, 1989; Hamel and Prahalad, 1994), which considers that competitive advantage tends to be derived from idiosyncratic firm resources that are difficult to imitate and transfer. The ‘knowledge based view’ that has subsequently emerged (e.g. Spender, 1996b; Spender and Grant, 1996; Grant, 1996; Teece, 1998) suggests that knowledge is the key strategic resource of organisations. However, firm specific knowledge has a significant tacit element, is difficult to identify and value, and is often ‘unmanaged’: consequently, managers seldom realise what *really* enables, or inhibits, success in their organisation. So, the problem for managers is to understand how firm specific resources can be ‘managed’, and the problem for strategic consultants like myself is to understand what intervention approaches can help in this process. The resource-based view discusses the importance of strategic resources at an abstract and theoretical level. There is limited evidence of what these resources might be, and how they might be linked to the delivery of value to customers. Whilst the concept is obviously invaluable, it is of little practical use to managers who have to deal with firm activities at the detailed operational level, and who need to feel sure that they are managing those resources which will have maximum direct impact on customers’ perceptions. Since firm specific resources are ‘slippery fish’ that are difficult to understand, surface and value, it is no wonder that managers tend to focus on more visible resources where they can understand cause and effect more easily.

In addition to understanding the here and now, an understanding of idiosyncratic firm resources is essential for considering future direction (for awareness of what might need to be changed in order to develop or maintain a competitive edge) as aspects of strategy development become increasingly emergent and bottom up.: Bowman (1998) defines strategy as “knowing what to change in an organization, and, more importantly, knowing what to change it to” (p.168), whilst Eden and Ackermann (1998) write about strategy being “a way of regenerating an organisation though

continuous attention to a vision of what the people who make up an organisation wish to do...about stretching the organisation to gain leverage from its individuality - its distinctive competences...creating and moulding the future rather than simply predicting and responding to some predetermined future reality” (p.3). Many change initiatives are not sustainable in the firm environment because they do not affect those ingrained behaviours and activities that are unique to the firm to change the ways in which it delivers value to customers. A framework to enable more perceptive management thinking in this area should help managers to instigate more successful change initiatives.

The fieldwork was undertaken in the financial services sector – specifically with two mortgage providers lending via intermediaries (mortgage brokers and independent financial advisers). This selection of research cases was opportunistic: I could negotiate access to both organisations to ensure continuity of data sources throughout the research process. The financial services sector *per se* was not the prime focus of interest; the motivating force was the chance to be able to explore, in detail, two superficially similar but differentially performing firms in order to understand what was different and unique between them, and that then led to the different perceptions of customers. However, the financial services sector does provide a very good context to look at this issue more generally from the perspective of service businesses.

Gronroos (1998) describes the delivery of a service is essentially the delivery of *processes* for consumption by the customer, as much as, or perhaps more than, the delivery of an *outcome* to the customer. As he explains “if the process fails from the customers’ point of view, no traditional external marketing efforts, and frequently not even a good outcome of the service process, will make them stay in the long run” (Gronroos, 1998, p.323). As financial services products become increasingly commoditised, with rates and product ranges converging, service quality is becoming the key differentiator in this marketplace – particularly in the intermediary market where there is the opportunity to build longer term relationships. Gronroos identifies five groups of resources that contribute to servicing processes: people, knowledge and information, technology, customer’s time and the customer. A greater understanding of the idiosyncratic firm resources (people and knowledge) that contribute to the

processes that play a role contributing to service delivery should provide greater management insight into how these resources and, therefore, service delivery might be managed more effectively to achieve a competitive advantage.

The firm specific nature of these idiosyncratic firm resources raises questions about the efficacy of traditional, top down strategic interventions in this context. Ambrosini and Bowman (1999) suggest that if “informal processes can actually be the source of organisational success...this raises questions for ...more rational approaches to strategic management. If what matters is context specific, idiosyncratic and not managed, it is difficult to plan and control these elements” (p. 17). There is evidence that traditional strategic consulting interventions often have little sustained effect as they are not implemented fully in the firm environment (e.g. Phills, 1996; Burke, 1994). Similarly, there are suggestions that organisational development interventions often focus on individual and internal issues without adequate attention to substantive business issues (e.g. Beer et al., 1996). Edmondson and Moingeon (1996) comment “in the field of strategy a new emphasis on organizational capabilities raises the question of how to develop them. Similarly, in organisational development, a new awareness of the limitations of ignoring substantive business issues has led to an interest in integration” (p.8). From a consultant perspective, the issue is how can strategic and organisational development consulting approaches be combined effectively in order to develop a consulting intervention that addresses these idiosyncratic firm resources.

In summary, the overarching question being addressed is “How can firm specific resources be managed as a source of competitive advantage?”. The objective is to develop a better understanding of how to conceive of and manage firm specific sources of advantage, and to consider the type of consulting interventions that might help managers to address this issue. These are important issues both for academics, in terms of understanding the resource-based view at the ‘micro’ level within the firm, and for practitioners, in terms of understanding what to do to manage ‘fuzzy’ aspects of the organisation to gain a competitive advantage.

1.2 Summary: Key findings

The detailed research findings are included in the ‘Project’ sections (Sections 2, 3 and 4). However, the key findings are summarised here in order to provide an overall perspective, and a context to the sections regarding the Summary Literature Review and Summary Research Approach (Sections 1.3 and 1.4 respectively).

This research represents a fine-grained study of firm specific resources to align and ‘micro-connect’ the external dimensions of value as perceived by customers with the internal activities of the organisation. The three Projects together comprise a framework to map the ‘internal-external’ connections and an intervention process to stimulate this alignment and change:

- Project 1 looked at two differentially performing organisations and explored the differences in activities within these two organisations, and, in particular, identifying the unique characteristics of the ‘good performer’.
- Project 2 explored how these unique characteristics might be linked to customers’ dimensions of perceived use value.
- Project 3 was a strategic change intervention, building on the knowledge obtained during Projects 1 and 2, but involving the organisational members in devising the solutions.

Project 1 revealed that there was a higher incidence of effective inter-team coordination activities in the ‘good’ performer – much of this being discretionary activity, rather than prescribed by management. In contrast, the incidence of specialised technical activities was very similar between the two organisations. In these organisations, the process to administer a mortgage application is broken down into component activities through standard processes and skills (Mintzberg, 1983), which were very similar between the two organisations; this approach enables an application to be processed at a basic level. However, to ensure effective path delivery and the provision of added value to customers an element of mutual adjustment (Mintzberg, 1983) appears to be required in addition to standard processes and skills – that is, the inter-team coordination activity.

A number of contextual differences were noted between these organisations that are likely to affect the incidence of inter-team coordination activities. These were:

- Senior management attitude, organisational values, and customer ownership
- Organisational structure and servicing processes
- Physical environment
- Staff turnover

In Project 2, customers' dimensions of perceived use value were identified and then mapped against these inter-team coordination activities. The results suggested that various types of inter-team coordination activities do contribute to the service dimensions identified as valuable by customers.

These results have generated the proposition that, in the context of these cases, the firm specific resource of effective inter-team coordination is a critical resource in delivering superior value to customers, by causing staff to interact across internal boundaries on a 'routine' basis – not only when there is a problem. The activities coordinate specialised activities, and provide a mechanism for the sharing of knowledge and interpretations, and the development of service process innovation.

Project 3 explored a consulting intervention that links the strategic 'macro' competitive factors with the 'micro' internal activities of the firm. An intervention was undertaken with the aim of encouraging more effective inter-team coordination in order to align internal activities to the delivery of customer value. Bringing together the process and results of Project 3 with the investigations undertaken in Projects 1 and 2 suggests an overall intervention process that combines expert/content and process consulting elements, in order to surface and leverage firm specific sources of competitive advantage.

1.3 Summary: Literature review

Sections 2, 3 and 4 present each research Project in detail, and each chapter contains a detailed literature review covering the issues relevant to the specific research question, as summarised in Table 1:

Table 1: Summary of literature reviews

Project	Research question	Literature review covered:
1	“How do service delivery activities vary between differentially performing financial services organisations?”	<ul style="list-style-type: none">• The resource-based view• Tacit knowledge• Routine activities
2	“Is there a link between perceived use value and inter-team coordination activities?”	<ul style="list-style-type: none">• Coordination activities• Perceived use value• Causality
3	“What are the dimensions of a consulting intervention in order to align internal activities to the delivery of customer value – in this case to encourage more effective inter-team coordination?”	<ul style="list-style-type: none">• Consulting interventions• Coordination mechanisms• Inter-group issues

It is not intended to review each of these areas in detail in this section as they are covered fully, and in context, in each of the Projects. Rather, the aim of this section is to locate the conversations and contribution of this research.

The central question is “how can firm specific resources be managed as a source of competitive advantage?”. This question has two distinct components:

- Firstly, understanding *how* firm specific resources can be a source of competitive advantage
- And, secondly, understanding how these resources can be *managed* – specifically what consulting interventions are appropriate to surface and leverage this type of resource

These provide the two central ‘conversations’, although a number of other, connected avenues were pursued through the research process as a consequence of the results of each Project.

The resource-based view considers superior competitive performance to be a factor of specific competences of the firm. For a resource to contribute to sustainable competitive advantage it must deliver value to the firm and be ‘strategic’. Such resources will have the characteristics of context specificity (firm history and path dependency), low ‘ability’ for transferability or imitation, and the value must be appropriable by the firm (rather than an individual).

Increasingly, knowledge within the organisation (organisational knowledge) is considered a key strategic resource. The emerging ‘knowledge based view’ suggests that tacit knowledge, in particular, can play a key role in developing sustainable competitive advantage. Tacit knowledge has the characteristics of a ‘rare’ strategic resource - context specificity, low ‘ability’ for transferability or imitation, and causal ambiguity - which suggests it is potentially a significant source of advantage for the firm. Tacit knowledge represents a significant element of organisational knowledge or ‘know how’. The concept of ‘activities’ or regular activities provided a way of operationalising organisational knowledge such that it can be researched and managed. Teece (2000) describes organisational knowledge as “embedded...in organisational processes, procedures routines and structures.” (p.36).

In the cases studied in this research, it emerged that effective inter-team coordination characterised the better performing organisation (Project 1). However, a critical issue was to explore whether these activities did, in fact, link to customers’ perceptions of value. This required an understanding of value as perceived by customers (rather than perceived internally by the organisation): “‘Perceived use value’ (PUV) is subjectively assessed by customers, pertains to individual customers, and is perceived at a point in time when the decision to purchase is being made” (Bowman and Ambrosini, 2000, p.3). It is critical for managers to understand what the customer perceives to be valuable as a way to construct a means-end chain, identifying the key

competences that contribute to PUV, and which activities deliver the competences. A key part of Project 2 was to empirically investigate these concepts in a fine-grained study.

This led into the literature on causality – and whether or not a single case qualitative study of this type can be used to assess causality. For the purposes of this research, where the aim is to identify links between activities and PUV as part of the service delivery chain, I accept that the analysis cannot demonstrate sole causality, and that the results are specific to this study and not generalisable. However, the approach provides an indication and a framework that can provide the basis for further research. This is consistent with the realist philosophical position adopted in this research that suggests “we can make statements about the truth value of theories that contain unobservables...since our theories can give us knowledge about unobservables, it is legitimate to derive normative rules from those theories that can be used to guide managerial action” (Godfrey and Hill, 1995, p. 520).

In order to understand how the firm specific resource of inter-team coordination activities might enable an organisation to achieve a competitive advantage, the literatures on coordination activities, coordination mechanisms and inter-team theory were explored and also used to inform the consulting intervention undertaken in Project 3.

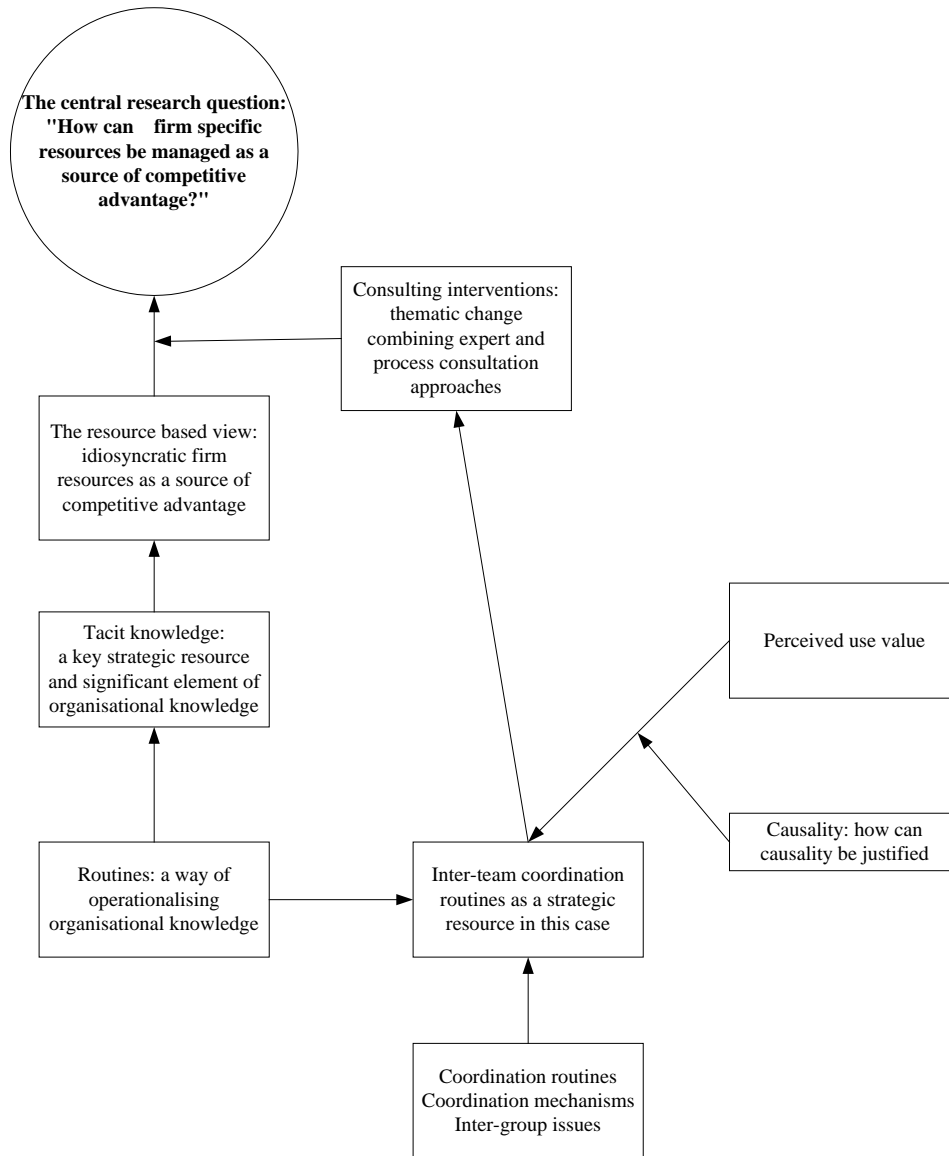
The literature on consulting interventions was explored at both the beginning and end of the doctoral process. A key issue driving this research was the perceived ‘gap’ between the strategic and organisational development approaches to consulting where the ‘expert’ and ‘process’ elements do not tend to co-exist within the same intervention. As the focus was on looking at the connection between the delivery of superior service as perceived by customers and the internal activities of the organisation that help to deliver that value, a consideration of the consulting interventions to address this type of situation needed to include both strategic consulting, with the focus on the ‘bigger’ competitiveness picture, and organisational development, with the focus on facilitating change at the micro level of the

organisation. As a ‘strategic’ consultant, an understanding of the process consultation literature was, therefore, critical in informing the intervention process adopted in Project 3.

Thus, the literature journey looped round to connect idiosyncratic and strategic firm resources to a thematic change intervention focused on aligning internal ‘micro’ activities with dimensions of value as perceived by customers – the overarching theme of this thesis. However, en route, the issue of inter-team coordination as a source of competitive advantage has emerged as a potentially interesting avenue of further research.

Figure 1 overleaf summarises the journey through the literature that has been undertaken.

Figure 1: The literature 'journey'



1.4 Summary: Research process

A progressive and linked three-stage research process has been adopted where each Project has informed and shaped the subsequent Projects: that is, the finding from Project 1, that effective inter-team coordination appeared to be a key strategic resource in this case, influenced the design and implementation of Projects 2 and 3.

This research was undertaken in the financial services industry, with two similar sized organisations ('BIM' and 'IMC'), competing in the same market sector (with many customers the same), and part of the same group of companies (with the same overarching strategic goals and some systems and processes in common). However, their customers (mortgage intermediaries) perceived that they performed significantly differently. These businesses can be characterised as medium volume and medium variety (Johnston and Clark, 2001). There is relatively high personal contact, with relationship building considered important.

Project 1 involved comparative qualitative research in both firms in order to understand the differences between the two organisations (i.e. found to be levels of inter-team coordination activities). Projects 2 and 3 then focused on the better performer (BIM): this was to understand, firstly, how effective inter-team coordination could deliver increased perceived use value to customers (Project 2), and, secondly, how these activities could be leveraged (Project 3). The research methodology adopted is summarised in Table 2 overleaf, and explained in detail in each of the Projects.

Table 2: Summary of research methodology

Project	Research Question	Research Approach	
		Data gathering	Data analysis
1	“How do service delivery activities vary between differentially performing financial services organisations?”	Qualitative research within BIM and IMC (good performer/poor performer) <ul style="list-style-type: none"> • Individual unstructured interviews • Observation • Group discussions 	<ul style="list-style-type: none"> • Thematic coding of activities • Visual analysis • Numerical analysis
2	“Is there a link between perceived use value (PUV) and inter-team coordination activities?”	Qualitative research with customers of BIM: <ul style="list-style-type: none"> • Individual unstructured interviews 	<ul style="list-style-type: none"> • Identifying customer dimensions of PUV • Mapping dimensions of PUV against activities identified in P1
3	“What are the dimensions of a consulting intervention in order to align internal activities to the delivery of customer value – in this case to encourage more effective inter-team coordination?”	Action research within BIM: <ul style="list-style-type: none"> • Entry interviews • Two intervention workshops • Exit interviews 	<ul style="list-style-type: none"> • Thematic coding of interviews • First person reflection on process

In Projects 1 and 2, I was part of a collective, cooperative venture in sense making with the organisational members. Specifically, in Project 2, maps have been used as a way to negotiate and agree interpretations. Through this, the organisational members and I have achieved inter-subjectivity: as Weick (1995) writes “intersubjective meaning becomes distinct from intrasubjective meaning when individual thoughts, feelings and intentions are merged or synthesized into conversations during which the self gets transformed from ‘I’ into ‘we’” (p 71). The claim to rigour is, therefore, derived from the fact that there is no apparent gap between my perceptions and the organisational members’ perceptions.

With respect to Project 3, Schein (1987) suggests that “building theoretical models of health and testing them against the observed responses to interventions is one way of conceptualising the validation process in clinical work” (p.53) and that “for clinicians, the ultimate validation test...is whether or not they can predict the results of a given intervention. If they can, such predicted responses validate their model or theory of what is happening. The validation is in the dynamic process itself...” (p.52). In this case, it was possible to cautiously predict an outcome, and the participants in the

intervention were satisfied and felt that the intervention had helped them to start to 'solve their problem'.

Since the key phenomenon of interest is firm specific resources, which, by definition, are unique to the organisation, the specific research outputs will not be repeatable. However, the overall investigative and intervention process that has resulted does have generalised applicability, and provides a framework that could be used and developed by other researchers and consultants.

1.5 Definitions

The objective of this section is to clarify the terminology used in this thesis, in particular the language used in connection with the resource-based view of the firm (Penrose, 1959; Wernerfelt, 1984; Barney, 1986; Dierickx and Cool, 1989; Barney, 1991; Grant, 1991; Hamel and Prahalad, 1994; Miller and Shamsie, 1996).

There is a lack of consistency in the literature around the terms ‘resources’, ‘routines’, ‘competences’, ‘capabilities’ and ‘dynamic capabilities’. For example:

- Wernerfelt (1984) describes a resource as “anything which could be thought of as a strength or a weakness of a given firm...assets that are tied semi-permanently to the firm” (p. 172)
- Grant (1991) defines resources as “inputs into the production process...[and a] capability as the capacity for a team of resources to perform some task or activity” (p. 118-119).
- Amit and Shoemaker (1993) define resources as ‘stocks of resources’ that are converted into final products or services using or combined with a range of other firm assets. They define capability as the capacity to deploy resources resulting in for example reliable service or product innovation.
- Teece et al. (1997) define resources as firm specific assets that are difficult to imitate. They suggest that when resources are combined they lead to activities that they define as ‘organizational routines/competences’, and describe competences that are central to a firm’s competitive performance as ‘core competences’. Teece et al. use the term ‘dynamic capabilities’ for the ‘firm’s ability to integrate, build and reconfigure internal and external competences to address rapidly changing environments’ (p.516).
- Eisenhardt and Martin (2000) define resources as “specific physical, human, and organizational assets that can be used to implement value creating strategies...they include the local abilities or ‘competencies’ that are fundamental to the competitive advantage of firms”. They define dynamic capabilities as “the antecedent organizational and strategic routines by which managers alter their resource base – acquire and shed resources, integrate

them together, and recombine them – to generate new value-creating strategies” (p. 1107) and state that “long term competitive advantage lies in the resource configurations that managers build using dynamic capabilities, not in the capabilities themselves” (p. 1117).

- Makadok (2001) suggests that a resource is an observable asset that can be valued and traded (e.g. brand), whilst a capability is not observable and cannot be traded (e.g. marketing capability).
- Winter (2003) defines an organisational capability as “a high level routine (or collection of routines) that, together with its implementing input flows confers upon an organisation’s management a set of decision options for producing significant outputs of a particular type”. He differentiates between ordinary capabilities and dynamic capabilities as follows: “ordinary or ‘zero-level’ capabilities [are] those that permit a firm to ‘make a living’ in the short term...dynamic capabilities [are] those that operate to extend, modify or create ordinary capabilities” (p. 991).

For the purposes of this research, the following definitions are used:

Resources

‘Resources’ (Barney, 1991; Eisenhardt and Martin, 2000) are firm specific assets, the current activities of an organisation, and can be physical, human and organisational. For a resource to contribute to sustainable competitive advantage and deliver value to the firm it must be ‘strategic’ by simultaneously demonstrating the so-called ‘VRIN’ attributes of:

- Valuable - being valuable with the ‘rents’ appropriable by the firm rather than an individual
- Rare - context specific due to the firm history and position
- Inimitable - low ‘ability’ for transferability or imitation
- Non-substitutable - low ability for substitution

Teece et al.'s (1997) definition of 'strategic capability' is essentially similar to the above definition of a strategic resource: "Honed to a user need...unique...and difficult to replicate" (p. 539).

Routines

A routine is a repeated pattern of behaviours, but not necessarily identical behaviours, that represent a definable activity such as sharing information or customer service calls (Nelson and Winter, 1982 and Pentland and Rueter, 1994). Pentland and Rueter (1994) state that "an organizational routine is not a single pattern but, rather, a set of possible patterns, enabled and constrained by a variety of organizational, social, physical and cognitive structures – from which organizational members enact particular performances...it points to similar but not fixed patterns that emerge through interaction...what is fixed, to some extent, is the space of possibilities for action" (p.491).

In this research coordination routines are viewed as 'resources'. Resources and routines are relatively 'unchanging' and static, and will not naturally reconfigure in the light of changing environments.

Competences

Competences (Teece et al., 1997) are derived from bundles of resources and are heterogeneous between firms. They represent a definable organisational ability, such as the delivery of high quality customer service that can enable a firm to achieve superior competitive performance.

Dynamic capabilities

Dynamic capabilities (Teece et al., 1997; Eisenhardt and Martin, 2000) are the meta-routine processes within firms that create or redeploy resources in order to develop new competences.

Value

Value is a term used widely in the RBV literature, but poorly defined. For the purposes of this research, value is defined as what is important to customers, reflecting what *customers* value and what they want, rather than value to suppliers or investors or employees. Specifically the concept of Perceived Use Value (Bowman and Ambrosini, 2000) or 'PUV' is used: this is defined as 'value' subjectively assessed by customers, pertaining to individual customers, and perceived at a point in time when the decision to purchase is being made.

2. Project 1: “How do service delivery activities vary between differentially performing financial services organisations?”

2.1 Abstract

Project 1 involved a comparative inductive qualitative study of the activities contributing to service delivery in two financial services organisations, one perceived by customers to be a high quality provider, the other a lower quality provider. This study has resulted in the development of a taxonomy of activities involved in service delivery. Further exploration of these outputs indicates that there are differences in the incidence of inter-team coordination activities between the higher and lower quality providers. It is suggested that these inter-team coordination activities are critical for the effective coordination of service delivery activities and in the exchange and creation of knowledge, and contribute to the differential perceptions of customers.

2.2 Introduction

2.2.1 Background and rationale for Project 1

Project 1 looked at two differentially performing organisations and explored the differences in activities within these two organisations, and, in particular, identified the unique characteristics of the ‘good performer’. This Project was focused on developing a taxonomy of service activities in order to provide a ‘base’ for considering the impact on perceived use value of activities and the development of the consulting intervention framework in Projects 2 and 3 respectively.

Project 1 was undertaken between September 2000 and June 2001.

2.2.2 Specific purpose of Project 1

The question for Project 1 is: *“How do service delivery activities vary between differentially performing financial services organisations?”*

Specifically, Project 1 looked at:

- Identifying service delivery activities
- Identifying differences in the presence and performance of activities between the two research cases
- Exploring the differences in the environmental contexts that might affect the existence or performance of activities
- Exploring the tacit-explicit nature of activities

2.2.3 Definitions, units and level of analysis

For the purposes of this research, the following terminology has been adopted:

- ‘Routine activity’ or ‘Activity’ – a repeated pattern of behaviours, but not necessarily identical behaviours, that represent a definable activity e.g. obtaining customer feedback for information on service delivery (after Nelson and Winter, 1982 and Pentland and Rueter, 1994): this definition follows Pentland and Rueter’s (1994) view that “an organizational routine is not a single pattern but, rather, a set of possible patterns, enabled and constrained by a variety of organizational, social, physical and cognitive structures – from which organizational members enact particular performances...it points to similar but not fixed patterns that emerge through interaction...what is fixed, to some extent, is the space of possibilities for action” (p.491)
- ‘Repertoire of activities’ – to describe a group of activities that contribute to an overall function e.g. gathering and disseminating information
- ‘Performance’ – a single complete enactment of a routine activity (after Pentland and Rueter, 1994)

- ‘Behaviours’ – the sequential unit within the routine e.g. diarising customer follow-up calls, or asking the customer for feedback on the telephone (after Pentland and Rueter, 1994)

The phenomenon of interest is the firm specific resource of organisational knowledge, operationalised as activities. Organisational knowledge is defined as ‘collective’ knowledge, as opposed to individual knowledge. The primary unit of analysis is the routine activity.

Data collection and analysis has been undertaken at the level of the individual, encompassing operational and managerial staff who have direct and indirect effects on service delivery.

2.3 Theoretical Positioning

2.3.1 The resource-based view

The resource-based view (Penrose, 1959; Barney, 1986; Dierickx and Cool, 1989; Barney, 1991; Grant, 1991; Hamel and Prahalad, 1994; Miller and Shamsie, 1996) considers superior competitive performance to be a function of specific competences of the firm; these are heterogeneous between firms and are derived from resources (physical, human and organisational). For a resource to contribute to sustainable competitive advantage and deliver value to the firm (‘earn rents’) it must be ‘strategic’, that is be rare or unique and “exploit opportunities and/or neutralize threats in a firm’s environment” (Barney, 1991, p.105). Such resources will have the characteristics of context specificity (firm history and path dependency), low ‘ability’ for transferability or imitation, and the ‘rents’ must be appropriable by the firm (rather than an individual).

Teece et al. (1997) have developed resource-based thinking with the ‘dynamic capabilities’ view, which differentiates between resources (firm specific assets),

competences (the current activities of an organisation that deliver value), and capabilities (the latent competences that could be developed if resources were reconfigured); 'dynamic capabilities' refers to the capacity of the management of a firm to redeploy "skills, resources and functional competences towards a changing environment" (p.515). Dynamic capabilities are the processes that create or redeploy resources – the 'meta routines' when managers take time out to review and revise organisational activity. Teece and Pisano (1994) suggest that "dynamic capabilities [are] rooted in high performance routines operating inside the firm" (p.553), and that "firms' capabilities need to be understood ...in terms of the organisational structures and managerial processes which support productive ability" (p.540). Teece et al. (1997, p.518) argue that a firm's dynamic capabilities are determined by: its processes ("the way things are done in the firm...what might be referred to as its routines"); its position ("the current specific endowments of technology, intellectual property, complementary assets, customer base and its external relations with suppliers and complementors"); and its paths ("the strategic alternatives available"). The processes and positions "collectively encompass its capabilities or competences" (p.518), and also reflect the firm's history.

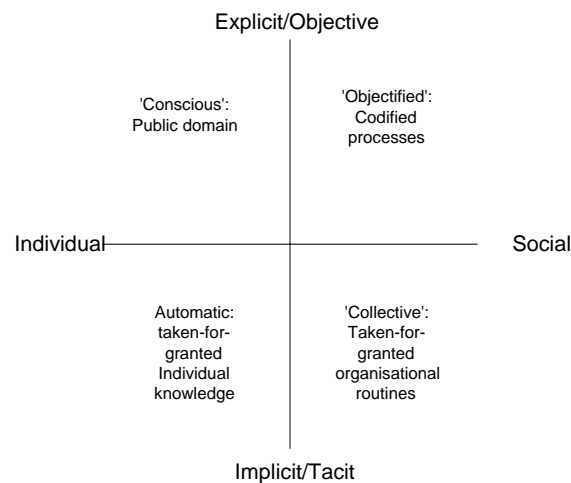
Increasingly, knowledge within the organisation is considered a key strategic resource (e.g. Connor and Prahalad, 1996; Amit and Schoemaker, 1993), and essential in developing a 'dynamic capability' (Teece et al., 1997). The emerging 'knowledge-based view' (e.g. Spender, 1996b; Spender and Grant, 1996; Grant, 1996; Teece, 1998) suggests that tacit knowledge, in particular, can play a key role in developing sustainable competitive advantage. Teece (1998) states "the firm is a repository for knowledge – the knowledge being embedded in business routines and processes...to the extent they are difficult to imitate and effectively deployed and redeployed in the marketplace...they can provide the foundations of competitive advantage" (p.75).

The challenge for practicing managers is to manage effectively in an increasingly turbulent, competitive and complex environment. This will require faster and more flexible approaches to strategy formulation and implementation, implying more effective management of all types of knowledge within organisations. McKenna, from

the management development perspective, suggests that “the importance of people in organisations will be paramount as the management of knowledge and intellectual capital become the prime sources of an organisation’s competitive advantage and performance” (McKenna, 1999, p.774).

Knowledge is, therefore, clearly indicated to be a key strategic resource in achieving advantage. For the purposes of this research, ‘knowledge’ is considered on the explicit-tacit and individual-social constructs (see Figure 2 below). Explicit knowledge (Nonaka and Takeuchi, 1995; Nonaka, 1994; Nonaka, 1991), also described as objective, declarative, articulable and verbal knowledge, can be easily articulated and explained, and is “not specific or idiosyncratic to the firm or person possessing it” (Ambrosini, 1997, p.4)). However, in principle, explicit information and codified processes tend to be in the public domain and accessible to all and, therefore, not necessarily a source of sustainable advantage in themselves.

Figure 2: Dimensions of knowledge



(Based on Nonaka, 1995, and Spender, 1996)

2.3.2 Tacit knowledge

Tacit knowledge describes individual or group ‘taken-for-granted’ knowledge and behaviours, which are not managed or codified, but which form an integral part of the way an organisation operates. Polanyi (1967) characterised tacit knowledge as “we can know more than we can tell” (p.4), and Nonaka (1991) describes it as “personal

and hard to formalize...deeply rooted in action” (p.98), that is, experiential and ‘taken for granted’. Grant (1996, p.111) identifies “knowing how” with tacit knowledge, in contrast to “knowing about facts and theories” which he identifies with explicit knowledge. Spender (1996) refers to tacit knowledge as “workplace knowledge” (p.60). Baumard (1996) comments “there is more to knowledge than the conventional, positivistic perception as knowledge-as-information” (p.88). Von Krogh et al. (2000) state “...we believe the concept of knowledge management itself is limited. In many organizations a legitimate interest in knowledge creation has been reduced to an overemphasis on information technology or other measurement tools. In fact the term ‘management’ implies control of processes that may be inherently uncontrollable or, at the least, stifled by heavy-handed direction... managers need to support knowledge creation rather than control it... we call this knowledge enabling” (p.4).

Tacit knowledge has the characteristics of a ‘rare’ strategic resource - context specificity (firm history and path dependency), low ‘ability’ for transferability or imitation, and causal ambiguity - which suggests it is potentially a significant source of advantage for the firm.

Recent empirical evidence has demonstrated the link between tacit knowledge and competitive advantage (Ambrosini and Bowman, 2002; Spender, 1996a; Baumard, 1999). It is suggested that tacit knowledge can be a source of advantage through a range of organisational activities such as operational effectiveness and efficiency (e.g. Ambrosini and Bowman, 2002; Spender, 1996; Baumard, 1996), knowledge creation and innovation (e.g. Nonaka, 1991, 1994, 1995), change management (e.g. Teece and Pisano, 1994; Teece et al., 1992; Tranfield et al., 2000; Tranfield and Smith, 1998), organisational learning (e.g. Grant, 1996), and good practice and technology transfer (e.g. Kogut and Zander, 1992; Szulanski, 1996).

However, the ‘taken for granted’ element of tacit knowledge also has a downside. Because it reflects the normal ‘modus operandi’ or shared beliefs, individuals within firms will continue doing certain activities even when they do not deliver value,

because they may have conferred success in the past (e.g. Leonard-Barton, 1992; Jenkins and Floyd, 2001).

2.3.3 Routine activities

The concept of 'routines' or activities provides a way of operationalising organisational knowledge such that it can be researched and managed.

Nelson and Winter (1982) use the term 'routine' to describe "all regular and predictable behavioural patterns of firms" (p.14), ranging from shopfloor to management activities. Routines comprise "the micro assets of the company whose main function is to integrate work activity" (Tranfield et al, 1998, p.119). Ambrosini and Bowman (2002) have used the expression 'tacit routines' to cover organisational tacit knowledge (as opposed to individual tacit knowledge), referring to activities that cannot be easily articulated, that involve more than one organisational member, and that happen without having been deliberately directed.

The concept of activities helps to explain why tacit knowledge appears relatively stable in organisations and tends not to be lost with individuals leaving the organisation. Nelson and Winter (1982) describe routines as "organisational memory [which] constitutes the most important form of storage of the organisation's specific operational knowledge" (p.99). This emphasises the idiosyncratic and firm specific nature of tacit knowledge, which cannot be acquired but takes time to develop and accumulate (Dierickx and Cool, 1989). However, Sims (1999) also points out that there may be potential inconsistencies in organisational memory within an organisation; this is due to the differing interpretations that organisational members may develop due to their experience or specific organisational context, and the different 'stories' that may persist with different organisational subgroups.

Mintzberg, Ahlstrand, and Lampel (1998) discuss how activities can be powerful levers in helping create change: "management can influence [change and learning] by phasing out ineffective routines, transferring effective ones from one part of the

organisation to another, and inserting new routines into the organisation” (p.185). Musson et al. (1999) identify three aspects to routines that need to be considered for successful change management: behavioural (patterns of interaction or activity and behavioural repertoires), cognitive (thoughts and attitudes which individuals identified as routines), and structural (elements of the physical organisation or organisational structure which facilitate their operation).

Teece et al. (1992, p.28) differentiate between static routines (“embody the capacity to replicate certain previously performed tasks”) and dynamic routines (“directed at establishing new competences”). They also suggest that organisational activities (e.g. gathering and processing information, linking customer experiences with product and service design, bringing new products to market) have an impact on coordination and subsequently performance.

Analysing activities is a complex task: Teece et al. (1992) suggest that “many organisational routines are highly tacit in nature” and “that few routines are stand-alone” (p.26). Forgas (1979) proposes the concept of ‘social episodes’ – “cognitive representations of stereotypical interaction sequences which are representative of a given cultural environment...[which] constitute natural units in the stream of behaviour, distinguishable on the basis of symbolic, temporal and often physical boundaries” (p.15). Tranfield and Smith (1998) suggest that “from this perspective, routines can be perceived as identifiable social episodes” (p.120) and that “the Forgas framework provides a coherent intellectual base for ... research” (p.127). Forgas proposes four complementary research approaches for looking at social episodes:

- Ecological approach: analysing the behaviour settings of ‘global’ episodes or routines – the contexts and triggers
- Perceptual approach: identifying how ‘global’ episodes are represented by different individuals, groups and organisations
- Structuralist sequencing approach: looking ‘within’ episodes with the aim of constructing a ‘grammar’ of behaviour sequences
- Roles-rules approach: again, looking at behaviour sequences within episodes, but focusing on describing the roles and rules specifying behaviours

Pentland and Rueter (1994) define organisational routines as “a set of functionally similar patterns” (p.484), and differentiate between “routines as automatic responses” (p.486) (in effect tacit routines) and “routines as effortful accomplishments” (p.488) (based around systems and procedures). They propose a methodology for analysing the sequential structure of the patterns using rule-based grammatical models (similar to Forgas’ sequencing approach), which do not “specify a fixed outcome...[but] defines a set of possibilities from among which members accomplish specific sequences of action” (p.485). They describe organisational routines as “the set of possible performances for a particular task” (p.490), described in part by a grammar e.g. customer service, and a ‘performance’ as “a single complete repetition of a routine” (p.490) e.g. a particular customer service encounter; they use the term ‘subroutine’ to describe the intermediate part of a routine e.g. answering the telephone.

Tacit routines operate at all levels of the organisation, from senior management to shopfloor. The experiential nature of tacit knowledge would suggest that to tap into this strategic resource requires the involvement of the whole organisation (not just the top team), a greater ability of managers to reflect on the detail of their organisations, and an increased willingness of managers to devolve strategic implementation and to respond to emergent strategic thinking.

It could be argued that making tacit knowledge ‘understandable’ renders it explicit, and thus diminishes its ‘sustainable’ characteristics and potential to act as a ‘strategic resource’. However, in reality, tacit knowledge within an organisation is most likely to be contained within a complex system of activities, dependent on the history of the organisation and its current context and configuration. So, even if competitors were to be aware of elements of a successful player’s tacit activities, it is highly unlikely that they would be able to imitate and implement it with the same effect (Ambrosini and Bowman, 2002).

For managers, an increased awareness of organisational activities and their significance should be of immense value, enabling managers to make informed decisions on action to be taken to protect, leverage and/or codify functionally valuable activities.

2.4 Methodology

2.4.1 Data sources

Selection of data sources

The research was undertaken in the financial services industry. As financial services products become increasingly commoditised, service quality is becoming the key differentiator in this marketplace. A greater understanding of the activities that contribute to service delivery should provide greater management insight into how service delivery might be managed to achieve advantage.

Specifically, this research was undertaken within two business operations of Bristol and West plc, IMC and BIM, both of which dealt with mortgage sales, processing and servicing to mortgage intermediary customers (IFAs and mortgage brokers): this is a significant market: mortgage sales via intermediaries accounts for 40% of the residential mortgage market.

These two operations were selected for the Project 1 research as they operate in the same marketplace and under the same strategic ‘umbrella’, but were perceived by their customers (mortgage intermediaries) as performing significantly differently: customers considered BIM to be a good performer, and IMC a poor performer (see later in this section). These businesses were a similar size, operated in the same marketplace and had essentially the same strategy – residential mortgage lending via intermediaries, with an increasing focus on ‘specialised’ lending (e.g. flexible mortgages, adverse credit, buy-to-let). They targeted the same customer group of mortgage intermediaries (IFAs and mortgage brokers), and had many customers in common. They both reported to the same Director of Lending, and had similar overall performance targets. However, even though there were similarities at the ‘macro’ strategic level, the two operations had very different histories and operated independently (although they had some similar systems and processes). Comparing these two differentially performing businesses, and understanding in detail the

differences in activities between them, should help inform why customers perceived these different levels of service quality.

IMC and BIM operate with primarily telephone-based sales and servicing teams supported by small field sales teams; IMC had 100 directly managed FTEs, but also drew on other staff from elsewhere in Bristol & West. BIM was a self contained unit of c.200 FTEs. Appendix 1:1 shows the formal organisational structure for each organisation. These businesses can be characterised as medium volume and medium variety (Johnston and Clark, 2001). They deal with c.500-1,000 intermediaries, of which a relatively small number provide the bulk of business. The transaction for each mortgage application extends over a period of time (typically 4-8 weeks) with a number of contacts between the lender and the customer during this period. There is relatively high personal contact, with relationship building considered important – even with those customers who tend to be handled over the telephone or remotely: telephone based service staff do not operate to scripts as tends to be the case in consumer call centres. Although there are clear criteria and processes for dealing with mortgage applications (both to increase productivity and to meet financial regulatory requirements) there tends to be some discretion in decision making and elements of the service operation: staff do also get involved in elements of process improvement. Relationship building and consistent, reliable service delivery are acknowledged as being important competences in this marketplace.

IMC was set up around 1992 in Bristol as part of the Bristol & West Group and drew on managers and staff who had previously worked elsewhere in Bristol & West. There have been a number of disruptive management changes in IMC's history: "*When I took over [servicing] it was a real blame culture, a real fear culture, as a result of the way Andy managed, I came in about 3 months after Andy left [when Mike started], then when Mike left there was a real plummeting in morale, and then Clive came in...*" (Head of IMC Servicing).

BIM was originally established by Bank of America in 1975 in Reading to handle hire purchase and other credit finance. It was then sold to Bank of Ireland in 1987, which

refocused it as a dedicated company servicing mortgage intermediaries in the UK. BIM became part of the Bristol & West Group in 1997, following the Bank of Ireland takeover of Bristol & West. Many staff have stayed with BIM throughout these ownership changes. There have been management changes since the takeover, but mainly handled by promotion from within, whilst the two Managing Directors since the takeover have been appointed from Bristol & West. BIM staff take great pride in the fact that the Bristol & West MDs have “gone native” once they joined BIM: “...[I think] he came in here with pretty much the intention of closing us down, but in a few weeks he became a turncoat - that's perhaps too harsh a word - he became ‘BIMised’, it was just amazing...it was so uplifting to see how he'd become one of us, we knew that things were not going to be pleasant, but he knew we were going to become a viable part of the operation...” (BIM Servicing Team manager)

Following Bank of Ireland’s takeover of Bristol & West, IMC and BIM were brought together to be managed within the Bristol & West Lending Division. This meant that the financial results are aggregated in the Bristol & West accounts; each business operation operates autonomously, with separate sales, servicing and marketing operations.

Customers – the mortgage intermediaries – perceive BIM to be the superior service provider. This difference has been identified through two separate sources – an annual industry Service Award and commercial customer satisfaction research commissioned by Bristol & West. ‘Service’, from an intermediary’s perspective, tends to cover the process from initial contact about an application through to completion of a mortgage. At that point the intermediary has a satisfied end customer (in that they have a mortgage) and will receive their procurement fee from the lender (an important part of their income stream). This is the time of a mortgage’s life when the greatest activity takes place and when the greatest servicing problems can occur; it is also when the intermediary is most ‘exposed’ to his end customer. Post completion tends to be uneventful and the intermediary rarely gets involved. Consequently, assessments of ‘service’ tend to focus on this application to completion process.

Each year, *Financial Adviser* magazine, a specialist magazine for financial intermediaries, awards service ‘star’ ratings to mortgage providers based on a survey of nearly 2,000 intermediaries who are asked to assess c.35 intermediary mortgage providers on the following four service categories:

- Speed of processing
- Product knowledge
- Professionalism
- Reliability and flexibility

Intermediaries and lenders consider these awards important. In the 2000 survey, BIM achieved the highest rating – 5 stars (same as 1999 and up from 4 stars in 1998, only 7 providers achieved 5 star status); IMC achieved 2 star status in 2000 (up from 1 star in 1999 and 1998).

A significantly more detailed assessment of the relative performance of BIM and IMC has been commissioned by Bristol & West as part of its annual ‘Competitive Advantage’ (CA) research programme (which covers all businesses within the Bristol & West Group and commenced in 1999). This research is undertaken by NOP among existing customers of the various Bristol & West businesses, and asks them a series of questions about their perceptions of the relevant Bristol & West product/service offer; these same customers are then asked the same questions of key competitors of which they have experience. This enables NOP to calculate the ‘CA Index’ – in effect, a competitor benchmarked customer satisfaction score. Table 3 (on page 37) shows the top level and detailed results for IMC and BIM from the research undertaken during the summer of 2000: as can be seen, BIM achieved an overall CA Index of 86, compared to an IMC CA Index of 70 (this is the first year that BIM has been included; IMC was included in the 1999 research and scored an overall score of 80, so is perceived to have declined in service performance according to this survey). The IMC and BIM research is undertaken in the same customer segments, and in many cases amongst the same customers (although the individual contacts may vary). This research, therefore, supports the Financial Adviser Star Awards in suggesting that BIM is perceived by customers as a superior service provider than IMC.

The Bristol & West CA research provides a more detailed insight into why customers perceive BIM and IMC differently (see Table 3). The 'breakdown by categories' shows that the two suppliers are viewed as being more or less equal on product offering and promotion. The big differences come in the area of service delivery – covered by the headings 'service', 'credit and risk' and 'people', where BIM scores significantly higher than IMC in most categories. Interestingly, however, IMC outperforms BIM in the area of 'staff can understand and explain the products', which suggests higher individual competence on product knowledge. In all other servicing areas, however, BIM outperforms IMC.

Table 3 also shows the ratings given by the BIM 'Emerald' brokers. This is a group of large volume brokers (e.g. John Charcol, Saviles, Chase de Vere), who are customers of both BIM and IMC, but in BIM are managed as a premium 'club' and are offered certain types of servicing enhancements. Their ratings are also included in the consolidated total BIM scores; these brokers' ratings are not split out separately by IMC. A review of the three columns of ratings in Table 3 confirms that BIM, overall, is perceived as a better quality provider, but that there is still potentially scope for improvement in the overall BIM scores compared to the Emerald brokers' scores.

The perceptions of customers translate into business growth. BIM achieved a 23% growth in the value of completions between the financial years ending April 2000 and 2001 – 5% above the target of 18%. IMC did not achieve its target growth of 18%.

Table 3: Bristol & West ‘Competitive Advantage’ customer research: customer perceptions of the product/service offer

Business		IMC	BIM	BIM ‘Emerald’
Overall Index		70	86	97
Consolidated overall categories:				
Product		87	88	
Service		67	88	
Credit and Risk		59	87	
People		71	83	
Promotion		83	88	
Breakdown by categories:				
Product	Offers tailored products	88	87	N/A
	Offers a comprehensive product range	91	91	94
	Offers consistently competitive rates and charges	83	87	81
Service	Offers a tailored service	68	90	93
	Offers a hassle free service	62	90	99
	Makes decision quickly (when necessary)	60	86	100
	Uses new technology to improve their service to you	72	82	98
	Is easy to contact the right person to answer queries	74	93	98
Credit and risk	Is clear and consistent on info it requires and processes to follow	65	83	94
	Is flexible in its underwriting	51	94	86
	Has underwriters who facilitate the process	58	90	101
	Consistently deliver what they say they will	62	83	96
People	Has staff who are good at building relationships with brokers	74	90	99
	Staff handle all transactions in a competent way	74	87	100
	Staff understand and can explain the products	81	74	97
	Has a decision maker available who understands the local market	56	80	101
Promotion	Keeps you informed with timely and relevant communications	80	88	105
	Provides support for introducers promotions	85	89	103

(Source: Bristol and West Competitive Advantage research 2000, undertaken by NOP)

Notes:

- Index calculated as follows:
 - IMC and BIM performance rated on scale of 1-6 on each question
 - Competitors’ performance rated on scale of 1-6 on each question, then consolidated
 - Index = IMC/BIM score divided by consolidated competitors score
 - Competitive parity assumed at 100 (range 97-103)
- Shaded rows indicate significant differences in customers’ perceptions of performance of IMC and BIM (more than 10 index points)
- BIM ‘Emerald’ broker scores shown separately for comparison

Sampling

Within the two organisations being studied, the following approach was adopted in selecting specific individuals for data collection:

- Initially, relevant managerial staff were interviewed, to get their perceptions of 'how things work' in their organisation, to identify which of their direct reports should be involved, and to get their buy-in and acceptance of the research.
- Then I interviewed and observed a selected number of relevant team leaders: these were identified by their managers as being individuals who were likely to be cooperative and view the research as being a positive rather than a threatening experience. The team leaders were then asked to identify people in their teams that I could sit alongside and observe/informally interview. They were asked to identify people who they considered to be being more effective and less effective performers in order to find out 'what they do', so I could look for differences and contrasts in their performance.
- I then sat alongside the selected team members to observe their activity and informally interview them about their roles; the team members were not aware how they had been selected: they were told that I was sitting randomly with individuals from various teams. As the data collection proceeded, Glaser and Strauss's strategy of 'theoretical sampling' was adopted (Taylor and Bogdan, 1984).

Time constraints meant that I had to limit the number of individuals who were interviewed and observed. Furthermore, I agreed, in advance, times to go into the organisations for data collection, and if, on those occasions, team members were off ill or otherwise occupied, then alternative individuals had to be chosen on the day. I found that a pragmatic approach to data collection had to be adopted, because of the constraints of my time availability and timescales, and the normal commercial pressures within the two organisations being researched.

Access and confidentiality

Access into BIM and IMC was agreed through the Bristol & West managerial hierarchy, initially with the Bristol & West Deputy Chief Executive and the Bristol & West Director of Lending, then with the Managing Director of BIM and the Head of IMC, and finally through their direct reports. Access in principle was agreed with both organisations by the end of September 2000, with agreement that I could have full on-site access wherever I deemed appropriate.

It was agreed with the Bristol & West Deputy Chief Executive and Director of Lending that all data collected would be confidential and anonymous. It was also agreed with these senior executives that any post research feedback would only be provided to them with the full agreement of the two participating businesses; there was no requirement or obligation for me to feed back any type of 'consultancy' report to them.

It was also agreed with the MD of BIM and Head of IMC and their direct reports that, only willing participants would be involved, that all individual data sources within their organisations would remain anonymous, and that the detailed BIM and IMC findings would not be communicated to the other organisation unless they both agreed there would be mutual benefit in doing so, but that broad comparisons could be made (because of the relationship between the two organisations there is some knowledge of each other).

All staff were advised of my presence through notes from the BIM MD and IMC Head of Servicing, which were distributed to all organisational members.

I made significant efforts to reassure all individuals encountered in both organisations on the issues of confidentiality and anonymity prior to and during data gathering in order to engender a relationship of trust.

Data gathering in BIM commenced in early October 2000 and continued through to early February 2001. All members of BIM were highly cooperative, and I was given free access to individuals and data (including a security key card to the building). There have been subsequent visits to validate data.

Data gathering in IMC did not start until early December 2000, and continued until the end of February 2001. For reasons that are not entirely clear, the IMC contacts ‘went quiet’, and did not respond to telephone calls and emails in October and November; I suspect that this was more connected with a major office relocation in October 2000 and increased sales volumes, rather than resistance to the research. Having commenced data gathering, the servicing side of IMC was very welcoming to and cooperative with me; however, contact with the sales part of IMC was more limited, with less willingness to participate. The IMC data is, consequently more dependent on a ‘servicing’ perspective than BIM, where both Sales and Servicing (and other departments) have been fully engaged in the research.

2.4.2 Research methods and analysis

Data collection

Overview

A realist ontological position has been adopted, and appropriate epistemological approaches have been used to investigate and explore the issues that prompted and emerged from the research. Blaikie (1993) defines ontology as “the claims or assumptions that a particular approach to social enquiry makes about the nature of social reality” (p.6) whilst epistemology “refers to the claims or assumptions made about the ways in which it is possible to gain knowledge of this reality” (p.7).

The core phenomenon of interest in this research is the idiosyncratic firm resource of organisational knowledge, a significant element of which is tacit, unobservable and socially constructed. Therefore, interpreting data through the meanings and language

of the organisational members is critical, and the focus has been on meanings attributed by actors and the totality of the situation.

Evidently, a positivist philosophy is inappropriate, as it assumes an objective external 'world' (Easterby-Smith et al., 1997) where "knowledge must be based on experience, on what an observer can perceive by his or her senses" (Blaikie, 1993, p.14).

Of the range of reactions to positivism, a realist ontology seems best to encapsulate the approach taken in this research. According to Blaikie (1993), realism accepts an interpretative stance in that "social reality is pre-interpreted, that society is both produced and reproduced by its members" (p.59). However, realism also looks for explanations, a "search for generative mechanisms" (p.59) where mechanisms are the "tendencies or powers that things have to act in a particular way" (p.59).

Realism postulates that "we can make statements about the truth value of theories that contain unobservables...since our theories can give us knowledge about unobservables, it is legitimate to derive normative rules from those theories that can be used to guide managerial action" (Godfrey and Hill, 1995, p.520), and that "social phenomena exist not only in the mind, but in the objective world as well, and that there are some lawful, reasonably stable relationships to be found among them" (Huberman and Miles, 1998, p.182).

Godfrey and Hill (1995) argue that the realist position is particularly appropriate for research into 'unobservables' in strategic management research – particularly the resource-based view where "the power of the theory to explain performance persistence over time is based upon the assumption that certain resources are by their nature unobservable, and hence give rise to high barriers to imitation" (p.523). They state that whilst "we can never conclusively prove a theory containing unobservables to be true, the realist argues that we can have good reasons for believing that a theory is 'approximately true'" (p.527), but caution against propounding "normative rules derived from [a] favourite theory" (p.527).

An inductive qualitative research approach to data collection was used for Project 1 using the following methods:

- Primarily a combination of unstructured individual interviews and conversations combined with observation in both IMC and BIM
- A supporting documentary review of codified processes and systems
- A causal mapping workshop in BIM

These approaches are discussed further below.

Pentland and Rueter's definition of organisational routines as "a set of functionally similar patterns" (p.484), and elements of the Forgas (1979) framework were helpful in providing a framework for data collection for Project 1, which concentrated on looking at activities at a 'macro' level, rather than exploring the components of the activities. By taking concepts from both of these sources, I embarked on the data collection with a broader perspective on 'activities' than I had previously possessed – viewing them as a cluster of collective activities, rather than rigid and clearly defined discrete units. Pentland and Rueter's definition prompted me to look for *patterns* of activities, that is, activities that were functionally similar but not identical activities (e.g. relationship building social activities such as going bowling or going out for a pizza). Two elements of the Forgas framework were also useful as a basis for data collection, namely:

- Looking at the 'behavioural setting' - the environmental contexts and triggers, and
- Identifying how activities are represented by different individuals, groups and organisations

The other elements of the Forgas framework, which look 'inside' the activities to construct 'grammars' of behaviour sequences and the roles and rules specifying behaviours, were not researched in Project 1. I chose not to look at activities at this level because it did not meet the stated purpose of Project 1 (to identify the variation in activities between the two cases).

Interviewing/Observation

The main approach to data collection was a combination of unstructured interviewing and observation, in order to, as far as possible, get the organisational members' conceptions of what they do and their work environment, rather than my own (Sandberg, 2000). Thirty one observation/interviewing sessions were completed: 20 in BIM and 11 in IMC: on average, a 'session' lasted roughly three quarters of a day. In addition, in BIM a day was spent shadowing a Sales National Account Manager and a new Sales Executive during both their monthly progress meeting and client meetings, and an IMC Team Leaders' meeting was attended and observed.

Some of the managerial staff sessions were unstructured interviews held away from the interviewee's workplace. However, all the sessions undertaken with team leaders and processing staff were undertaken at their desks; these sessions involved sitting alongside the organisational members in the workplace whilst they were performing their job tasks, with me observing their activity and asking them specific questions about the task in hand, broader questions about how they do their job, or more general questions prompted by a range of factors e.g. mentions of activity with other organisational members, notes on their pinboards: these 'unstructured interviews' were in effect conversations. All unstructured interviews and conversations were tape recorded and subsequently transcribed; during the observation, notes on the observed activity were written into a notebook *in situ* whilst the activity was being observed. When the interviews and conversations were being transcribed, I would check the observation notebooks to check and clarify understanding, context etc. or to expand on 'unspoken' aspects of the activity.

Fontana and Frey (1994) describe unstructured interviewing as going "hand-in-hand" with participant observation as "many of the data gathered in ... observation come from informal interviewing in the field" (p.56).

It was considered essential that the interpretation of data should as far as possible be based on the "interpretations offered by the managers" (Bryman, 1989, p.137), rather

than my interpretations. I strived to understand these interpretations through the managers' language and the context of their organisations, by having as good an understanding as possible of the broader organisational context in order to be able to interpret through the organisational lens. Observation enabled "fairly prolonged immersion of the researcher in the context that is to be studied with the purpose of gaining first hand knowledge of that context" (Bryman, 1989, p.142). It also enabled a better understanding of the actual ways in which organisational members construct social realities by making sense of practical issues including "those that are so taken-for-granted that members are unlikely to mention them to one another or qualitative researchers" (Miller, 1997, p.27). It provided the opportunity to study behaviour at first hand, witnessing "the phenomena [under study] in action" (Adler and Adler, 1994).

The observer role was 'indirect' (Bryman, 1989, p.143) i.e. not actively involved in work tasks with a formal work role, and known to be for research. Time and availability constraints meant that the observer role was overt and 'interrupted' (Easterby-Smith et al., 1997), where the observer is "present sporadically over a period of time, moving for example in or out of the organisation to deal with other work or to conduct interviews with, or observations of, different people" (p.100).

For the purposes of this research, where observation was used along with forms of qualitative data gathering, complete immersion in the organisational setting was not perceived to be essential. Being seen as an independent researcher facilitated in developing trust, rapport and openness with the organisational members. This transparent positioning also avoided any ethical dilemmas that might arise from either complete immersion or deception.

Unstructured interviewing aims to "understand the complex behaviour of members ...without imposing any a priori categorisation that may limit the field of inquiry", in contrast to structured interviewing which aims to capture "precise data of a codable nature in order to explain behaviour within pre-established categories" (Fontana and Frey, 1994, p.56). Holstein and Gubrium (1997) argue that interviews are

“interpretatively active, meaning-making occasions” where the “respondents are not so much repositories of knowledge...as they are constructors of knowledge in collaboration with interviewers” (p.114). They suggest that “researchers take a more active perspective, begin to acknowledge, and capitalize upon, interviewers’ and respondents’ constitutive contributions to the production of interview data” (p.114). The interviewing approach adopted asked open questions, and also tested ideas against the interviewee’s perceptions.

This combined approach of observation concurrent with unstructured interviewing/conversations means that it is not possible to identify which activities were identified by observation, and which by interviewing. The two approaches were used together and complemented each other, to give me a broader perspective of ‘what was happening’ in these two organisations.

Documentary review

Documentary evidence of codified processes and systems was obtained, or reviewed *in situ*, in order to gain greater insight into the organisational context, check on the validity of information gathered through other routes (primarily observation/ interviewing), and better understand ‘official policy’ on activities and processes versus discretionary practice.

The documentary evidence reviewed included:

- Bristol & West strategic planning documents and financial information
- Organisational charts
- Training programmes
- Communications around ‘values’
- ‘Competitive Advantage’ research data
- Other performance data

Causal mapping workshop

The opportunity arose with BIM to run a causal mapping workshop, which enabled me to explore and validate the emergent data.

I agreed this workshop with the Head of Marketing, who had been tasked to develop an action plan of improvements to address servicing deficiencies identified in the Bristol & West 'Competitive Advantage' (CA) research. I was asked to facilitate a two-day workshop at which the key CA attributes (see below) were 'unpacked', enabling me to explore the organisational members' perceptions of causes and linkages in service delivery, and then action plans were developed.

Fourteen front line staff attended the workshop, from a variety of different Sales and Servicing teams. The CA attributes explored were those that the NOP research had identified as having the greatest impact on the future behaviour of BIM customers (i.e. the propensity to re-buy or recommend). These attributes were:

- Offers a tailored service
- Staff are good at building relationships with brokers
- Consistently deliver what they say they will
- Keeps customers informed with timely and relevant communications
- Has underwriters who facilitate the process
- Is flexible in its underwriting
- Offers a hassle free service (judged to be a combination of the above so not explored separately)

The outputs and causal maps from the workshop have been fully documented and are discussed further in Section 2.5 - Results. The outputs of this workshop provided a confirming perspective on the key activities present in BIM: no evidence emerged that conflicted with the data derived from observation and unstructured interviewing.

It also had a number of 'process' benefits for the participant BIM members, in particular emphasising the cross functional interdependency of the service

proposition, and providing a cross functional networking forum, which all participants said they enjoyed and that would enable them to perform their jobs more effectively.

Data analysis

An inductive approach to data analysis was used for Project 1 (Partington, 2000). The interview transcripts and observation notes have been coded, using a purpose built database (using Filemaker Pro software – this is a flexible databasing package, with which I am very familiar, and where coding categories can be easily changed, added or deleted during data coding). I have coded both positive instances of activities, and evidence that confirms that certain activities do *not* occur: i.e. as well as collecting data to ‘find out what’s there’, I looked for confirming and disconfirming evidence of the presence of different types of activities (“do you tend to speak to Xxx?”) as the data gathering process proceeded.

The coding scheme was developed initially from my perceptions of the activities during data collection, developed further in a ‘test-and-see’ approach when coding into the database, and further refined by ‘testing’ the coding scheme in subsequent data gathering and *in situ* discussions to check that it described appropriately the activities.

The coding scheme that emerged came from the data. I looked at each coded record, and made assessments about the characteristics of the activity. The data was coded into three categories:

- Activity unit
- Activity focus
- Repertoire of routine activities, including routine activities

These are not hierarchical – they represent three different ways of describing the routine. Each of these categories is explained further below.

Category A: Activity unit

This category identified the processing 'unit' where the routine activity was happening. These were defined as:

- Individual: this includes the individual working alone on a task (e.g. checking the details on a mortgage application against their personal checklist) and the individual interacting with a customer (e.g. follow-up call to customer enquiry)
- Intra-team: these activities are interactions within the team. 'Team' is defined as the group of people with whom the individual feels most closely aligned – this has been derived from analysing the interviewees use of the term 'team' and 'team members'. Team tends to relate to the smallest collective unit in both organisations, and is consistent with the lowest level teams represented on the organisational charts. So:
 - In BIM, a team is Field Sales team A, B or C, BDU, TMT, NBA A, B, C, D or E: it is not 'Sales' or 'NBA'
 - In IMC, a team is one of the Sales teams, Post Team, BEL Team, Quality Team, or one of the Servicing Teams - E. Mids, W. Mids, NE/SW, NW, SE, London
- Inter-team: these are the interactions between teams. These include interactions between teams within a department (e.g. in BIM, interactions between Teams A, B, C, D and/or E in NBA) and interactions between teams in different departments (e.g. in IMC, interactions between Business Development Team and Servicing Team E. Mids)
- Managerial: these are the interactions between managers and the staff reporting to them, either as individuals or, as appropriate, at team, departmental or organisational level, and also between managers and other managers

Category B: Activity focus

The data was also coded to identify what type of activity the routine represented, specialised or coordination:

- Specialised: these are the technical activities involved in doing the job – i.e. processing mortgage applications
- Coordination: these are the activities involved in managing internal and external relationships (relative to the individual, team and organisation) and other environmental/process factors that enable the technical/content activities to be performed

This categorisation emerged from the data: I looked at the activities and recognised that some are focused on undertaking the core processing – the specialised activities – whilst others are much more around relationships and coordination of activities. I only became aware of Mintzberg's (1983) model of coordinating mechanisms subsequent to undertaking this coding, and have consequently used his terminology for consistency and ease of recognition. Initially, specialised activities were referred to as 'technical' and coordination activities as 'enabling'.

Category C: Repertoires of routine activities, including routine activities

Instances of routine activity were allocated to a group or repertoire of activities; the repertoires emerged during data collection and data coding, and represent an aggregation of the activities identified, and have been built from the data. Repertoires represent a broad heading of activity or interaction as follows:

- Relationship building with customers (including general communications with customers and communicating decisions to customers)
- Problem solving with customers
- Sharing information internally
- Negotiating/problem resolution internally
- Relationship building internally
- Internal communications (formal)

- Decision making
- Motivational
- Performance management
- Staff Development
- Case handling
- Quality control
- Change/improvement
- Resource allocation
- Business development/generation

The individual instances of activity were then identified as ‘activities’ (i.e. repeated patterns of behaviours that represent a definable activity) within each repertoire of activities.

The coding process has resulted in c.950 coded ‘items’; some instances of activity or interaction in the transcripts or observation notes may have been coded more than one way, where they suggest more than one significance to the routine (e.g. a routine of ‘sharing information’ may also be ‘relationship building internally’). An example of the raw data has been included as Appendix 1.2: the full data set has not been included in this document due to reasons of bulk, but is available for examination if required.

The coded data was then qualitatively analysed ‘visually’, by comparing the incidence of activities present in both IMC and BIM, in order to identify similarities and differences. A quantitative analysis of activities was also undertaken.

In addition to the coding of the data to identify activities, a description of the contexts of both BIM and IMC has been undertaken, in order to identify the environmental influencers on the presence and performance of activities.

Validity and Rigour

Two methods have been used to establish the “truth value” (Miles and Huberman, 1994, p.278) of the findings. Firstly, my observations and perceptions have been tested against the perceptions of the organisational members (both operational and managerial), during and subsequent to data collection, and have found to be consistent with their views, and to make sense to them. Secondly, observations/interviews have been compared against documentary evidence and the outputs of the BIM causal mapping workshop and consistent themes have emerged. This DBA research is constrained to one researcher, so comparison against another researcher’s data has not been possible.

This is a social constructionist study where my role is as part of a cooperative venture with the organisational members in collective sense making: collecting data in the field, considering and reviewing the data, and then testing whether my interpretation matches the members’ interpretation. Through this, I and the organisational members have achieved inter-subjectivity: as Weick (1995) writes “intersubjective meaning becomes distinct from intrasubjective meaning when individual thoughts, feelings and intentions are merged or synthesized into conversations during which the self gets transformed from ‘I’ into ‘we’” (p 71). This is consistent with Holstein and Gubrium’s (1997) view that interviews are “interpretatively active, meaning-making occasions” where the “respondents ... are constructors of knowledge in collaboration with interviewers” (p.114).

The claim to rigour is, therefore, derived from the fact that there is no gap between what I perceive is happening and what the organisational members perceive is happening.

2.5 Results

The aim of this section is to present the outputs and results of Project 1. This section is split into two parts. Firstly, the outcome of the analysis of service activities, and secondly, a review of the contextual factors in the two organisations

2.5.1 Routine activities

Appendix 1:3 shows a summary of the activities observed in BIM and IMC, consolidated into Repertoires, and also categorised by Activity Unit and by Activity Focus. Table 4 below summarises the Taxonomy of Service Routine Repertoires that has resulted from this analysis:

Table 4: Taxonomy of service routine repertoires

	Individual	Intra-Team	Inter-team	Managerial
Specialised	<ul style="list-style-type: none"> • Case administration • Decision making • Case problem resolution • Quality control 	<ul style="list-style-type: none"> • Case administration • Decision making • Case problem resolution • Quality control 	<ul style="list-style-type: none"> • Case administration • Case problem resolution 	<ul style="list-style-type: none"> • Decision making • Quality control
Coordination	<ul style="list-style-type: none"> • Relationship building/Problem solving with customers • Performance management • Self development • Self motivation • Business development • Change 	<ul style="list-style-type: none"> • Relationship building internally • Problem solving internally • Sharing information • Resource allocation • Performance mgt • Motivational • Staff development • Business development 	<ul style="list-style-type: none"> • Relationship building internally • Problem solving internally • Sharing information • Performance management • Motivational • Staff development 	<ul style="list-style-type: none"> • Relationship building internally • Task/Resource allocation • Internal communications • Performance management • Managing change • Motivational • Staff development • Staff recruitment

Note: Routine activities in bold – observed/referred to more frequently/consistently in BIM than IMC

A numerical comparison of the numbers of activities (i.e. repeated patterns of behaviours that represent a definable activity) was also undertaken, shown in Table 5. I counted the numbers of activities identified, and where there are major numerical

differences, have calculated the percentage ‘uplift’ of the numbers of activities present in BIM compared with the activities present in IMC.

Table 5: Numerical analysis of routine activities

		Indiv- idual	Intra- Team	Inter- team	Manag- erial	Total
Specialised	BIM	26	8	2	2	38
	IMC	23	6	2	2	33
Coordination	BIM	39 (+116%)	27 (+68%)	29 (+140%)	17	112
	IMC	18	16	12	15	61

Having undertaken these qualitative and quantitative assessments of the activities, I identified that:

- Both organisations appear to exhibit similar presence and performance of the specialised activities.
- Similarities were also observed in the presence and performance of coordination activities at the managerial activity unit level.
- There were some differences in the presence and performance of intra-team coordination activities, with certain activities (within those repertoires highlighted in bold) observed and/or referred to more frequently and/or consistently in BIM than IMC (68% more activities in BIM compared with IMC): in particular, there were more discretionary activities in BIM concerned with workload allocation in the team, and the exchange of informal feedback within the team.
- There were differences in the presence and performance of individual coordination activities, with certain activities (within those repertoires highlighted in bold) observed and/or referred to more frequently and/or consistently in BIM than IMC: there were over double these types of activities in BIM (+116%) compared with IMC.
- There were distinct differences in the incidence of inter-team coordination activities, with all activities (within those repertoires highlighted in bold)

observed and/or referred to more frequently and/or consistently in BIM than IMC; within BIM, Field Sales and Team E, the teams that deal with the premium Emerald brokers, exhibited the highest degree of inter-team interaction. There were nearly two and a half times these types of activities in BIM (+140%) compared with IMC.

However, it should be noted that:

- The incidence of inter-team activities is not consistent across all of BIM – especially between NBA teams. The BIM inter-team activities seem to have developed around the prescribed ‘Exchange Conversations’, a monthly ‘routine’ information exchange between field sales staff and their designated NBA Team contacts. The Exchange Conversations have provided an opportunity for personal networks of relationships to develop, which, in turn, appear to encourage further inter-team interaction. At the Causal Mapping workshop, both Sales and NBA staff felt that Exchange Conversations are very important to understanding what is going on and offering a good service, but also felt that the format was not being used to its full potential, or being applied consistently.
- The incidence of all activities is not consistent within the two organisations – some parts of both organisations are better than others.
- There are limited ‘pockets’ of BIM type inter-team activities in IMC – but there are also very conflicting perceptions of what is happening with, for example, the relationship between servicing and sales, or between servicing teams: some interviewees said they thought a lot of interaction happened (although they tended to talk about other people doing it), whilst others, sometimes in the same team, said that it did not happen at all.

It has been found to be difficult to categorise activities as ‘tacit’ or ‘explicit’, since, whether the routine is prescribed or discretionary, most activities seemed to have both tacit and explicit elements. When exploring why or how people were doing things, the response from the individual tended to be ‘this is how we do it here’, ‘this is just how I do it’, or ‘I think it’s important to do it this way’. It became evident that it is not

possible to describe a routine in practice as either entirely ‘tacit’ or ‘explicit’. All activities seemed to have some element of explicit and prescribed context – either it was part of a prescribed process, or was a necessary activity to achieve a prescribed activity. However, organisational members’ perceptions of the differences in performance of prescribed activities, and the presence of discretionary activities and discretionary elements of prescribed activities, indicate a ‘taken-for-granted’ attitude suggestive of tacit elements.

The BIM causal mapping workshop confirmed the presence and importance of a number of activities identified through the analysis. In particular, the importance of inter-team interaction and understanding was identified by the workshop participants as having an impact on nearly all the customer servicing attributes, both across teams within a department, between Sales and NBA, and with other departments such as Marketing and IT. The benefits they perceive are considered further in Section 2.6 - Discussion.

2.5.2 Organisational contexts

During the data gathering, from both the interviews and the observations, a number of contextual differences were noted that may affect the existence and presence of certain service related activities. These were:

- Organisational structure
- Servicing processes
- Organisational values and customer ownership
- Physical environment
- Senior management attitude
- Staff turnover

Each of these is considered below.

Organisational structure/responsibility

Appendix 1:1 shows the formal organisational structures of BIM and IMC.

BIM is responsible for all servicing processes, from initial customer contact through to completion, and then post completion to redemption. In addition, BIM 'owns' virtually all the supporting functions. The notable exception is Finance, which formally reports into Group Credit and Risk (the area responsible for lending policy and criteria) and Group Finance, with dotted line responsibility to the BIM MD. However, in practice, the BIM Head of Finance reports on a day-to-day basis to the BIM MD.

IMC 'owns' only some core services, and is responsible for mortgage processing only from application to offer; post offer, the case is transferred to a centralised Bristol & West completions department, which is outside IMC management control. All support functions are provided by Bristol & West Group.

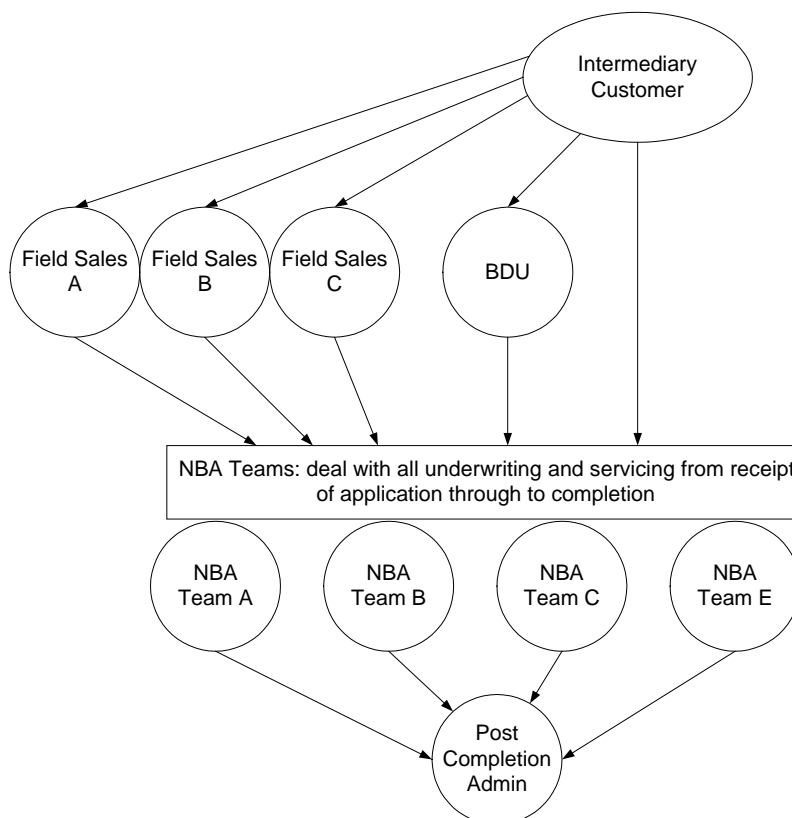
The other major difference between BIM and IMC concerns the underwriters: in BIM, the underwriters are part of BIM and an integrated part of the servicing teams. In IMC, underwriters are located in the same place as IMC, and work alongside the servicing teams, but they are not actually part of IMC: they report directly into Group Credit and Risk.

[N.B. Following completion of Project 1 data collection, the Bristol & West Group underwent major structural change. BIM is unchanged but two significant changes have happened to IMC which were anticipated to have a major positive impact: firstly, the underwriters now report to a new Lending Operations manager, rather than Credit and Risk; secondly, Completions now report to a manager who also has direct responsibility for IMC].

Servicing processes

BIM has a short servicing process chain, and owns all the processes:

Figure 3: BIM servicing process chain



The mortgage application can come from the customer into BIM via one of the field sales teams, via BDU (Business Development Unit – telephone contact and sales) or directly into one of the NBA (New Business Administration) teams (Teams A, B, C and E deal with intermediary customers, Team D deals with direct customers). Each Team has responsibility for specific named brokers, so cases will be allocated on a pre-determined basis.

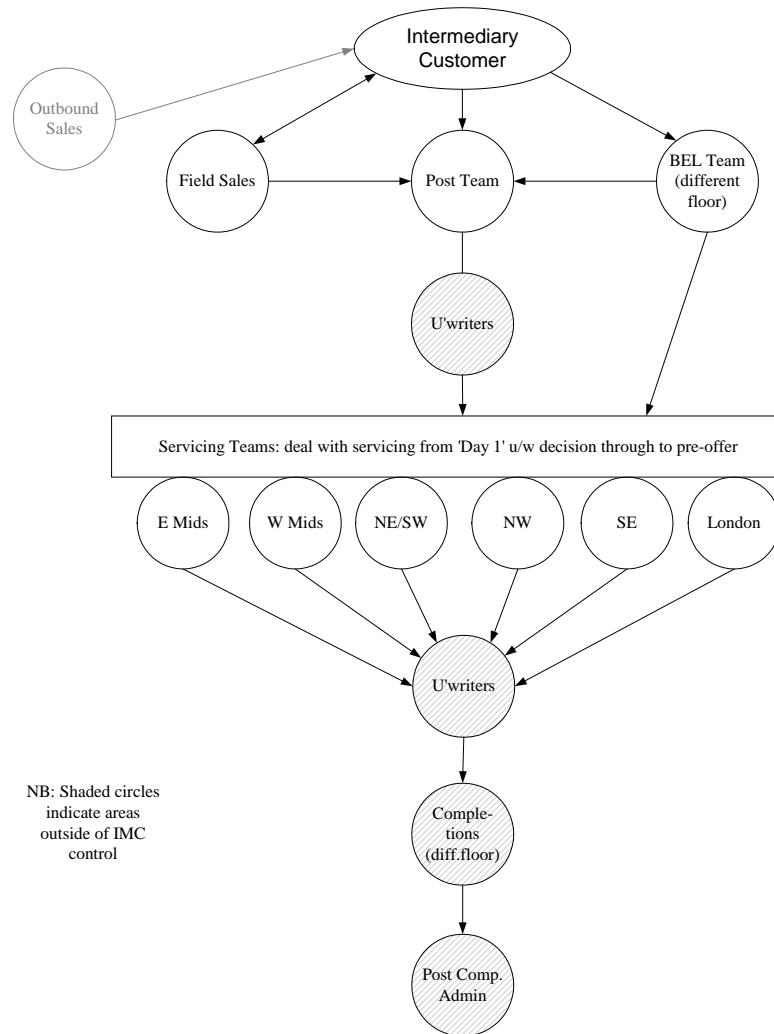
The NBA Teams include underwriters, underwriting support, and completions staff. They deal with all aspects of underwriting and servicing from receipt of application through to completion.

If intermediary customers have queries or problems whilst the application is being processed, they contact either the relevant NBA team directly, or their contact in Field Sales or BDU. BDU staff, in particular, appear to get involved quite often in helping to resolve case queries and problems. Following the successful completion of a case, it passes to Post Completion administration for the ‘rest of mortgage lifetime’ servicing.

Proactive relationship building with customers is undertaken primarily by the Field sales and BDU staff. However, some NBA staff also take responsibility for building relationships with intermediaries.

IMC has rather a different servicing ‘map’ (as shown in Figure 4 overleaf): it is a more fragmented chain, and IMC does not own crucial underwriting and completions processes:

Figure 4: IMC servicing process chain



The mortgage application tends to come from the customer into the IMC Post Team. This Team is responsible for logging the case, setting up the computer scratchpad for the case, and obtaining the credit search information.

They then put it in a pile for the underwriters (not 'owned' by IMC). Any of the IMC underwriters will pick up the case and do a 'Day 1' assessment, to decide whether or not it is a case that IMC wishes to proceed with.

The underwriter will then pass the case to the relevant regional Servicing Team (cases allocated on a geographic basis). The Servicing Team leader will allocate the case to an individual, who will then either progress the administration of the case, or decline the case by communicating by telephone and letter to the intermediary customer, depending on the underwriter's instructions. For acceptable cases, the servicing staff deal with case administration from 'Day 1' approval through to 'ready for offer'. The servicing teams tend not to have routine interactions with underwriters. They pick up the underwriter's instruction from the scratchpad, and only tend to speak to them on an exception basis.

Once the case is ready for offer, it is passed back to the original underwriter for final approval. If approved, the underwriter then sends out an offer, and the case is then passed to Bristol & West Completions (not owned by IMC) for the offer to completion process. Following completion, it passes to Bristol & West post completion administration.

If intermediary customers have queries or problems whilst the application is being processed, they contact the BEL (Broker Enquiry Line) Team, or in some cases their field sales person where they have strong relationships. The BEL Team's role is to field all general enquiries and specific case enquiries, and to stop, as far as possible, customers speaking to either the underwriters or the servicing teams, to enable them to undertake their task processing more efficiently. Any member of the BEL Team may take incoming calls, and customers are not given a specific contact name. Where the BEL Team is unable to handle a query, they will pass a help request sheet to the relevant Servicing Team, asking them to contact the customer directly.

Proactive relationship building with customers is seen as the responsibility of the Field sales staff. The 'Outbound Sales' Team make outbound sales calls and do not get involved in servicing or customer management/relationship building.

Values and customer ownership

BIM has clearly articulated values around customer focus, service quality and employee value. These are communicated widely around the organisation e.g. staff refer to the values in conversation and they are printed on mouse mats, vending machine cups and blotters. In the latter part of 2000, a series of participative 'Values workshops' were held, involving all staff, at which individuals and teams considered what they need to do to turn the values into action.

In IMC the senior managers talk about similar values. However, these are not clearly articulated, are not communicated around the organisation, and not referred to by staff.

In BIM, Sales and Servicing staff use language that indicates both customer and case ownership throughout the application to completion process, and customers can speak to the decision makers (i.e. the underwriters).

In IMC, Sales are seen as having customer ownership; Servicing talk about case (not customer) ownership through the application to offer process (after which the case goes to Bristol & West Completions department). Customers do not have single point of servicing contact.

Physical environment

BIM is based on one floor of a 1980s open plan office building in Reading (c.70 miles from Bristol & West head office); BIM has occupied this building since it was built. This is a tidy organised office, there is signage on the ceilings above all the teams saying who they are, and free access to walk around anywhere. The heads of departments and MD have their own offices, but try to operate an open door policy as far as possible.

From its formation until November 2000, IMC was located in a satellite office block to the main Bristol & West Head Office: this was a somewhat shabby 1960's building, and IMC was split over two floors. In November 2000, IMC relocated into the new, purpose built, extremely smart Bristol & West Bristol HQ. This office move has had a major motivating effect on many of the IMC staff:

“...now that we are in head office building, rather than stuck away in Corn Street, there is a lot more chance to just get people to come in and do perhaps a couple of hour long presentations, but include everybody on that....It's incredible [being in the new building]. It's like working for a proper company for a start, rather than something above a bar! We loved [Corn Street] dearly, but it was dreadful! I just think subconsciously [the move] has made everybody think, oh we are part of something that is not just like tucked away in a back street, and also we suddenly start to be looking at, not just doing things properly, but doing things in a bit more of a professional way. I think just being in a nice environment, in a professional environment I suppose...Even the reception area, it smacks of a company that wants to do well and is doing well”
(IMC Quality Team Leader)

Most of IMC is now on one floor, in an open plan office. However, the BEL Team, is located on the floor below, in the midst of a number of other unrelated parts of Bristol & West. This has been very demotivating for BEL Team members:

“...the only problem now is that we're separated...although we were on two floors before [in Corn Street] we were together and integrated, but now it's a big problem...we're now isolated, no-one does come and see us, on a regular day maybe one person will come down...there's 11 of us here, going up to 15 on Monday...whilst we are part of the team, an essential part of the team, it's very much now an 'us and them' situation and not conducive to good relations really, we're not happy about it ...” (BEL Team member)

Up to the middle of 2000, the IMC Underwriters had been located in a separate underwriting centre in a separate office to IMC, 8 miles away on the Bristol outskirts. In mid 2000, they were relocated to sit alongside the IMC servicing teams. IMC servicing staff perceive this to have made a big improvement to case handling efficiency:

“...because they used to be out at Parkway, which is obviously about ten miles up the M32, and it caused problems obviously with sending files back and forth, but also you could not actually physically take the file to an underwriter and show them something and discuss it there and then. You either had to phone them up, and then obviously one party did not have the file, whether it was you or them, it was still difficult whoever it was. So obviously you didn't have the file and it was much more difficult to have a reasonable discussion about the case, because you can't just point things out and say 'but look, it is only' because they can't see what you are looking at. So, when they came over obviously it was quite a culture shock for them initially, but we found that it soon worked really, really well” (E. Mids Servicing Team Leader)

Senior management attitude

The BIM management team are fully engaged and committed to BIM. There is a *laissez faire* approach from Bristol & West management, other than a focus on quarterly reporting requirements, which suits the BIM management: *“The best thing about [Director of Lending] is that he leaves us alone!”* (BIM MD).

The IMC management team are undoubtedly highly committed to making IMC ‘work’. However, Credit and Risk and Completions management, both critical parts of the IMC ‘offer’, have no specific allegiance to IMC, and senior Bristol & West management are perceived by IMC managers as being ‘disengaged’ and not caring: *“...he [Director of Lending] upsets me by inferring that the management team's crap and we don't know what we're doing”* (IMC Head of Servicing).

Staff turnover

Most of the senior managers in BIM (with the exception of the MD) have been in BIM a number of years – some as many as 20-25 years. Elsewhere in the organisation, staff turnover has been low in the Servicing and Support function areas. Staff turnover has been higher in Sales, at sales executive level – but this is expected as standard salesperson behaviour, and has been orchestrated by the management in order to recruit higher calibre staff. Many staff have moved from the servicing side to the remote sales teams in recent years, maintaining a degree of BIM ‘continuity’.

Staff turnover in IMC has been high at all levels of the organisation:

“Andy [Head of IMC] left and there was a big leaving of staff, Mike [new Head of IMC] arrived and settled in and started to build the staff, and then Mike left, for 3 months after he’d handed his notice in we knew he was going and we had so much turnover in that time it was unbelievable, then Clive [another new Head of IMC] came and we managed to plug it... I think one of the things was that people abandoned hope and thought ‘I’ve put up with this for so long I don’t think it’s getting any better now so I’m leaving’ ...they left to go both elsewhere in Bristol & West and to other companies... since I’ve been here in the first 3 months we just lost staff, lost staff, lost staff, but since Christmastime [1999] we started to slow the flood down, by about April [2000] we started to get people back, there must be about 9 or 10 people who’ve come back from other areas”
(IMC Head of Servicing).

2.6 Discussion

Project 1 has identified a number of activities that appear to play a role in the delivery of service to customers. The taxonomy that resulted has been tested with senior management in both organisations: it is understood by these practitioners and has real resonance with their understanding of the dynamics of service delivery in their organisations.

This taxonomy has also highlighted to the organisational members the dynamic and cross-functional nature of service delivery – illustrating that “...routines occupy the crucial nexus between structure and action, between the organization as an object and organising as a process” (Pentland and Rueter 1994, p.484).

The results from Project 1 indicate that both organisations perform similarly on the specialised activities, and on coordination activities at the managerial level.

There were some differences in the intra-team coordination activities between BIM and IMC, with more discretionary activities in BIM concerned with workload allocation in the team, and the exchange of informal feedback within the team. There were also differences in the presence and performance of individual coordination activities, with certain activities observed and/or referred to more frequently and/or consistently in BIM than IMC. However, since a complete survey of all staff in both organisations was not undertaken, I am reluctant to identify this as a clear difference between the two organisations, although strongly suspects that there is a difference which could be validated through a larger sample size.

However, the most distinct differences appear to lie in the presence and performance of inter-team coordination activities, with all activities observed and/or referred to more frequently and/or consistently in BIM than IMC.

These results suggest that management attention in both organisations is focused on developing the core specialised ‘technical’ skills. It is not really surprising that BIM

and IMC should ‘look alike’ on these – they both ultimately report into the same Credit and Risk department which sets the ‘approved’ way of processing mortgage applications, and tend to receive the same basic training. Furthermore, the external controls on mortgage lending (prescribed by the Council of Mortgage Lenders) also heavily influences the way they can process mortgage applications. The results also suggest that management attention in both organisations is focused on ‘doing what managers do’ (the managerial coordination activities) and ‘formal teambuilding’ (the intra-team coordination activities).

Since the major difference between BIM and IMC was observed with the inter-team coordination activities, the results suggest that many (although not all) BIM managers act as ‘boundary spanners’ by looking beyond the boundary of their immediate team, and encouraging greater inter-team interaction to deliver a higher quality service. In IMC, the results suggest that managers focus on their immediate team – this could be their immediate peers or the team they directly supervise, rather than how their team and the teams of their peers interrelate.

The senior management of both BIM and IMC concur that this analysis fits their perceptions of interactions across their organisations. In BIM, there is frustration that some but not all managers seem to ‘boundary span’ – the issue for them is ‘how to make everyone talk to each other more’. In IMC, the discussion of the findings prompted a realisation with the Head of Servicing about what might be lacking in IMC: she had been feeling increasingly frustrated that she had encouraged technical skills development, and greater ‘teambuilding’, but had still not seen the performance improvements she had anticipated. Following discussion of these results, she acknowledged that ‘teambuilding’ had tended to be the team leaders, or the separate servicing teams, and had not prompted greater inter-team interaction.

The benefits that BIM staff perceive as arising from these inter-team interactions (identified from discussions at the BIM Causal Mapping Workshop) include:

- Coordinating the application process and other activities/communications concerning cases or customers, so the ‘same story’ is communicated to customers and relevant third parties (e.g. valuers, solicitors)
- Developing a common understanding and interpretation of broader issues, again so a consistent story is communicated to customers
- Knowing ‘the man who can’ – that is, the person with the ‘expert’ knowledge, or the person most suited/experienced to handle a particular case or customer
- Developing and transferring of good practice and learning between teams
- The innovation and development of new processes or approaches

Taking Mintzberg’s (1983) approach to organisational structure, the specialised routine repertoires would appear to relate to *specialisation* activities – both horizontal and vertical. These reflect the specialist sales or servicing natures of the tasks in the servicing chain, for both managerial and operational staff. However, it is not feasible to ‘specialise’ the tasks by standard processes and skills so effectively that the servicing chain will work seamlessly through specialisation alone – it still needs to be ‘coordinated’.

Coordination activities are, obviously, concerned with the *coordination* of the separate activities, either of the individual, within the individual’s team, between teams or with external parties. The results suggest that BIM is more effective at coordinating inter-team interaction throughout the service chain, and hence delivers a perceived better quality service to customers. Again, taking Mintzberg’s classification, the coordination mechanism afforded by these servicing teams is primarily (although not exclusively) “mutual adjustment” – “the simple process of informal communication... [where] control of the work exists in the hands of the doers” (p.4).

Teece et al. (1997) cite Garvin’s 1988 study in air conditioning plants where “quality performance was driven by special organisational routines” (p.519), rather than capital investment or the degree of automation of the facilities. The Project 1 results suggest that perceived superior service quality in this Project 1 research is driven

more by service chain coordination than specialist technical skills. Weick and Roberts' (1993) concepts of "heedful interrelating" and the "collective mind" appear to have some relevance here. Although obviously not as critical as aircraft carrier flight deck operations, the performance of a mortgage supplier is judged by its customers as much on its effectiveness as on its efficiency. Weick and Roberts describe the "collective mind" as a "pattern of heedful interrelationships in a social system...as heedful interrelating and mindful comprehension increase, organisational errors decrease" (p.357). They go on to state "a collective mind that becomes more comprehensive comprehends more" (p.366). Perhaps it is the case that the inter-team coordination activities enable BIM to operate a more developed collective mind. They also comment that "interpersonal skills are not a luxury – they are a necessity" (p.378); this suggests that highly skilled 'technical' individuals (e.g. underwriters) are only truly effective if they also have relevant 'people' skills to coordinate activity.

Teece et al. (1997) state that "a particular set of activities can lose their value if they support a competence that no longer matters in the marketplace, or if they can be readily replicated or emulated by competitors" (p.524). Architectural knowledge (Henderson and Clark, 1990) is organisational members' knowledge about the ways in which components of the organisation are integrated and linked together into a coherent whole; they describe architectural knowledge as "embedded in routines and channels [which] becomes inert and hard to change" (p.27). So, in terms of considering how these inter-team coordination routines might contribute to competitive advantage, how well do they enable the organisation to respond to changes in the marketplace, how difficult are they to copy, and how resistant are they to change?

As Teece's framework of processes, position and paths indicates, it is not possible to consider the activities in isolation: the environment and history of the firm undoubtedly influences the presence and performance of activities. Indeed, a holistic perspective, looking at the overall pattern (Miller and Friesen, 1980) has been taken to Project 1, looking at a system that "forms the basis of the practitioner's perception" (Miller and Mintzberg, 1983, p.65). There would appear to be four key groups of

influencing environmental factors that differ between the two Project 1 research organisations:

- Senior management attitude, organisational values, and customer ownership
- Organisational structure and servicing processes
- Physical environment
- Staff turnover

The senior management attitude, organisational values, and customer ownership are strongly linked, and appear critical in terms of how the big strategic picture is translated into action 'on the shop floor'. In BIM, the senior management are fully engaged, and have developed and articulated clear values, particularly around customer ownership. But more than this, they have engaged in activities to assist all organisational members to understand and work out how to turn the values into action by establishing clear 'behaviour standards', through, for example, the visioning/action workshops. Contrast this with IMC, where there is a sense of lack of senior management support, and where there has not been clearly articulated mission or values. By establishing a clear focus on, and understanding of, customer service, there appears a greater propensity to 'look over the team parapet' in BIM compared with IMC.

The formal organisational structure in BIM leads to greater alignment of, and encourages cooperation between, BIM members compared with IMC, because all of the core functions are owned and controlled by BIM: this leads to the sense of being part of the same 'whole'. The servicing chain in BIM is shorter, simpler and more integrated (less compartmentalised) than IMC, again encouraging greater inter-team interaction.

The physical environment of BIM has, historically, been more conducive than IMC to enabling organisational members to interact, and generally be aware of each other by 'seeing what's happening'. The move of IMC to new premises is perceived by IMC management to be improving interaction and contact opportunities, although it is

acknowledged that the location of the important BEL Team on a separate floor is a major problem.

Finally, staff turnover has an effect on encouraging inter-team interaction. Staff tend to talk to people they know – for example, friends from school or people they used to work with. Without some form of ‘prescribed’ contact, in both organisations, people tend not to interact outside of their immediate team with people they do not know. In BIM, the exchange conversations seem to provide the necessary prescribed vehicle to make contact with ‘new’ people. Once that initial contact has been made, there appears to be a ‘snowballing’ – people will talk at other times, will share other types of information. There has been relatively high staff stability in most parts of BIM, unlike IMC. Obviously, in an environment where there is high staff turnover, these relationships are not sustained, and inter-team interaction appears to be inhibited.

Hinings and Greenwood (1988) talk about “design archetypes...clusters of prescribed and emergent structures and systems given order or coherence by an underpinning set of ideas, values and beliefs i.e. an interpretive schema” (p.22). They explain that “any set of structures is an expression of a set of values and ideas about the organization and appropriate ways of organizing. It is a means of operationalizing purposes, goals and objectives. As such, structures are imbued with values and commitments and serve particular interests...” (p.22-23), and are, therefore, fundamentally related to the enactment and implementation of strategy. Given this “interdependence between structures, systems and interpretive schemes” (p.23), it is clearly essential to understand the effects of these environmental factors and the values and beliefs of individuals on the manifestation of activities.

Turning finally to the explicit – tacit continuum: as stated in Section 2.5 (Results), it has been difficult to categorise activities as ‘tacit’ or ‘explicit’, since, whether the routine is prescribed or discretionary, most activities seemed to have both tacit and explicit elements. When exploring why or how people were doing things, the response from the individual tended to be ‘this is just how I do it’, or ‘I think it’s important to do it this way’.

Pentland and Rueter's (1994) model of organisational routines as grammars of action helps to provide a conceptual framework of what is happening. They propose that "an organizational routine is not a single pattern but, rather, a set of possible patterns, enabled and constrained by a variety of organizational, social, physical and cognitive structures – from which organizational members enact particular performances...it points to similar but not fixed patterns that emerge through interaction, what is fixed, to some extent, is the space of possibilities for action" (p.491). They also suggest (p.490) that "routinized behaviour is constrained and enabled by the cognitive structures of individuals...as well as the physical and social structures of the organization" [automatic responses]... "At the same time it must allow for the individual effort and agency that gives rise to the particular patterns we observe" [effortful accomplishments]. This model helps to explain the practical difficulties of disentangling tacit from explicit, by suggesting that activities do have both tacit and explicit elements, influenced by: the individual's values, knowledge and experience; external influences in the organisational environment; and conscious decision making. The tacit-explicit issue has proved to be a difficult problem to address; for the reasons discussed above, the interplay between the tacit and explicit elements of activities is complex and near impossible to disentangle in practice. A more practical perspective appears to be looking at prescribed versus discretionary activities: prescribed activities being those included in process manuals or that have been otherwise 'set' by managers, and discretionary activities that have evolved by organisational members as a way to undertake and coordinate their work activity.

In summary, Project 1 has developed a taxonomy of service activities, and identified differential levels of inter-team coordination activities between the two organisations studied. However, this difference is only meaningful in the context of the management of firm specific resources as a source of competitive advantage *if* they deliver increased perceived use value to customers. This is the key question for study in Project 2.

3. Project 2: “Is there a link between perceived use value and inter-team coordination activities?”

3.1 Abstract

Project 1 operationalised the firm specific resource of organisational knowledge as routine ‘activities’, and the activities that contribute to service delivery in two differentially performing financial services organisations were identified. The results indicate that there are differences in the incidence of inter-team coordination activities between the two organisations, with more effective inter-team coordination in the better performing organisation. These appear to be critical in the coordination of service delivery activities and for enabling the exploitation, transfer and creation of other knowledge. Project 1 generated the proposition that effective inter-team coordination helps the better performing organisation deliver superior value to customers.

Project 2 explored the link between inter-team coordination activities and customers’ perceived use value. The results from Project 2 support the proposition that, in this case, the firm specific resource of effective inter-team coordination is critical in delivering superior value to customers by getting staff to interact more across internal boundaries on a ‘routine’ basis – not only when there is a problem. This enables the delivery of the key dimensions of customers’ perceived use value of ‘certainty’, ‘honesty’ and ‘problem solving’.

3.2 Introduction

3.2.1 Background and rationale for Project 2 in the context of the DBA

Project 1 operationalised the firm specific resource of organisational knowledge as ‘activities’, and identified the activities that contribute to service delivery in two differentially performing financial services organisations. This has produced a taxonomy of service delivery activities. The results indicate that there are differences in the incidence of inter-team coordination activities between the two organisations, with a higher incidence of inter-team coordination in the organisation perceived as ‘better’ by customers. These coordination activities appear to be critical in the coordination of service delivery activities and for enabling the transfer and creation of knowledge within the organisation. This has generated the proposition that inter-team coordination activities help the ‘better’ organisation deliver superior value to customers through:

- Coordinating the application process and other activities/communications concerning cases or customers
- Developing a common understanding and interpretation
- Knowing ‘the man who can’ – that is, the person with the ‘expert’ knowledge, or the person most suited/experienced to handle a particular case or customer
- Developing and transferring of good practice and learning between teams
- The innovation and development of new processes

Project 1 also looked at the organisational context that influences the presence and performance of service delivery activities. There would appear to be four key groups of influencing organisational factors:

- Senior management attitude, organisational values, and customer ownership
- Organisational structure and servicing processes
- Physical environment
- Staff turnover

Project 2 explored the link between the inter-team coordination activities and customers' perceived use value, in order to assess how the inter-team coordination activities might contribute to differential performance from the customer's perspective.

Project 2 was undertaken between June 2001 and January 2002.

3.2.2 Specific purpose of Project 2

The question for Project 2 is: "*Is there a link between perceived use value and inter-team coordination activities?*"

The aim of Project 2 is to explore the customer perceived use value of the inter-team coordination activities in service delivery, i.e. to understand in detail the dimensions of perceived use value from the customers' perspective, and then to investigate the links with the inter-team coordination activities observed in Project 1. This enabled an assessment of whether or not the activity differences observed between BIM and IMC might explain the differential perceptions of customers to the two organisations, and how differential value might be delivered to customers. This is designed to be a fine-grained study to understand better *what* customers value and *how* that value is delivered, and, consequently focuses on valuable, rather than dysfunctional, activities (Ambrosini, 2001, p. 46).

3.2.3 Definitions, units and level of analysis

For the purposes of this research, the following terminology has been adopted:

- 'Routine activity' or 'Activity' – a repeated pattern of behaviours, but not necessarily identical behaviours, that represent a definable activity e.g. obtaining customer feedback for information on service delivery (after Nelson and Winter, 1982 and Pentland and Rueter, 1994): this definition follows Pentland and Rueter's (1994) view that "an organizational routine is not a single pattern but, rather, a set of possible patterns, enabled and constrained by

a variety of organizational, social, physical and cognitive structures – from which organizational members enact particular performances...it points to similar but not fixed patterns that emerge through interaction...what is fixed, to some extent, is the space of possibilities for action” (p.491). As a result of Project 1, activities have been divided into:

- ‘prescribed’ activities – activities that are ‘set’ by managers, but which may or may not be detailed in process manuals e.g. ‘Exchange’ conversations between Sales and Servicing (NBA) staff are required by managers in BIM to enable the exchange of customer and mortgage case intelligence: however, the way in which these conversations are conducted (how and when) is not prescribed
- ‘discretionary’ activities - informal activities that have been ‘evolved’ by organisational members as solutions for ‘doing their jobs’ effectively, are not codified, and may be known or unknown by managers: these are aligned to Ambrosini’s (2001) definition of tacit routines as “ways of doing things in the organisation’, things that people do that are not explicitly articulated, that organisational members cannot readily verbalise. They are about action, about doing.” (p.42). “They are activities that are happening without having been deliberately and explicitly established and that are not yet articulated but that could be” (p.44).
- Repertoire of activities – to describe a group of activities and interactions that contribute to an overall function e.g. gathering and disseminating information.
- Performance – a single complete enactment of a routine (after Pentland and Rueter, 1994).
- PUV is an abbreviation of Perceived Use Value (Bowman and Ambrosini, 2000): value as subjectively assessed by customers, pertaining to individual customers, and perceived at a point in time when the decision to purchase is being made (see Section 3.3.2).

The phenomenon of interest in this study is the firm specific resource of inter-team coordination. The unit of analysis is the routine activity, to include both prescribed

and discretionary activities. Data collection and analysis has been undertaken at the level of the individual: staff (both operational and managerial staff) and customers (mortgage intermediaries).

3.3 Theoretical positioning of Project 2

The proposition generated by Project 1 is that inter-team coordination activities enable BIM to deliver higher ‘perceived use value’ to customers, and the purpose of Project 2 is to explore the link between inter-team coordination activities and perceived use value. This section discusses the context of coordination activities (particularly inter-team coordination activities) in the literature, defines ‘perceived use value’, and discusses issues surrounding causality.

3.3.1 Coordination activities

Teece (2000) describes organisational knowledge as “embedded...in organizational processes, procedures, routines and structures. Such knowledge can not be moved into an organization without the transfer of clusters of individuals with established patterns of working together” (p.36). Sources of knowledge are ‘diffused’ geographically, requiring flows of knowledge between different parts of the organisation.

Bowman and Ambrosini (2000) note that “inputted use values and labour can be deployed in effective and efficient ways, but this skilful performance may not be the result of a consciously developed strategy, nor may it result from a set of clearly understood organisational routines...the firm just happens to be doing the right things, no single individual has the insight to know exactly what causes the firm’s success...this could be due to chance, or to deeply embedded cultural know-how that no-one is able to explicitly recognize or articulate...in all firms there are probably elements of explicit and tacit entrepreneurial behaviour...” (p.7). Teece (2000) proposes “casually formed networks no longer suffice to diffuse best practice and new knowledge more generally” (p. 38).

Coordination activities, particularly those spanning intra-organisational boundaries, therefore appear to be a critical mechanism for managing the delivery of perceived use value to customers.

The inter-team coordination activities identified in Project 1 are concerned with the coordination of specialised activities between teams (Mintzberg, 1983), enabling the servicing chain to operate smoothly and achieve the desired outcome, i.e. a completed mortgage for the end consumer and a satisfied customer for the mortgage intermediary. The coordination mechanism afforded by the inter-team activities is primarily, although not exclusively, “mutual adjustment” – “the simple process of informal communication [where] control of the work exists in the hands of the doers” (Mintzberg, 1983, p.4): this supports the technically based specialisation activities that offer coordination through standardisation of processes and skills. Mintzberg also discusses the importance of grouping as a way to coordinate work, but he notes “unit grouping encourages intra-group coordination at the expense of inter-group coordination” (p.47). The managerial challenge is, therefore, how can both be managed effectively – assuming they are valuable to customers and the organisation. The results from Project 1 suggest that the higher incidence of inter-team coordination activities in BIM (whilst the incidence of most other activities is similar) may be connected to higher quality levels of service delivery, and, therefore, may play an important role in maintaining ‘appropriate’ levels of inter-group coordination. Grant (1996) proposes that coordination is critical to achieve knowledge integration: “When managers know only a fraction of what their subordinates know and tacit knowledge cannot be transferred upwards, then coordination by hierarchy is inefficient” (p.118), “When different types of knowledge vary considerably in their potential for transfer or aggregation, the implications for organizational structure and the location for decision making authority are profound” (p.120). He states that routines are able to “support complex patterns of interactions between individuals in the absence of rules, directives or even significant verbal communication” (p.115). Grant talks about group coordination through scheduled and unscheduled meetings (p.114), both forms of mutual adjustment.

Further to Mintzberg's consideration of inter-group versus intra-group coordination, Schein (1994) discusses the importance of designing organisations to promote effective inter-group collaboration, which he sees as essential for organisational effectiveness: "...how can organizations be designed to foster optimal relationships between the various subgroups that tend to develop within them? ... how can destructive inter-group competition be converted to constructive inter-group collaboration?" (p.7). Tushman and Scanlan (1981) also discuss the problems of intra-group focus versus inter-group interaction: "Organisational boundaries separate specialised subunits from each other and from external areas...Specialisation and the existence of organisational boundaries are associated with the evolution of local norms, values and languages tailored to the requirements of the unit's work...this specialisation is a double-edged sword, for it increases the efficiency of information processing within the unit, but simultaneously creates obstacles to information processing between the unit and external areas" (p. 290).

Schein (1994) suggests four key ways (p.179-180) to prevent inter-group conflict:

- Greater emphasis needs to be given to total organisational effectiveness versus team or individual effort
- Win-lose situations should be avoided
- High coordination and frequent communication should be stimulated between groups
- There should be frequent rotation of members among groups or departments

These latter two suggestions imply a role for inter-team coordination activities to facilitate the interaction: Schein talks about the importance of "mechanisms ... to stimulate communication" in order to "maximise the probability of interaction" (p.147). Miller and Rice (1975) also emphasise the importance of inter-group transactions and describe the group dilemma as follows: "...on the one hand, safety lies in the preservation of its own boundary at all costs and the avoidance of transactions across it; on the other hand, survival depends upon the conduct of transactions with the environment and the risk of destruction" (p.61).

Inter-team coordination activities appear highly relevant to the concept of 'architectural knowledge' (Henderson and Clark, 1990), knowledge about the ways in which the organisational components are integrated and linked together into a coherent whole that is "embedded in routines" (p.27). This is organisational knowledge about how the organisation 'works': "An organisation's communication channels, both those that are implicit in its formal organisation (A reports to B) and those that are informal ("I always call Fred because he knows about X), develop around those interactions within the organisation that are critical to its task... These are also the interactions that are critical to effective design... an organisation's communications channels will come to embody its architectural knowledge of the linkages between components that are critical to effective design" (p. 15). Henderson and Clark's description of formal and informal communication channels reflect the prescribed and discretionary activities, respectively, that were identified in Project 1. Henderson and Clark also echo Leonard-Barton's (1992) views on core rigidities by suggesting "...some of what [the firm] knows is not only not useful but may actually handicap the firm. Recognizing what is useful and what is not, and acquiring and applying new knowledge when necessary, may be quite difficult to an established firm because of the way knowledge – particularly architectural knowledge – is organised and managed." (p.13). They propose (p.11) that change and innovation requires establishing and learning new 'architectural knowledge', often about new interactions across functional boundaries.

The role of architectural knowledge and activities as part of organisational change is explored further by Balogun and Jenkins (2001), who propose the consideration of change from a knowledge based perspective: "For change to occur in organisations, the routines and their associated routines have to evolve. This is consistent with evolving new, shared tacit knowledge about the way we do things around here, and how organisational activities are co-ordinated and integrated" (p.7). They discuss how changing architectural knowledge (the linkages and interfaces between components in the organisation) may "involve explicit knowledge and tacit knowledge in terms of developing [new] ways of operating through the use of individuals who are able to help codify knowledge between components, generally referred to as boundary

spanners” (p.19). Change comes, in part, from changing coordination activities and developing new architectural knowledge. Coordination activities can also play a role in helping to make change ‘happen’ by enabling people across the organisation to interact: “people develop new common understandings by sharing of interpretations, which requires time for interaction” (Balogun and Jenkins, 2001, p.26).

Coordinating activities appear to have a role to play in developing a ‘collective mind’ capable of reliable performance (Weick and Roberts, 1993). They propose that an effective “collective mind” is “built of ongoing interrelating and dense interrelations” (p.378) where “collective...refers to individuals who act as if they are a group” (p.360). Coordination routines evidently have a role to play in managing this ‘interrelating’ and enabling “individuals to construct mutually shared fields” (p.365).

Inter-team coordination can also have an effect on individual team performance: Kirkman and Rosen (1999) suggest that inter-team coordination and interaction can also influence team effectiveness by increasing the levels of empowerment of teams.

Turning to the management of knowledge, Tsoukas (1996) describes firms as distributed knowledge systems – “decentred systems, lacking an overseeing mind” (p.11)...“ knowledge is not, and cannot, be concentrated in a single mind... no single mind can specify in advance what kind of practical knowledge is going to be relevant, when and where” (p18-19). Tsoukas proposes (p.22) that coordinated action, therefore, is dependent “on those ‘lower down’ finding more and more ways of getting connected and interrelating the knowledge each one has” (p.22). This suggests that the management of coordination activities, particularly across the organisation and between teams, is an important mechanism for transferring knowledge to ensure that the ‘right’ knowledge is in the ‘right’ place at the ‘right’ time.

Von Krogh et al. (2000) have identified five knowledge enablers (p.5) for transferring and creating knowledge: developing a knowledge ‘vision’, managing conversations, mobilising knowledge activists, creating the right context, and globalising local knowledge. Of these, coordination activities appear to have a key role in creating the

right context, or 'ba', "that fosters emerging relationships between micro-communities, across group boundaries, throughout an organization..." (p.178). They suggest that traditional organisational 'charts' are no longer adequate for coordinating business activities and knowledge in environments of 'fuzzy' boundaries and complex relationships (p.177). They propose that "an enabling context can be built intentionally" with physical spaces, prescribed interactions (prescribed coordination activities) and also discretionary coordination activities – "enabling contexts are also spontaneously created...managers must recognize and shape spontaneously formed instances of 'ba'" (p.179). Von Krogh et al. have also developed Nonaka's knowledge spiral (1995) for knowledge creation, where coordination activities are implicit in the coordination required to enable socialisation/origination (sharing tacit knowledge), conversing/articulation (making tacit knowledge explicit), documentation (combining explicit knowledge) and internalisation (making explicit knowledge tacit).

The management of knowledge is closely aligned to organisational learning. Dixon (1999) suggests an organisational learning cycle consisting of four key elements: the widespread generation of information; the integration of new/local information into the organizational context; the collective interpretation of information; and the authority to take responsible action on the interpreted meaning (p.94). Among the mechanisms Dixon suggests for implementing the cycle are a number of routine interactions such as dissemination of accurate information and frequency of interaction. More recently, Dixon has discussed the shift in thinking about 'knowledge' from expert to distributed, from individual to group, and from static to dynamic (Dixon, 2000, p.143-160). She discusses the fact that multiple approaches are needed for effective knowledge transfer, and, again, coordination activities appear to have a role in "facilitating a more dynamic exchange and reducing resistance to re-use" (p.154) through design criteria such as "people carry knowledge across the organization" and "multiple voices are synthesized" (p.145). Szulanski (1996) suggests that 'stickiness' in best practice transfer in the firm can be addressed by placing managerial attention on the learning capabilities of organisational units through fostering "closer relationships between organizational units, and to systematically understand and communicate practices" (p. 38).

Tranfield et al. (2000) discuss routines as the critical coordinating mechanism for learning and change that can be “changed or adapted to meet novel circumstances” at all levels of the organisation. They have identified three key routines for enabling learning and change: making performance transparent internally, in order to allow a broad and common understanding of the current situation; benchmarking externally to enable an understanding of performance in the competitive context and to identify and import good practice; and envisioning to develop a collective perspective on a desired future situation. Tranfield et al. also identify defensive routines that need to be addressed and minimised in order to reduce resistance to change and learning.

Finally, coordination activities are potentially an important mechanism in developing social capital (Prusak and Cohen, 2001) – “the relationships that make organizations work effectively” (p.86).: “...it all sounds pretty simple and straightforward. Managers need only to get their people connected with one another and wait for the payback. Easy, right? Wrong for two reasons. First, social capital is under assault in most organisations today because of rising volatility and overreliance on virtuality. More simply put, social capital is under assault because building relationships in turbulent times is tough – and tougher still with many people working off-site or on their own. Second, social capital is under assault because few managers know how to invest in it. Knowing that healthy relationships help an organization thrive is one thing; making those relationships happen is quite another.” (p.87). Their solution for getting people to co-operate is “to establish some rules for doing so” (p.92). Prescribed coordination activities can provide some of these rules and help individuals to build relationships and ‘get connected’.

The literature suggests a number of ways in which coordination activities might be an important mechanism in enhancing organisational effectiveness and delivering value to customers. However, much of the literature on coordination activities is predicated on the tacit assumption that they are valuable. So, the issue is how can the value contributed by coordination activities be assessed?

3.3.2 Perceived use value (PUV)

Bowman and Ambrosini (2000) differentiate between “use value, which is subjectively assessed by customers and exchange value which is only realized at point of sale” (p.1). For the purposes of this research, ‘value’ is defined as ‘perceived use value’ (PUV) which is subjectively assessed by customers, pertains to individual customers, and perceived a point in time when the decision to purchase is being made.

Because customers make subjective judgements (Bowman and Ambrosini, 2000), it is important to be clear about who the customers are, what ‘need’ is being met, and how customers evaluate different product/service offerings (Bowman, 1998; Bowman and Ambrosini, 2000).

Firms must “recognize those activities that deliver value dimensions” (Bowman, 1998, p. 51). However, managers also make subjective judgements, and do not have a ‘rational’ knowledge of their customers and markets. Customers are unable to value the inputs to a production process, so it is critical for managers to understand what the customer perceives to be valuable as a way to construct a means-end chain, identifying the key competences that contribute to PUV, and which activities deliver the competences. This enables the management team to “identify value-delivering activities...and better understand which activities are difficult for other firms to imitate” (Bowman, 1998, p.52)

The issue for Project 2 is to clearly understand customers and their needs, and then to connect to the Project 1 data in order to explore the links between inter-team co-ordination activities and customers’ dimensions of perceived use value.

3.3.3 Causality

I recognise that the service delivery system in the organisation under study is complex and that there is not a simple linear relationship of causation. The tangible resources, technical activities and all the coordination activities obviously all have a role to play in the service delivery chain. The issue of interest is how inter-team coordination activities might enable the delivery of superior perceived use value to customers. The question is how far can a causal relationship be established; there are conflicting views in the methodology literature as to whether or not causality can be established as a result of a qualitative study.

Argyris (1979) emphasises the need for theoretical models to be designed that can inform practice and enable action to be taken. His view of causality is that it “may be understood by explaining how people construe or enact their environment” (p. 673) – so it is important to identify causal relationships that organisational members can understand and recognise, and that they can take action on. However, he cautions that “the relationship between causal factors and recommendations is complex” (p.678) and that there is a danger that the real underlying causes may not be recognised.

Lofland and Lofland (1995) believe that “qualitative studies are not designed to provide definitive answers to causal questions” (p.136)... “you will not acquire measured and controlled variations in dependent and independent variables and you will, therefore, not have the systematic quantitative data necessary to determine causation” (p 138). They state that qualitative studies cannot confirm non-occurrence as well as occurrence (p 136), unlike quantitative studies, and that the researcher can never be sure that that the results are showing correlation rather than causation. However, they do acknowledge that “...under many circumstances of limited time, money, and topic importance, the causal theories that the qualitative analyst presents may be sufficient to the task. Elaborate quantitative research may contribute only small increments of precision to a thorough qualitative analysis” (p.139).

Miles and Huberman take a quite different position. They believe “qualitative analysis to be a very powerful method for assessing causality” (Miles and Huberman, 1994) and that “qualitative studies are especially well suited to finding causal relationships; they can look directly and longitudinally at the local processes underlying temporal series of events and states, showing how these led to specific outcomes” (Huberman and Miles, 1998, p. 191). They adopt a ‘realist’ epistemology, which is the position being adopted in this research, and assume that “social phenomena exist in the mind and also in the objective world, and that there are some lawful reasonably stable relationships to be found among them” (p.182). However, they do state that “a useful theory should apply to more than one case. The assessment of local causality in this case needs to be tested and deepened through application of the causal explanations to other cases” (p 147).

Huberman and Miles’ (1998, p.192) assumptions about the nature of causality are as follows:

- There is a temporal element with previous and subsequent events connected
- Causality is local, in a particular setting and at a particular time
- Determination of causality cannot be precisely rule bound
- Causes are multiple and conjectural: “Causes and effects must be seen as configured in networks – themselves deeply influenced by the local context” (p 192). A ‘causal network’ enables “a display of the most important independent and dependent variables in a field study and of the relationships among them” (Miles and Huberman, 1994, p.153)
- “Assessing causality is of necessity a retrospective matter, requiring us to note how ‘some event has occurred in a particular case’” (p.192)

For the purposes of Project 2, the aim is to identify *links* between coordination activities and PUV that form part of the causal network in the service delivery chain in this particular case. I accept that the analysis cannot demonstrate causality, but can indicate whether or not inter-team coordination activities might be involved in the service chain that delivers PUV to customers. However, the results are specific to this case and are not generalisable.

3.4 Methodology

3.4.1 Overview

The approach adopted for Project 2 was as follows:

- Interviews were undertaken with customers of BIM to clarify the dimensions of PUV from their perspective
- The dimensions of PUV were then mapped against the inter-team coordination activities identified in Project 1 in order to identify potential linkages
- The resulting maps were then ‘checked’ against the perceptions of BIM organisational members, and where necessary additional clarifying data was collected

3.4.2 Data sources

Selection of data sources

This research is being undertaken in the Financial Services industry. Project 1 was a comparative qualitative inductive study of two mortgage lenders – BIM and IMC, both of which deal with mortgage sales via mortgage intermediary customers (IFAs and mortgage brokers). These businesses are perceived as performing significantly differently by their customers, and Project 1 identified that there are differences in the incidence of inter-team coordination activities between the two organisations. This has generated the proposition that an increased incidence of inter-team coordination activities in BIM helps BIM to deliver superior value to customers.

The focus of Project 2 is to explore the link between the inter-team coordination activities and perceived use value (PUV). As customers perceive BIM to be the better performer, and Project 1 suggests a higher incidence of inter-team coordination activities in BIM compared with IMC, the Project 2 research has been focused on BIM, specifically:

- BIM customers, and the dimensions of perceived use value from their perspective
- Linking this with the Project 1 data on inter-team coordination activities in BIM
- And then ‘checking’ and expanding on the data and links with perceived use value in collaboration with BIM organisational members

Sampling

Additional field data collection has been required for Project 2, in order to understand better the dimensions of PUV from the perspective of BIM customers. The commercial ‘Competitive Advantage’ research on which the original assessment of differential performance was based provides an overview of the customer service factors and a scaling of their importance; however, they are too linear and imprecise to provide a detailed understanding of what customers value. The objective of the customer research was to understand in detail the elements of service that deliver greatest value to customers. Six BIM customers were interviewed reflecting variety in:

- Organisation size – from one broker (in a firm of accountants) to over twenty brokers in a branch of a national firm
- Number of lenders used – ranging from three to forty plus
- Size of mortgages handled – ranging from average loans of £50,000 up to £1 million plus mortgages

These customers reflect a cross section of BIM customers. These are all customers who were using BIM as one of their lenders at the time of the research, and represent a range of customers from large national chains, to smaller independent operators with both national and local coverage. Table 6 overleaf shows the profiles of the customers interviewed.

Table 6: Profile of Intermediary Research Respondents

Respondent	Type of brokerage	No of lenders deal with	Type of business handled	Size of mortgages handled
A	Small family IFA, national coverage	c.25	New build – relationships with house builders as well as end customers	£100k plus
B	Large national ‘branded’ IFA	>50	All types of residential mortgages	£30k - £1 million
C	Large national ‘branded’ IFA	>50	All types of residential mortgages	£30k - £1 million
D	Mid sized IFA Southern England	c.20	High net worth individuals and estate agency business	£150 - £1 million
E	Mortgage broker in accountancy practice specialising in high net worth individuals in medical profession	c.3	Residential mortgages	£500k plus
F	City based mid sized IFA – national coverage	30-40	Broad range of residential mortgage business	£50k - £1 million

Respondents were selected and approached in association with the BIM sales managers in order to help ensure the maintenance of satisfactory relationships between BIM and its customers. Customer interviews were undertaken in late October/November 2001.

Access and confidentiality

Access to BIM was re-confirmed with the BIM management following an interim feedback presentation following the completion of Project 1. Access to BIM customers was agreed with the BIM Heads of Marketing and Sales.

I made significant efforts to reassure both BIM and their customers on issues of confidentiality and anonymity prior to and during data gathering.

There have been subsequent discussions with BIM organisational members to validate data.

3.4.3 Research methods and analysis

Data collection

The aim of Project 2 was to investigate the link between the BIM service delivery activities and customers' perceptions of 'value'. In order to do this, customer PUV data collected in Project 2 and the activities identified in Project 1 have been mapped to illustrate potential links; this is similar to Benghozi's (1990) mapping of innovation activities where "the research investigated the chain of operations between the decision to go ahead with a project and the point at which the end-product is made available to its prospective users" (p.539).

Project 1 provided data on the inter-team coordination activities. However, additional data collection was required in Project 2 in order to achieve a better understanding of customers' dimensions of PUV. The customer data from the Bristol & West Competitive Advantage (CA) research was high level and imprecise and did not provide sufficient insight into what customers *mean* by 'value': the top seven attributes from the Bristol & West CA research (which contribute 62% impact on future behaviour) were:

- Offers a tailored service
- Has staff who are good at building relationships with brokers
- Consistently deliver what they say they will
- Offers a hassle free service
- Keeps you informed with timely and relevant communications
- Has underwriters who facilitate the process
- Is flexible in its underwriting

A limited amount of additional customer research was, therefore, undertaken to provide a better understanding of 'value' and that would enable mapping of the perceived use value delivery chain.

Four face-to-face semi-structured interviews were conducted, together with two semi-structured telephone interviews. (NB It had been planned to undertake all interviews face-to-face; however, two face-to-face interviews were cancelled by the customers at late notice and were subsequently undertaken by telephone because of their availability constraints). The objective of the customer research was to understand the specific aspects of service delivery that have greatest value to them.

Initially it was planned to develop this understanding by exploring the customers' understanding of the CA attributes through three questions:

- What does this mean to you?
- What is most valuable/useful/helpful to you? (looking at the various interpretations/components of each of the attributes)
- Why is this valuable/useful/helpful?

However, I discovered early in the first interview that this was not the most effective way to understand what customers value, because there is a lot of overlap between attributes, and the customer was distracted away from thinking about 'value' by trying to 'shoehorn' interpretations into the prescribed attributes. I, therefore, changed tack and instead explored:

- In general – what do you value from a lender – what makes a lender stand out from the rest?
- Specifically, what is it about the BIM service that you value?

The face-to-face interviews were tape-recorded and transcribed, and are held by me as confidential data. The telephone interviews were recorded in note form.

At the same time as I was undertaking this customer research, BIM had also commissioned a further round of commercial qualitative customer satisfaction research (ORC customer research) with the objectives of:

- ascertaining whether perceptions of BIM's service offering have changed since the previous research

- evaluating BIM's relative standing by comparing customers' ratings with competitors
- and developing a greater understanding of intermediary servicing needs

Whilst the research objectives and approach were different from this research, this commercial research has provided another perspective on customers' views. BIM has provided a copy of the ORC customer research to me, and the outcomes have been used as an additional source of evidence on customers' perceptions of what they value from a lender.

Data analysis

The customer interviews were analysed to identify the key dimensions of value. The interviewing process had probed respondents for the detail of what they value, in order to try to understand the components, or dimensions, of value, as perceived by customers. However, this is somewhat artificial, since although customers value all the individual dimensions, it is the 'bundled' service delivery, or 'gestalt' of all these dimensions that customers want.

The data were mapped using Decision Explorer software. The mapping process started with the separate dimensions of PUV, and then the value chain was developed from this by considering 'which of the inter-team coordination activities might cause or enable this'. Maps have been used to look at individual dimensions, but also to start to explore the 'gestalt' of interlocking dimensions of perceived use value and activities, which is a more realistic, albeit significantly more complex, representation of the value.

A mapping approach has been adopted because it provides a way of representing complex and rich data by "pulling a 'mess' into a system of interacting issues" (Eden and Ackermann, 1998, p.285) that reveals interrelationships between factors, and enables the "basis for sharing knowledge and views, and will act as the basis for

negotiation ...to represent the aggregated views of a group” (Eden and Ackermann, 1998, p.286).

The mapping approach also draws on the principles of Soft Systems Methodology (SSM) (Checkland and Scholes, 1990), developed “to help with messy complex problem situations [where] people in a problem situation perceive and interpret the world in their own ways and make judgements about it using standards and values which may not be shared by others” (p.xiii). SSM is described as “an organized way of tackling messy situations in the real world” (p.1). The ‘rich pictures’ provide a method for illustrating complex and dynamic issues for discussion where “pictures are a better means for recording relationships and connections than is linear prose” (p.45).

However, it must be stressed that the maps have been used as an ‘integrating’ device to enable conversations and sensemaking, and the maps are based on my interpretation, with input from organisational members’ interpretations. No claims are made that these maps represent consumer thought processes or a consumer behaviour model: they are simply being used as a way of capturing and representing the gestalt of dimensions of PUV and the ‘inside – outside’ data (i.e. inter-team coordination activities and customers’ dimensions of PUV) it in a format which is closer to the reality of customer value than a list of PUV dimensions. Arrows have been used to suggest potential relationships which have arisen out of interpretation and discussion, but not to represent proven causal relationships; the distances between mapped elements and the length of the arrows do not have any significance, and are purely a result of the graphical process of representing the data in this way.

The dimensions of PUV were also mapped against the attributes identified from the Bristol & West CA research in order to assess the degree of consistency or otherwise between the two pieces of customer research.

Having mapped the value delivery chain, the outputs were again discussed with BIM organisational members and checked against their perceptions to see how well the

outputs matched their understanding of the relationship between activity and value delivery.

Validity and the role of the researcher

In order to establish the “truth value” (Miles and Huberman, 1994, p.278) of the findings, my interpretations have been tested against the perceptions of customers during data collection and organisational members subsequent to data collection, and have been found to be consistent with their views and to make sense to them. Additionally, the customer research has been compared to the commercial customer satisfaction research, and the customer feedback is consistent with these research outputs (see section 3.4.3).

In this study, I have been part of a collective, cooperative venture in sense making with the organisational members, and in Project 2 also with the customers of the organisation: collecting data in the field, considering and reviewing the data, and then testing whether my interpretation matches the individual’s interpretations. Specifically, in Project 2, maps, or ‘rich pictures’, have been used as a way to negotiate and agree interpretations. Through this, I and the organisational members have achieved inter-subjectivity: as Weick (1995) writes “intersubjective meaning becomes distinct from intrasubjective meaning when individual thoughts, feelings and intentions are merged or synthesized into conversations during which the self gets transformed from ‘I’ into ‘we’” (p 71). This is consistent with Holstein and Gubrium’s (1997) view that interviews are “interpretatively active, meaning-making occasions” where the “respondents ... are constructors of knowledge in collaboration with interviewers” (p.114).

3.5 Results

3.5.1 Customer Dimensions of Perceived Use Value

Introduction

BIM's customers are financial intermediaries, i.e. IFAs (Independent Financial Advisers) or mortgage brokers, who, in turn, sell residential mortgages to residential property owners (the 'end customers'). The perceptions that end customers have of intermediaries are highly dependent on the performance of the lenders that the intermediaries recommend and choose to place business with.

The residential mortgage market is highly competitive: as well as traditional intermediaries, they have recently had to face increasing competition from new intermediary brands (e.g. The MarketPlace) together with new routes to market via the Internet. The high level of remortgaging of residential properties, in order to obtain good mortgage rates, means that there is high 'churn' and activity in the marketplace. Most intermediary business is obtained by recommendation and referral, it is, therefore, critical that they develop positive perceptions with their customers: "*...ultimately I want to retain my client or get referrals from that client...*" (BIM Customer, Respondent F)

In some intermediary businesses they also sell other financial products such as life policies and pensions, and so a positive customer relationship underpins cross selling of other products:

"We are their accountants...so we do all their tax affairs, all their accounts and then on the back of that we offer financial services and we do not that many mortgages for them, but mostly the pensions. We know everything about them, that's why when somebody won't lend them the money, we say, why not? ...because we look after everything on the accountancy side, they expect us to get them the money." (BIM Customer, Respondent E)

The customer research undertaken for Project 2 reveals that the elements of the lender's offer that deliver greatest value to the intermediaries are those that:

- enable the intermediaries to have satisfied end customers
- enable the intermediaries to 'look good' in the end customers eyes, i.e. the customers specifically associate the success of the transaction with the intermediary
- minimise the stress and hassle of the transaction

"You're only as good as your last case, if you start to fall down and can't get it through in the timescales they want, then the relationship is going to start to falter and they're going to look elsewhere. There's no loyalty with the relationship, its not a contract relationship, it's more of a goodwill – you do these cases well and we'll continue to use you." (BIM Customer, Respondent A)

"... we're the last ones left, so whoever's fault it is, the client is going to take it out on us." (BIM Customer, Respondent B)

"The clients seem to find it the most stressful thing – buying a house – the whole process, we get hounded here at this end." (BIM Customer, Respondent E)

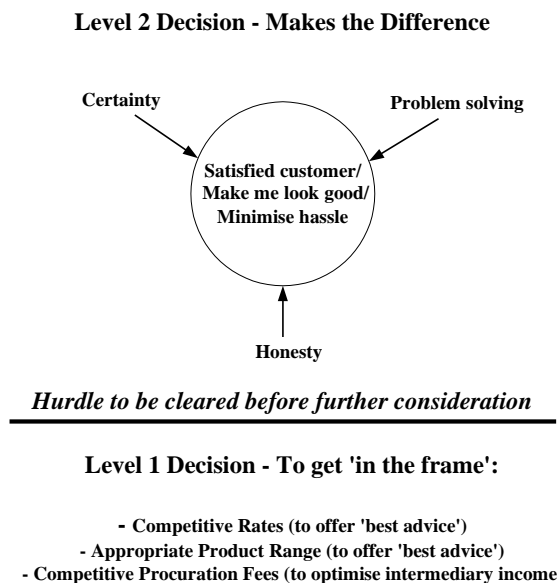
The dimensions of PUV are described in detail in the remainder of this section. These dimensions were very similar across all the intermediaries interviewed (see next section), regardless of firm size, type of mortgages handled or customer base, although the emphasis and balance may alter, for example 'problem solving' may mean speedy turnaround in some cases, or finding a product solution for a difficult case in others. The results on customers' dimensions of PUV are consistent with the original customer satisfaction research and the recently commissioned ORC customer satisfaction research (both discussed in Section 3.5.2 below), and the perceptions of BIM organisational members:

"This is absolutely right - a lot of brokers work off referral business so they've got to look good and perform." (BIM Head of Sales)

DBA customer research: Dimensions of perceived use value

When intermediaries are considering lenders, decision-making appears to have two main stages – firstly, deciding whether the lender is competitive enough to ‘get in the frame’, and secondly, deciding what it is that they do that ‘makes the difference’, as illustrated in Figure 5 below:

Figure 5: Decision making by intermediaries on lenders



Firstly, the lender has to get ‘in the frame’ by offering competitive rates and the right products (structure and terms) otherwise the intermediary will not consider them at all: these are ‘must have’ factors that are essential for the intermediary to be able to offer the best deal to the end customer and to be able to demonstrate ‘best advice’.

“Under the mortgage code, we’ve got to be seen to be offering the full advice and recommendation service... If the rates aren’t good to begin with it’s not even going to reach the second frame, the second stage...I think whilst their service is good, where it has failed a bit with the Bank of Ireland is that their products have not been as competitive as others. You’ve got to, in this market, base it on product, you’re not supposed to recommend lenders because they’ve been able to get the offer out in time,

even though we sometimes have to look at that underneath.” (BIM Customer, Respondent A)

“The lender’s just got to have the right products and rates ...when I’m looking to place business I look to see where it fits - product and price.” (BIM Customer, Respondent D)

Because intermediaries have to focus initially on rate in order to offer ‘best advice’ and to secure the best deal for the end customers, the market is often described as ‘rate driven’. This is true in one sense – poor rates will ‘disqualify’ a lender from being considered. However, the intermediary research reveals that once a lender has passed the rate/product hurdle, service becomes critical in deciding between lenders. And intermediaries will tend *not* to use lenders offering very low rates but with poor service: they may use such a lender initially, but after bad servicing experiences will tend to shy away:

“From time to time, some lenders drop their rate to get market penetration up, their admin suffers horribly, and if they suffer the client suffers and I suffer because I’m in the middle.” (BIM Customer, Respondent F)

“The Woolwich was a prime example of where service fell down. They offered fantastic rates but did not implement the infrastructure underneath to cope with those rates and I reckon that was their downfall. That was about a year ago. The rates suddenly were out of this world but you wouldn’t see an offer in six weeks, which is not acceptable. We lost faith in them. You talk to any advisers here and you would hear them say Woolwich has got a good rate but to be honest, Mr Client, I wouldn’t go with them because you won’t see your mortgage offer this side of 2003... Once you start stinging advisers and stabbing them in the back, it does take a long time to build that back up and say they’re doing a good job, let’s use them, they’ll get it through on time. Once things start to go wrong it does take a long time to build that trust back up. We don’t want the hassle of the builders saying to us ‘where’s this offer, its two weeks

late, we're going to pull the plug, use another adviser, you're a load of crap' which is what they do." (BIM Customer, Respondent A)

"If a lender's service is that terrible we generally avoid them... obviously we're aware of the ones that are a lot worse than others." (BIM Customer, Respondent B)

"Mortgage lenders who put out good products with good prices and then stitch you up on the servicing are not what we want." (BIM Customer, Respondent D)

The quality of service undoubtedly influences end customer perceptions of the intermediary and 'makes the difference'. Intermediaries want to have satisfied customers, but more than that, they want the end customers to associate the success with the intermediary in order to increase the propensity for referral and recommendation. It is critical that the lender helps to make the intermediary 'look good', and, therefore, not look incompetent, and also minimise hassle. When asked 'what do you value from a lender – what makes the difference?' intermediaries tend to respond 'well, the rates and products have got to be good obviously, but after that...' and then focus on the service aspects that they really value and that make the difference to them:

"It's getting that balance. A good balance between providing a good service and knowing you'll get it through, which is important to us, and offering a good rate."
(BIM Customer, Respondent A)

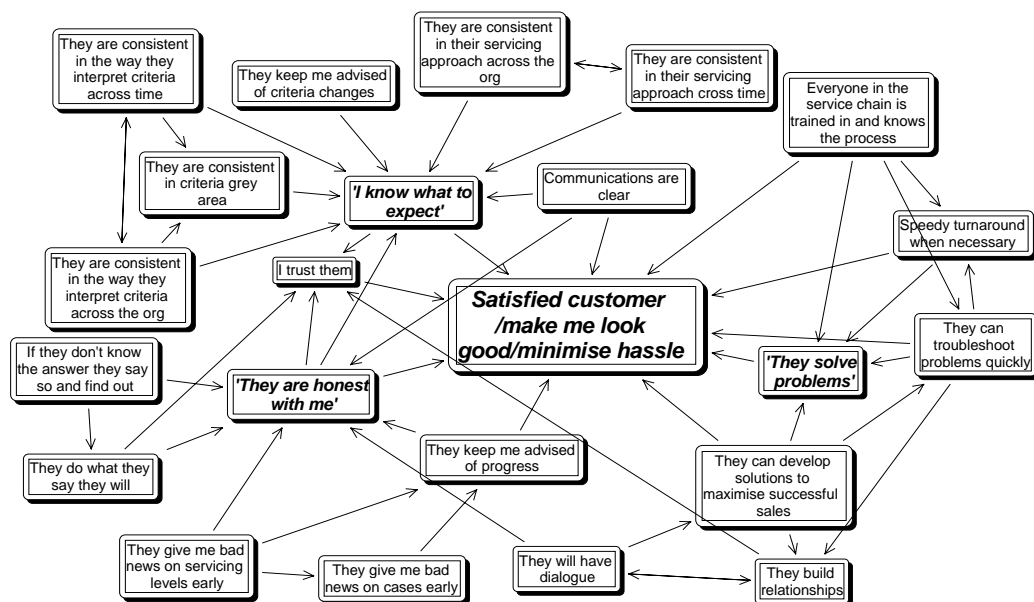
Intermediaries are paid procuration fees ('proc fees') by lenders – a commission paid on completion for an introduced mortgage. Despite a common perception amongst lenders that intermediaries are 'driven' by proc fees, they only tend to be of secondary consideration amongst intermediaries when they are placing business. Competitive proc fees are important for getting a lender 'in the frame', and if an intermediary is faced with two 'equal' lenders, the level of proc fee will sway their decision. However, a really high proc fee is not going to influence the buying decision if the rates, products and servicing are inadequate:

“Obviously proc fees are important – we’d like them to be as big as possible – but it’s not going to really determine where we place the business if in other respects the rate or service aren’t good enough.” (BIM Customer, Respondent F)

Figure 6 below maps the factors identified by intermediaries that ‘make the difference’. I developed this map from the discussions with intermediaries, and checked against the perceptions of BIM organisational members, and individuals elsewhere in the Bristol & West group who have experience of the intermediary market. As can be seen, this is a complex web of inter-related concepts, with cross-over between areas, but the elements tend to fall into three main areas:

- ‘Certainty’
- ‘Honesty’
- ‘Problem solving’

Figure 6: Map of intermediaries’ dimensions of PUV – the factors that ‘make the difference’



However, as was mentioned in the previous section, this map is solely a device to enable discussion and is based on my interpretation, with input from organisational members. No claims are made that these maps represent consumer thought processes or a consumer behaviour model.

The analysis of each intermediary respondent's feedback is shown in Table 7 overleaf, to illustrate the similarity of feedback. Respondents A, D, E and F were from the smaller to medium sized firms, who were actively involved in both sales and servicing issues. Respondents B and C were members of large national branded IFAs, the former with a primarily 'sales' focus, and the latter with primarily a 'servicing' focus: their feedback reflects their personal foci of attention. The aggregated map does, therefore, appear to represent a realistic 'rich picture', of the dimensions of PUV for this broad cross section of customers.

Table 7: Respondents’ dimensions of PUV – the factors that ‘make the difference’

Dimension of PUV	Elements	BIM Customer - Respondent					
		A	B	C	D	E	F
‘Consistency’	They are consistent in their servicing approach and attitude across the organisation	✓	✓	✓	✓		✓
	They are consistent in their servicing approach and attitude across time	✓		✓	✓	✓	✓
	They are consistent in the way they interpret criteria across the organisation	✓	✓	✓	✓	✓	✓
	They are consistent in how flexible they are in interpreting criteria	✓	✓		✓	✓	✓
	They keep me advised of criteria changes	✓	✓		✓		✓
	Communications are clear	✓	✓	✓	✓	✓	✓
	They do what they say they will	✓	✓	✓	✓	✓	✓
‘Honesty’	They give me bad news on servicing levels early	✓		✓	✓	✓	✓
	They give me bad news on cases early	✓	✓		✓	✓	✓
	They keep me advised of progress	✓	✓	✓		✓	✓
	If they don’t know the answer they find out	✓		✓	✓	✓	✓
‘Problem-Solving’	Everyone in the service chain is trained in and knows the servicing process (not just their ‘bit’)	✓		✓			✓
	Speedy turnaround when necessary	✓	✓	✓	✓	✓	✓
	They can develop solutions to maximise successful sales	✓	✓		✓	✓	✓
	They can troubleshoot problems quickly	✓	✓	✓	✓	✓	✓

Each of the key dimensions of PUV – ‘Certainty’, ‘Honesty’ and ‘Problem Solving’ – are now discussed in further detail.

Certainty: ‘I know what to expect’

Certainty from a lender is comprised of a number of factors that enable an intermediary to say ‘I know what to expect’ and enables them to offer a quality fast service to end customers by being able to:

- provide advice to end customers about the lenders to consider which is not subsequently proved false, because they have been kept up-to-date on products and criteria

- understand the criteria, and know whether or not the lender is flexible – and *how* flexible they are likely to be
- approach lenders with reasonable certainty that the lender will be able to accept the mortgage case
- anticipate the servicing approach and the way in which criteria will be interpreted – because of consistency across the organisation and over time: however, brokers are realistic, and understand that servicing levels will fluctuate with business levels – but want to be advised when problems are likely (see ‘Honesty’ below)
- receive clear unambiguous communications, and be sure that the end customer will also receive clear unambiguous communications

Certainty is valuable to an intermediary because it reduces time and hassle when dealing with cases, enables them to appear professional, and minimises the risk that they will irritate and lose the end customer:

“We need to say to the client “this is going to work” and we can go from there... we try to get all cases agreed in principal to begin with so that level of service is very important. Lenders that don’t offer that facility we tend to put into like the “B” class of lenders...what we expect from the lender is to tell us what information they would require for that particular application. We are finding that lenders do tend to change the goalposts quite late in the game, once the adviser’s been out, if they could tell us early on what information they require...the trouble is when you’ve driven 200 miles there and back to see a client and haven’t obtained those details because perhaps the accounts are with the accountant, or whatever, and you’ve specifically chosen that lender because of that criteria, then you look stupid because they say ‘well no, we actually do need it’ and you have to go back.” (BIM Customer, Respondent A)

“If you’re going to have to sit with a client for four hours running through all and sundry that’s not necessary, or go to a lender which has got a well laid out, well documented, well thought through application form you’re going to go use them.” (BIM Customer, Respondent A)

“It helps the decision making process if we know that a lender is flexible and we can perhaps exert some influence from our client’s point of view. We can argue the case better than the client can because we know what the lender is looking for.” (BIM Customer, Respondent B)

“We need to know upfront what information they need and not get any surprises.”
(BIM Customer, Respondent C)

“We expect consistency across similar cases in the way they interpret things and do the servicing...it’s not just an individual it’s a corporate thing...we’re looking for flexibility...the ability to understand where I am coming from and where the customer is coming from...it’s a case of getting to know a lender and what they can and cannot do...understanding the grey area that they don’t write down and knowing just what they’re prepared to do.” (BIM Customer, Respondent D)

“When we go to a lender we normally expect that they’ll lend the money because of the client base we have – medical doctors, dentists. You tend to expect more flexibility and that’s what you tend to look for ...when people are young and earning money in their first year as a private consultant they’ll earn £20k, the second year £40k, the next year £100k, and lenders don’t take that into account really, it’s the last year’s figures and that’s it...we have noticed with Bank of Ireland that they tend to be more flexible with the clients which is partly the reason we tend to go there...it’s understanding it [criteria flexibility], but also knowing its there...you tend to know what the lenders want and what they’ll be willing to lend on and what they won’t and therefore its quite easy to say to the client that I think it should be fairly straight forward.” (BIM Customer, Respondent E)

“From any lender, what I expect is consistency of service above all else [if] a lender is expecting a constant flow of business, even if they’ve got the right products. And that’s consistency when you’re facing a difficult mortgage case or establishing criteria on a mortgage case with the front end or processing the case or a team or

people processing the case or in fact with underwriting, consistency is absolutely vital because ultimately I want to retain my client, and I will not retain my client or get referrals from that client if I tell them one thing because I'm told something and its proved not to be the case. We all make mistakes and that's built in there but we need to be consistently given the correct information in the correct format.” (BIM Customer, Respondent F)

“Understanding of the ... lending policy filters down so all the way down everybody knows...they all know what the general philosophy is...[what] we need to know is exactly what the basic terms are and get an indication of whether of not those terms can be varied and, if so, in what circumstances...if we know when not to approach it, when it's just totally out of bounds, when, hey hold on a minute, there is a degree of flexibility available here under certain circumstances and have an idea of what those circumstances are, then the lender will get more business.” (BIM Customer, Respondent F)

Honesty: ‘They are honest with me’

Honesty is a contributor to certainty but has been pulled out as a separate issue because it has a number of important aspects. It delivers value to the intermediary because it supports certainty and enables the intermediary to manage the case and end customer effectively through:

- being advised of case progress through the servicing chain on a routine basis
- being advised *early* of ‘bad news’ on a specific case or overall servicing levels so that alternative solutions can be sought before the end customer gets irritated
- being able to rely on lender staff doing what they say they will
- knowing they are getting the ‘right’ answer – or if the individual can not answer the question knowing they will find out

“Two weeks down the line we’re trying to get the offer out and they come back to us and say ‘well no, actually we needed to go for an income reference’ which is going to

take 10 days and by this time we've got the builders jumping around our backs and solicitors for exchange of contracts.” (BIM Customer, Respondent A)

“When you start hitting those 21-28 days and the mortgage offer is nowhere to be seen, then the pressure really does hold up. We're not a large company and we can't afford to lose our builder contacts but you can't make excuses.” (BIM Customer, Respondent A)

“They've got to keep us informed.” (BIM Customer, Respondent C)

“As soon as there's an issue we need to know that there's a problem so we can find a solution...if the lender dilly-dallies then the problem gets bigger and my client gets more upset...I'm grateful for honesty.” (BIM Customer, Respondent D)

“Bad news is important to know...if it blows up at the last minute, there's nothing worse. You'd rather know much earlier – as early as possible – that there's a problem.” (BIM Customer, Respondent E)

“No two people at the same level will have exactly the same degree of expertise or experience but what I need is when people don't know they say 'sorry I don't know', when they say 'I'm going to find out and come back to you'.” (BIM Customer, Respondent F)

“[What] lenders forget entirely is the fact that we're dealing with 20,30,40 lenders and what one phrase or word means to one is entirely different for another so we need to make sure that that is clear... the format of the information supplied to the customer, the mortgage offer letter for example, the way that's laid out needs to be clear so I don't have to spend half an hour explaining to a client what the mortgage offer letter means.” (BIM Customer, Respondent F)

“Once they've got the business every step needs to have a positive outcome and that positive outcome needs to be made available to us, we need to be made aware of it...”

the importance of letting the advise/introducer know when completion take place.”
(BIM Customer, Respondent F)

Problem solving: ‘They solve problems’

‘Problem solving’ is where the intermediary delivers ‘added value’ to the end customer, and, therefore, is perceived as an area where lenders have to deliver well.

Problem solving covers a range of issues:

- Initially, being able to construct a mortgage deal to enable a successful sale: intermediaries tend to deal with mortgage applicants who, in some way, present with a ‘tricky’ or unconventional mortgage requirement – being able to work with a lender and successfully place the business is clearly a critical success factor for the intermediary: internally, this will require sales to work with underwriting (servicing) to identify an acceptable solution
- In general, intermediaries welcome support and advice from lenders on how to maximise sales from the products on offer – how to look for the ‘wrinkles’ that will enable the intermediary to maximise sales
- Once business has been placed, speed may be critical: if a speedy turnaround through the service chain is necessary, the intermediary will expect the lender to address the specific case need and deliver
- If there is a problem when the case is in the service chain, the intermediary will value a lender where the problem is solved quickly: in many cases, this is via the salesperson sorting the problem with the servicing parts of the chain

“We do need to discuss deals and get deals through that perhaps are out of the norm... sorting out cases is very important, you only have to look at some of the cases we get in here, they’re not easy and sometimes all you need is someone else’s opinion on it.” (BIM Customer, Respondent A)

“If it’s out of the ordinary, which as Gary [broker] says is a lot of our clients, quite often they’ll have tried the High Street and then they are stuck, so therefore they phone us. And that’s when flexibility of the lender is critical because, on their own

they'd probably never get some of these deals, and through us they can." (BIM Customer, Respondent B)

"It's important that someone takes ownership and that we can talk to a human being who can sort out problems." (BIM Customer, Respondent C)

"You want lenders you can feel comfortable with...relationships are important...Ian [BIM salesman] comes up with different ideas and different selling points that helps add value...if there are servicing problems that don't get sorted immediately, then we tend to get Ian to sort things out...he can use his influence internally...I don't tend to deal with the servicing teams directly, but it is important that if I want to that I can speak to someone who can take a decision... when dealing with high net worth clients it's important that we have a good relationship with the lender so we can talk to them and come up with a good solution." (BIM Customer, Respondent D)

"They need to understand the process...speed is important – it looks great to a client if you can get an instruction, instruct a valuation and get it all going quickly – the ability to turn it round quickly is very important." (BIM Customer, Respondent D)

"If I asked Ian [BIM salesman] a question, all he's doing is going back to the underwriter. But then I do tend to ask him more than I would ask the underwriters, because I feel that I might get a more black and white answer – the underwriter might cut the case in half at that point, depending on my question really...if I phone up and say "I've just found out we've got a CCJ or something" – if I said that to Ian, he might sound out the underwriter first, whereas if I just phoned up the underwriter and told himit would probably backfire on the case, so I tend not to do that...we get a lot of clients phone up, and say they're thinking of re-mortgaging, do you think you could get me the money if I go ahead with it, and that sort of chat with Ian, do you think that's possible, and that helps enormously because you can go back to the client and say "well, if you did XYZ, yes, it shouldn't be a problem." (BIM Customer, Respondent E)

“Getting somebody in who you talk in general terms to or can run with the problem if it is felt that the people in Reading (or wherever) are not dealing with it adequately. Especially important in times of admin bottleneck, when you can’t get through on the phone, emails and faxes - you may as well fax it to yourself, no-one gets through on emails. So in that role they are important and there is a degree of humanity in recommendation. If I’ve got two companies which are exactly the same, one company that I don’t have a contact with and one that I do have a contact with, then of course the one that I have a contact with and we get on fine, then of course they get the business. I mean you have an honest, mature professional relationship.” (BIM Customer, Respondent F)

Relationship building appears to emerge from, and also supports, successful problem solving, and is also supported by the trust engendered from certainty and honesty. However, intermediaries do not value relationship-building without substantive commercial benefits:

“It seems to be increasingly that we see people from lenders who are more PR background, not mortgage background, and don’t have much actual day to day knowledge of how the mortgage operation is running. So they’re coming in and they might hand you a box of chocolates and a couple of business cards and some application forms but if you ask them can you help me on this case, we seem to be hitting a few problems, it’ll be ‘oh no, I’ll need to speak to so and so’ and they don’t ever seem to come back with any feasible answer.” (BIM Customer, Respondent A)

3.5.2 Comparison with commercial customer satisfaction research

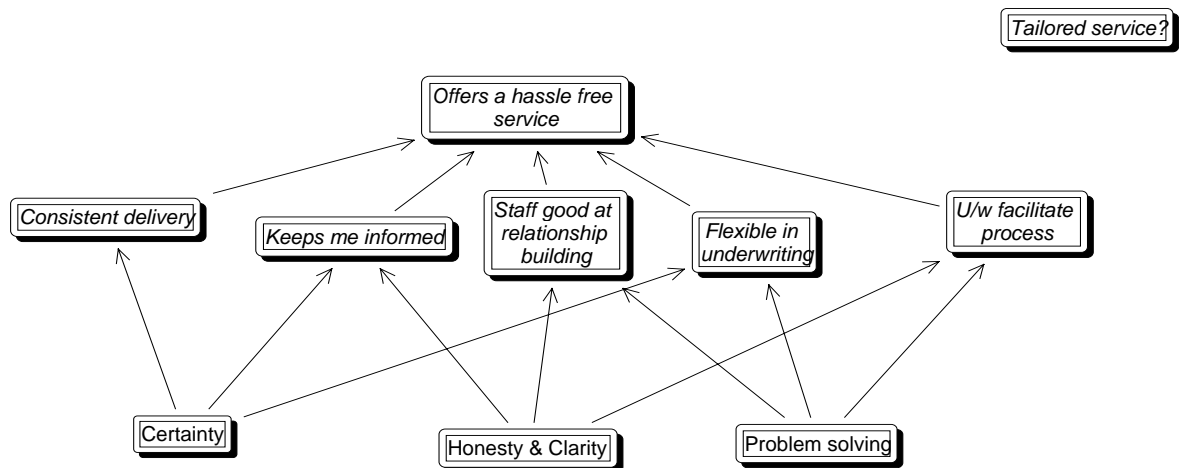
The outputs from the Project 2 customer research are consistent with the original 2000 NOP CA research and the recently commissioned 2001 ORC customer research.

The 2000 NOP CA research identified the ‘top’ seven attributes that contribute a 62% impact on future behaviour (propensity to rebuy and recommend); these were:

- Offers a tailored service
- Has staff who are good at building relationships with brokers
- Consistently deliver what they say they will
- Offers a hassle free service
- Keeps you informed with timely and relevant communications
- Has underwriters who facilitate the process
- Is flexible in its underwriting

The outputs from the Project 2 customer research are consistent with most of these attributes, but the fine-grained approach to understanding what intermediaries value has revealed a much more complex and subtle picture than the original research suggested, and provides a different interpretation of some of the attributes than originally perceived by staff in the Bristol & West group: Figure 7 represents the three summary dimensions of use value against the original attributes, based on my interpretations of the customer data. In particular, the Project 2 customer research implies a multi-faceted and inter-related matrix of factors that are important to intermediaries, whereas the original attributes suggests a more flat and ‘compartmentalised’ model: this suggests that considering the gestalt of dimensions of PUV, rather than dimensions in isolation, is a much more realistic representation and interpretation. Mapping all the elements of the dimensions of PUV develops an extremely complex, and difficult to comprehend, representation of intermediaries’ needs but, as can be seen in Figure 7, each of the key dimensions of certainty, honesty and problem solving appear to underpin at least one of the original attributes.

Figure 7: Summary dimensions of use value mapped against the original CA research attributes



“Offers a hassle free service” would appear not to stand alone – intermediaries see this as the culmination of the benefits of the other attributes, and interpreted as ‘keeps my customer happy/makes me look good’ in the previous section. Problem solving is a contributor to ‘underwriters facilitate process’ and being ‘flexible in underwriting’, both of which contribute to relationship building. Honesty is critical in ‘keeping me informed’ (with both good and bad news) and again contributes to relationship building: it adds depth to the ‘human’ dimension of building trust in a lender, and knowing that they will not let down their customers. Certainty has several facets: there are the obvious elements of consistent service delivery and communication updates, but is also the other critical element of ‘flexible in underwriting’: as well as having certainty about *whether or not* a lender is likely to be flexible in its interpretation of criteria, intermediaries also need to have certainty about *how* flexible this interpretation is likely to be – so they know whether it is worth even taking a difficult case to a lender in the first place.

The one original attribute that is not supported by the Project 2 customer research is ‘tailored service’. This issue was probed at the end of the intermediary interviews, but the responses were that tailored service is not a requirement: intermediaries tend to

deal with a number of lenders – the view was that they will select according to the rate/service trade-off on offer and have no expectation or requirement for a ‘tailored’ service *per se*.

The ORC research (November 2001) concludes that “broker satisfaction is inextricably linked with client satisfaction, and related to the importance of referrals and recommendations. Brokers strive to maintain the virtuous circle of mortgage placement by making a trade off between the best rate and terms versus the mortgage provider’s service provision – the decision being based on reputation and past experience.” Brokers tend to:

- Seek the best deal for their clients – this is achieved through the ‘hard’ product features of rates, fees and product type and terms
- Whilst minimising risk (to themselves and the end customer) – this is achieved through the ‘soft’ product and service features of flexible underwriting, speedy processing, predictable processing, product/service knowledge, etc.

The Head of Marketing at BIM commented that the Project 2 research provided much greater insight into the intermediaries’ motivations than the commercial research alone:

“What they’ve [ORC] done is provided us with a good overview and top level framework for considering what customers want; your research has given us much more depth of understanding about what drives brokers, and has brought it more alive, and also starts to provide a much more detailed route for action.” (BIM Head of Marketing)

3.5.3 Mapping Dimensions of PUV against inter-team coordination routine activities

Having understood customers' dimensions of perceived use value, the next stage of Project 2 was to map the various dimensions of PUV against the inter-team coordination activities identified from Project 1 and look to see whether there were potential linkages.

The full service delivery chain will be a complex web of inputs including tangible resources, systems, processes and other activities, including the technical and coordination activities identified in Project 1, and "there is no single factor that causes performance" (Ambrosini 2001, p.203). The objective of this Project is to specifically investigate whether the *inter-team coordination activities*, identified as being the area of greatest difference between the differentially performing cases, can be linked with the key dimensions of customers' perceived use value, i.e. does the difference in activities appear to be linked with the differential performance of the two organisations.

To do this, I have looked at each element identified as valuable by customers, and mapped the inter-team coordinations that are likely to contribute to or enable their delivery.

As stated in the methodology section (3.4), it must be emphasised that these maps have been used as a device to enable conversations and sensemaking, and the maps are based on my interpretation, with input from organisational members interpretation. No claims are made that these maps represent consumer thought processes or a consumer behaviour model: they are simply being used as a way of capturing and representing the 'inside – outside' data (i.e. inter-team coordination activities and customers' dimensions of PUV) in a format which is closer to the reality of customer value than a linear list. Furthermore, the arrows are suggestive of potential linkages and relationships, not proven causal relationships, and the length of the arrows do not have any significance.

I have undertaken this in detail, to illustrate the process, with four elements, which are included as Figures 8 – 12 on pages 118-122:

- ‘They are consistent in the way they interpret criteria across the organisation’ (Figure 8): a section of this chain – focussing on inter-team problem solving – has been mapped in further detail to illustrate specific ‘real life’ instances of inter-team activity that support this dimension of value: this is shown as Figure 9
- ‘They are consistent in their approach to servicing across time’ (Figure 10)
- ‘They keep me advised of progress on a case’ (Figure 11)
- ‘They can troubleshoot problems quickly’ (Figure 12)

With the remaining elements, I made an assessment of which repertoires of activities are likely to contribute to the delivery of each dimension of PUV – Table 8 summarises the outcomes of these considerations.

This consideration suggests that various types of inter-team coordination activities do contribute to virtually all dimensions identified as valuable by customers – the exception being ‘They keep me advised of criteria changes’, where this is an outbound communication from one part of the organisation to customers. However, a secondary support to this activity will be a raft of cross organisational/inter-team coordination activities to ensure that the criteria are then interpreted consistently across the organisation.

I differentiated between ‘prescribed’ and ‘discretionary’ activities in the mapping. It appears that ‘discretionary’ activities play a major role in coordination activities, and the inference from the mapping process is that there is a link between the high levels of inter-team coordination activities (both prescribed *and* discretionary) and achieving sustainable competitive advantage. This has significant implications for managers: if increased levels of inter-team coordination relies on discretionary activity of organisational members, then managers need to create an environment and climate where organisational members have absolute clarity over organisational,

departmental, team and individual objectives, and have confidence over what type of activity they can undertake.

In some cases the routine activity may have a direct effect, whilst in other cases it is a supporting activity. For example, an inter-team coordination activity that is likely to contribute to 'they are consistent in the way they interpret criteria across the organisation' is the prescribed activity of the 'exchange conversation' to enable the common interpretation to emerge. However, the organisational members perceive that exchange conversations only happen and are effective when people know each other, so the discretionary activity of 'relationship building' is an important supporting activity:

"It's hard to have exchange conversations before they've met the people so they have to build trust and relationship and get into the nitty gritty." (BIM Head of Servicing)

" [Exchange conversations] are really important for building relationships with the NBA teams...it helps the sales people's credibility about making decisions " (BIM Field Sales person)

"All Team E members come from all areas of the business, but our attitude sets us apart...we work very closely with sales...we see sales as part of our team. We have someone to go to with queries...there's none of 'them and us' ...I think we have a better relationship with sales than our counterparts...we are required to have exchange conversations officially once a month, but in E it's more often" (BIM NBA Servicing Team E – high net worth business)

In turn, one of the supports to relationship building is discretionary inter-team 'motivational' activity:

"Whenever someone goes out of their way to get me some information, or just to tell me something, I'll always email them back to say thanks, it's important to do that so they'll continue to be helpful." (BIM Field Sales person)

“My role is to endorse the other departments, thank them, keep the door open... we're trying to focus on giving positive feedback. With my team now if they feel someone's really helped them they'll send an email saying thanks, the broker's thrilled to bits, and they copy it to the managers as well.” (BIM Head of BDU Telephone Sales Support)

A potential criticism of these maps and tables is that they are the outputs of my perceptions and interpretations. However, the nearly-completed maps were checked and developed against the perceptions of organisational members. They commented that the maps intuitively ‘felt right’. They tended to ‘agree’ with the linkages, and seemed to find it ‘difficult to disagree’. I conclude that this is because they operate very intuitively and ‘it’s just the way we do things’ – having had these inter-team dynamics made obvious to them, it enables them to ‘make sense’ of the way they operate:

“There’s nothing there that surprises and shocks me, and I don’t think that you’d encounter any resistance from my people about this... It’s interesting, it makes sense - we’ve got this new self cert team, that was originally based down in Bristol, and we’ve now got them down here, so they’re working much more as part of us now and understanding how we work, and we’ve seen real improvements in turnaround times and quality of decisions” (BIM Head of New Business Administration [Servicing])

“This makes sense to me – I know we’ve found we’ve learnt a lot from NBA, and them from us, by working together on the Vision workshops – it’s helped us to be a lot more honest and we’re getting better at creating an environment where people are happy to be honest with each other about how we work and how we perform...and if we can’t be honest with each other we’ll never be honest with brokers.” (BIM Head of Sales)

As a consequence of this research and other organisational development initiatives in BIM, it has been identified that there are some inter-team issues in the BIM Servicing Department (NBA) that have resulted in operational ineffectiveness – however, the issue to date has been how to address these problems:

“I know it makes sense to have more contact between teams, and I can see that we can provide a better service to customers, but I have this real problem about how to handle it – because to have a good team working well together and really performing we need to have them together for some time and really focus on the team... Interestingly, I’ve been interviewing two new team leaders, and I’ve asked both of them ‘what changes would you make’ and they both said that they’d like to swap people around teams a lot more to help get more knowledge moving around and create team NBA rather than teams A, B, C and E.” (BIM Head of New Business Administration interviewed in early December 2001)

I acknowledge that the maps are *my* interpretation and the fine detail of which activities contribute to parts of the chain, and the coordination of activities within the chain, could be subject to dispute. However, the fact that increased inter-team coordination activity has a role to play in enabling BIM to provide perceived use value to customers, through improved certainty, honesty and problem-solving, appears evident.

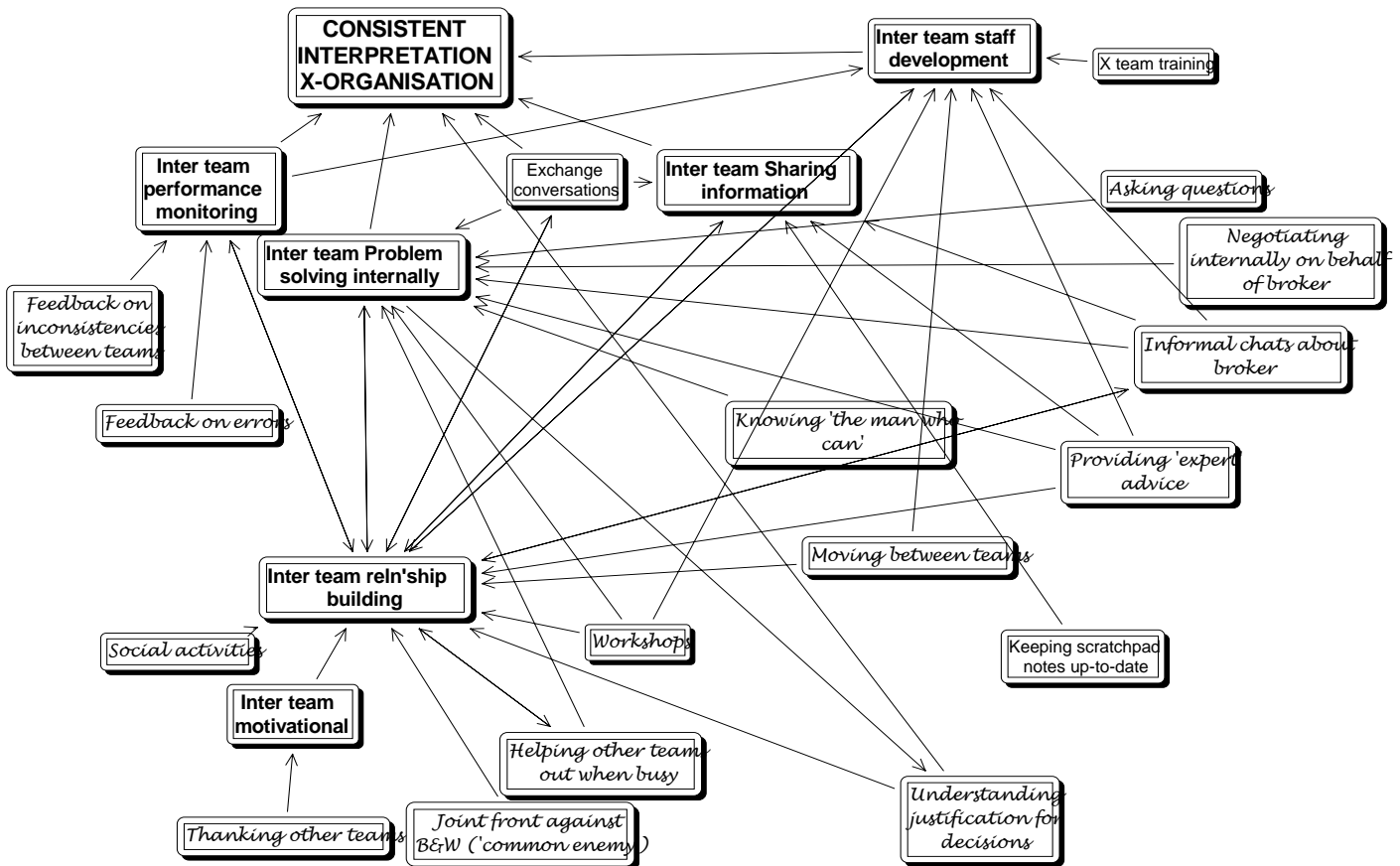
But, does this apparent link suggest causation or correlation? From Lofland and Lofland’s (1995) perspective, this study has not acquired “measured and controlled variations in dependent and independent variables” and so does “not have the systematic quantitative data necessary to determine causation” (p.138). However, Miles and Huberman (1994) would suggest that this type of qualitative study can show how “local processes” can lead to “specific outcomes”.

The results do suggest that inter-team coordination can be linked with the satisfactory delivery of the customers’ dimensions of PUV. However, as discussed in Project 1, the differential incidence of inter-team coordination is probably influenced by a range

of factors such as: the articulation of values and objectives; customer ownership; the managerial climate; organisational structure and servicing processes; the physical environment; staff turnover; and the disposition, experience and mindset of the individual. Also, this study has not considered in detail other aspects of the organisations such as the tangible resources and IT systems. So, to claim that a high incidence of inter-team coordination is *the* cause of differential performance may actually miss the root cause of success. However, the evidence does indicate that enabling higher levels of inter-team coordination is a significant contributor to the delivery of superior performance in the case of BIM, and likely to be *a* causal factor.

This is consistent with the theoretical framework discussed in Section 2.1, and provides empirical evidence that firm specific resources can contribute to competitive advantage. However, as Huberman and Miles (1998) point out “a useful theory should apply to more than one case” (p 147). This is a single case study, and no firm, generalisable conclusions can be drawn from this one investigation. The assessment of local causality in this case needs to be investigated in other contexts in order to ascertain its generalisability: this is a potential direction for future research.

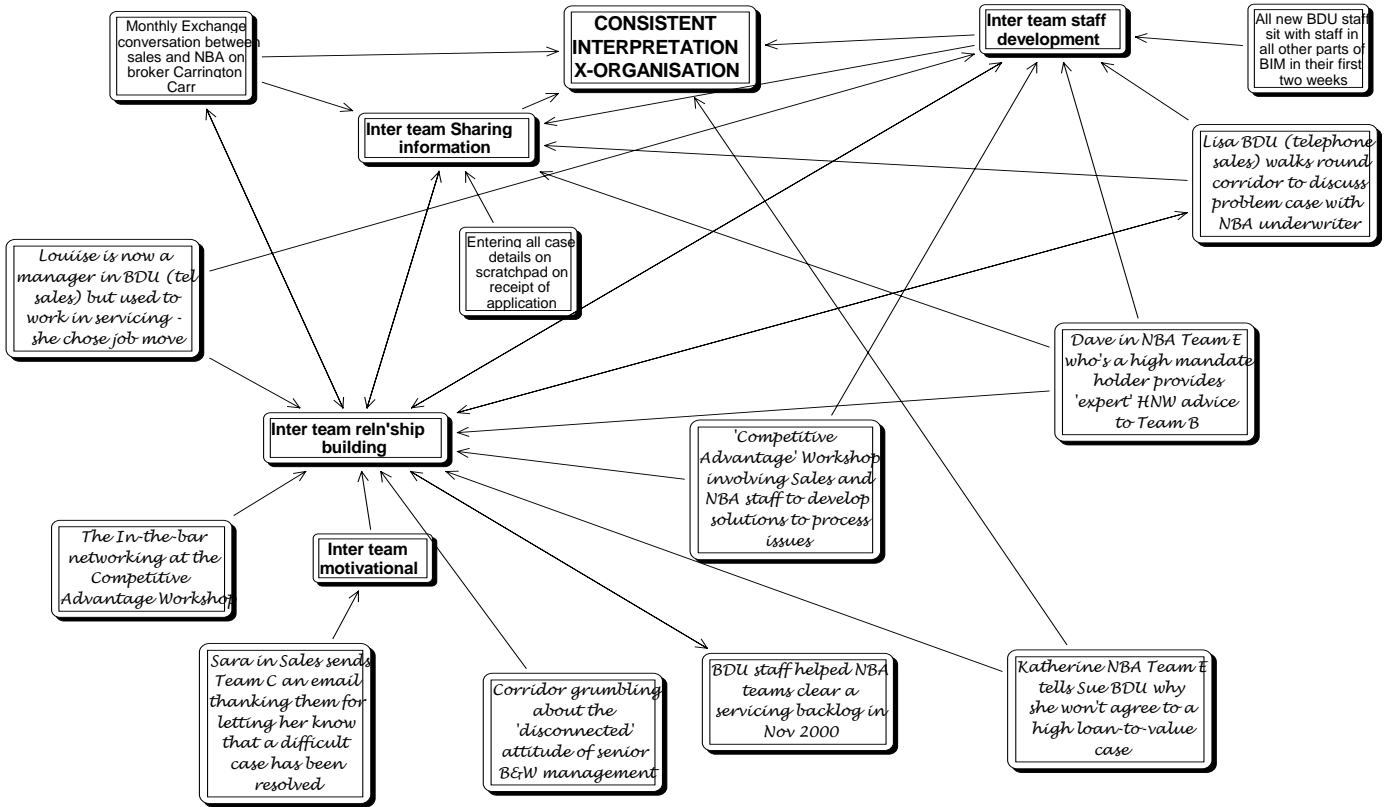
Figure 8: PUV – Inter-team coordination activities linkages: ‘They are consistent in the way they interpret criteria across the organisation’



Key:

- **DIMENSION OF USE VALUE**
- **Coordination routine repertoire**
- *Discretionary activity*
- Prescribed activity

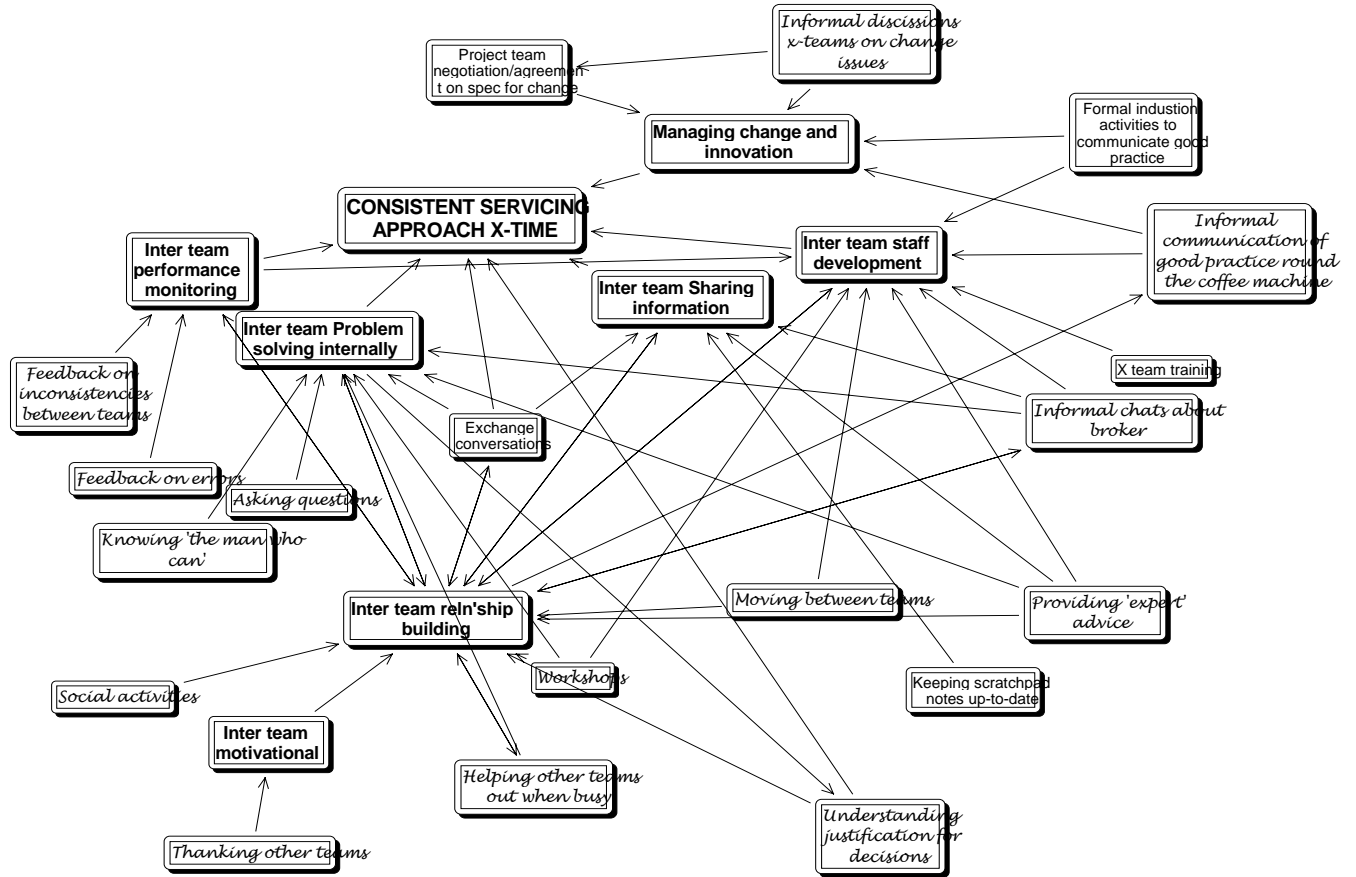
Figure 9: Detail of linkages – ‘They are consistent in the way they interpret criteria across the organisation’ – illustrating specific activities



Key:

- **DIMENSION OF USE VALUE**
- **Coordination routine repertoire**
- *Discretionary activity*
- Prescribed activity

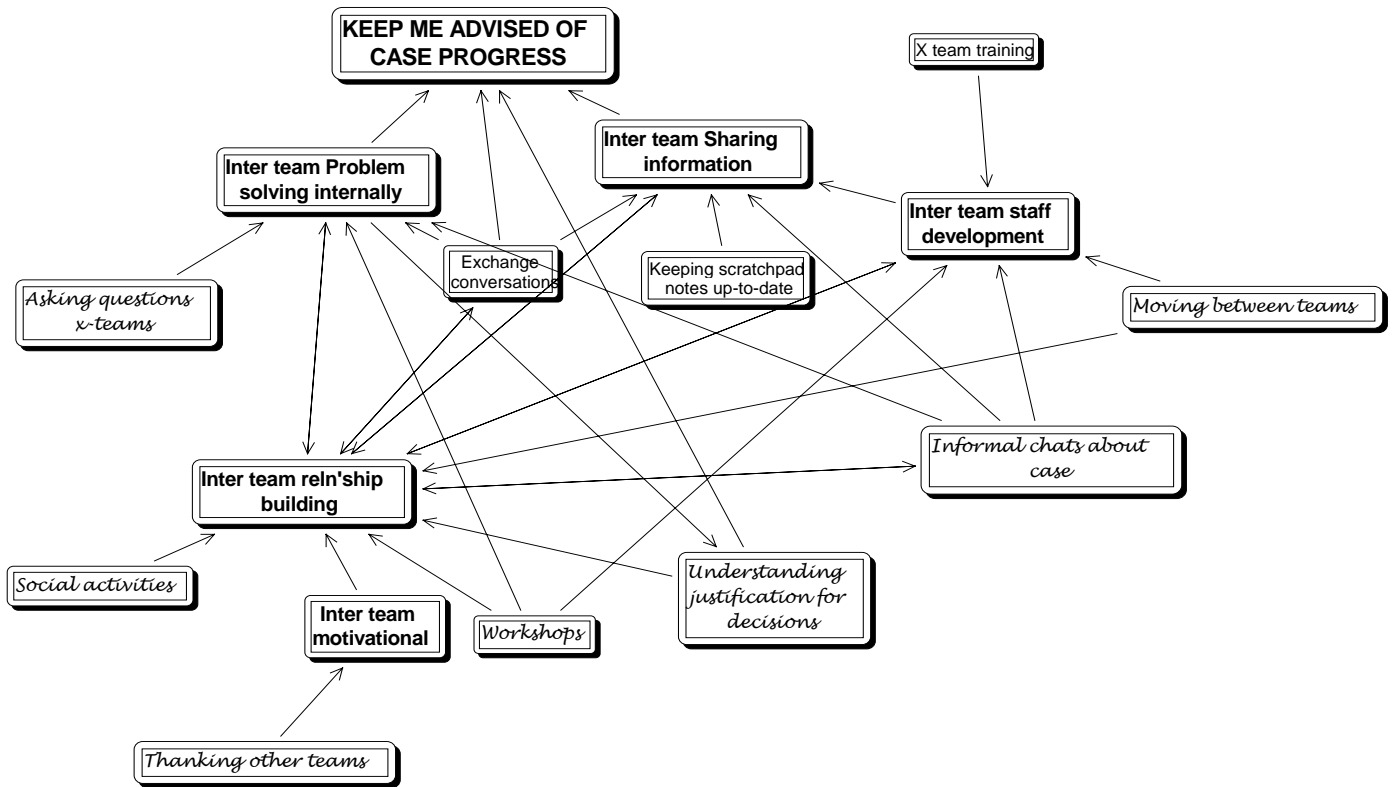
Figure 10: PUV – Inter-team coordination activities linkages: ‘They are consistent in their approach to servicing across time’



Key:

- **DIMENSION OF USE VALUE**
- **Coordination routine repertoire**
- *Discretionary activity*
- Prescribed activity

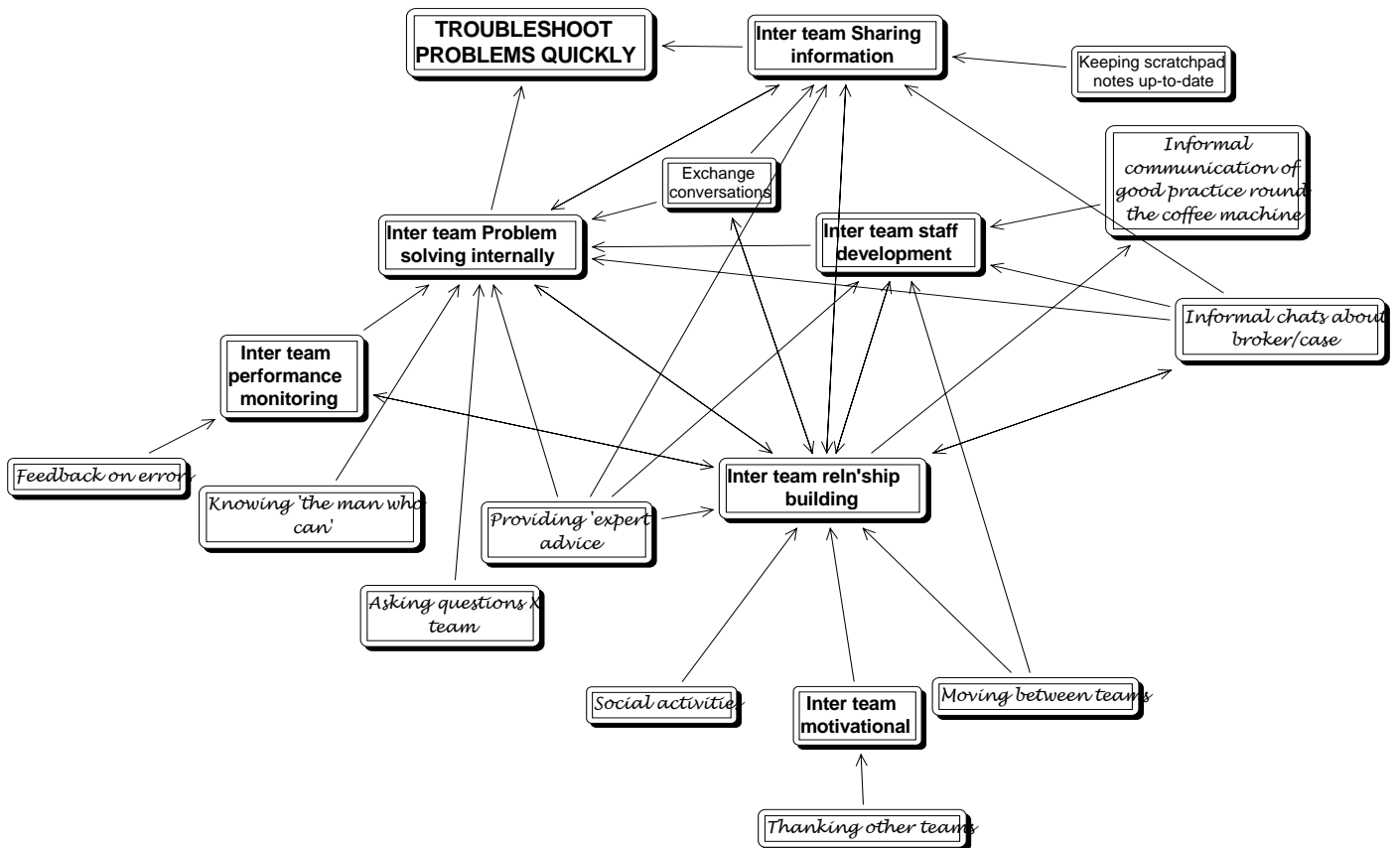
Figure 11: PUV – Inter-team coordination activities linkages: ‘They keep me advised of progress on a case’



Key:

- **DIMENSION OF USE VALUE**
- **Coordination routine repertoire**
- *Discretionary activity*
- Prescribed activity

Figure 12: PUV – Inter-team coordination activities linkages: ‘They can troubleshoot problems quickly’



Key:

- **DIMENSION OF USE VALUE**
- **Coordination routine repertoire**
- *Discretionary activity*
- **Prescribed activity**

Table 8: Repertoires of inter-team coordination activities likely to contribute to the delivery of dimensions of PUV

Dimension of PUV	Elements	Linked repertoires of inter-team coordination activities	
		Direct	Supporting
‘Certainty’	They are consistent in the way they interpret criteria across the organisation	Problem solving internally Sharing information Staff development Performance monitoring	Relationship building Motivational
	They are consistent in the way they interpret criteria across time	Problem solving internally Sharing information Staff development Performance monitoring Change and innovation	Relationship building Motivational
	They are consistent in their servicing approach and attitude across the organisation	Problem solving internally Sharing information Staff development Performance monitoring	Relationship building Motivational
	They are consistent in their servicing approach and attitude across time	Problem solving internally Sharing information Staff development Performance monitoring Change and innovation	Relationship building Motivational
	They are consistent in how flexible they are in interpreting criteria	Problem solving internally Sharing information Staff development Performance monitoring	Relationship building Motivational
	They keep me advised of criteria changes	<i>Inter-team coordination is not essential</i>	
	Communications are clear	Sharing information Staff development	Relationship building Motivational
‘Honesty’	They do what they say they will	Problem solving internally Sharing information	Staff development Relationship building Motivational
	They give me bad news on servicing levels early	Problem solving internally Sharing information	Staff development Relationship building Motivational
	They give me bad news on cases early	Problem solving internally Sharing information	Staff development Relationship building Motivational
	They keep me advised of progress	Problem solving internally Sharing information	Staff development Relationship building Motivational
	If they don’t know the answer they find out	Problem solving internally Sharing information Staff development	Relationship building Motivational
‘Problem solving’	Everyone in the service chain is trained in and knows the servicing process (not just their ‘bit’)	Sharing information Staff development Change and innovation	Relationship building Motivational
	Speedy turnaround when necessary	Problem solving internally Sharing information Staff development Performance monitoring	Relationship building Motivational
	They can develop solutions to maximise successful sales	Problem solving internally Sharing information	Staff development Relationship building Motivational
	They can troubleshoot problem quickly	Problem solving internally Sharing information	Performance monitoring Staff development Relationship building Motivational

3.6 Discussion

The results from Project 2 support the proposition that effective inter-team coordination helps BIM to deliver superior value to customers by getting staff to interact more across internal boundaries on a 'routine' basis – not only when there is a problem. It is, of course, acknowledged that a range of factors will influence performance, and it is not claimed that inter-team coordination activities are the sole cause of superior performance. However, it is proposed that these activities are critical components in effective service delivery through the coordination of activities and the development of a common interpretation and approach, and also enabling product and service innovation, through organisational knowledge transfer and creation and organisational learning.

On the basis that delivering superior value to customers will help achieve a sustainable competitive advantage, and that sustainable competitive advantage translates into superior bottom line performance, then managing the firm specific resources involved in the delivery of PUV is an important area for managerial attention. From a practitioner perspective, managing these resources is not just 'nice to have', it is a critical strategic activity. However, the outputs from Project 1 (the organisational context) suggest that to manage this resource effectively requires a 'whole system' approach – there is no magic bullet or prescriptive solution.

So, if a firm specific resource such as inter-team coordination is a key strategic resource, what is the appropriate intervention framework for its management? 'Firm specific resources' takes managers and strategic consultants into the realm of unplanned, unmanaged and potentially unknown parts of the organisation: "The consultants' role is characteristically about guiding and facilitating the strategy process [using] theoretical frameworks and tools [that] are understood in the context of the daily business it is going to be applied to... if it is problematical for top managers to know what currently causes success in their organisation, it is likely that strategy advisers may find it troublesome to make any prescriptions if they employ an analytic method that fails to elicit tacit, ignored and not well understood routines." (Ambrosini, 2001, p.201)

The challenge in managing firm specific resources requires bridging the Strategy – Organisational Development gap and adopting a more integrated approach that ‘matches’ the development of internal activities with the delivery of value to customers. There are probably four key aspects to be considered:

- How to undertake more insightful customer research to establish what customers *really* value
- ‘Mapping the organisation’ - both the activities and the managerial/organisational environment, in order to enable the surfacing of 'what's there' and the influencing factors
- PUV – Activities mapping and diagnosis, to identify how to match internal activity to the delivery of customer value
- Facilitating change and successful/sustainable strategic implementation

More insightful customer research

This research is being approached from the resource-based perspective, and a key factor underpinning Project 2 has been developing an in-depth understanding of what customers value. Project 2 has shown that ‘top level’ quantitative customer research is not always adequate to get a grasp of what customers *really* value. The larger scale quantitative research is valuable to get an overall view of the areas of product/service offer that are required by customers. However, to get greater insight to customers’ drivers and perceptions of value, it is necessary to develop a more sophisticated picture, which highlights the complexity and interrelation of the dimensions of use value, and translates necessarily ‘reductionist’ summary phrases into ‘real person’ language. In this study, reinterpreting the real value that BIM can deliver to intermediaries as ‘enabling me to have a satisfied customer, to appear competent, and to suffer minimal hassle’, and mapping the contributing factors to this, has enabled a much richer depiction of the activity needed for its support (i.e. the factors that enable success) than the original list of seven attributes would have done, even though they are consistent and reduce to similar ideas. This suggests that the standard commercial research approach, of qualitative pilot to establish the questions followed by

quantitative large scale research to measure the scale of the issues, actually stops short of providing a truly useful picture of what customers want, in order to enable the organisation to map the activities within the organisation to see which ones are actually worthwhile, which are missing, or which are important but of which managers were unaware. As the BIM Head of Marketing said, having reviewed the DBA customer research alongside the ORC customer research:

“...now we’re really able to see how this customer research can be used to make some change happen in bits of the organisation” (BIM Head of Marketing)

This research has not explored customer satisfaction research as it has confined itself to the issue of firm specific resources. However, the results from this research suggest that the exploration of customer satisfaction research from a strategic perspective would be of value.

Mapping the organisation

In order to help managers develop an understanding of firm specific resources, it is necessary to have a framework that they can use to surface and map the elements present in their own organisations, and to understand the factors that can influence the presence and performance of organisational knowledge activity. The sentiments of the MD of BIM, who said *“If I can’t map it, I can’t manage it”*, are likely to be echoed by many practising managers.

Project 1 produced a taxonomy of activities involved in service delivery that provides the beginnings of an organisational knowledge framework and audit tool. However, this needs developing into a language and format that is meaningful to managers. Furthermore, the implications of making individuals and teams aware of the unplanned/unmanaged elements of their action needs to be investigated further, and there needs to be further consideration about how a tool like this might be used without becoming prescriptive in its own right.

Project 1 also started to shape a framework for considering factors in the organisational context that influence organisational members' activities, such as:

- The articulation of organisational values and objectives, customer ownership and normative role expectations
- Managerial climate and attitudes
- Organisational structure and servicing processes
- The physical environment
- Staff turnover
- Staff recruitment - individual dispositions, mindsets, and experience

This also requires further consideration to develop a practical and relevant framework for use with managers.

PUV – Activities mapping and diagnosis

Project 2 has shown the usefulness of mapping the customer's dimensions of PUV against internal organisational activities, in order to identify how to match internal activity to the delivery of customer value. 'More insightful customer research' and 'Mapping the organisation' above will enable organisations to develop a picture of the external and internal perspectives – the next stage is to 'join the two together' and consider how the organisation might need to change. This builds on the causal mapping work explored by Ambrosini (2001), and an area for further exploration is how to use causal mapping with organisational members and manage the process in order to stimulate organisational debate on how to deliver better value to customers and exploit organisational knowledge more effectively, e.g. who to involve and when, the implications of surfacing (exposing) unplanned and unmanaged activities, how to minimise distortions arising from people trying to manipulate the outcomes, and how to decide what to leverage, codify or protect.

Facilitating change

Having identified areas for action, the next stage is facilitating change. BIM has already started to implement some change associated with outcomes from this research, with variable success. The Head of BIM New Business Administration articulated one of the challenges of encouraging inter-team coordination as follows:

“I know it makes sense to have more contact between teams, and I can see that we can provide a better service to customers, but I have this real problem about how to handle it – because to have a good team working well together and really performing we need to have them together for some time and really focus on the team”

Project 3 will explore further some of the above issues in the ‘real’ situation of encouraging effective inter-team coordination with the BIM New Business Administration department. This can then be used to develop the dimensions of a consulting intervention for managing firm specific strategic resources to align internal activities to the delivery of customer value.

4. Project 3: “What are the dimensions of a consulting intervention in order to align internal activities to the delivery of customer value – in this case to encourage more effective inter-team coordination?”

4.1 Abstract

The aim of Project 3 was to explore the intervention approach that would help the client address the factors affecting competitive performance that were identified as outcomes from Projects 1, and in this case effective inter-team coordination. Specifically, the aim was to intervene with the managers of the mortgage underwriting and servicing department, with the aim of increasing inter-team coordination both within the department and with other departments elsewhere within the organisation. When dealing with idiosyncratic firm resources, it is argued that traditional strategic consulting interventions do not always adequately address the system to facilitate sustainable change; similarly, traditional organisational development consulting interventions do not always address the business substantive issues. Project 3 was a clinical inquiry that explored how to undertake a consulting intervention that links the strategic ‘macro’ competitive factors with the ‘micro’ internal activities of the firm. This section documents the intervention and reflects on the intervention process and outcomes.

4.2 Introduction

4.2.1 Background and rationale for Project 3 in the context of the DBA

The overarching aim of this DBA research is to consider the consulting intervention framework that can assist in the management of firm specific strategic resources as a source of competitive advantage.

Project 1 operationalised the firm specific resource of organisational knowledge as routine activities, and the activities that contribute to service delivery in two differentially performing financial services organisations were identified. The results

indicate that there are differences in inter-team coordination activities between the two organisations, with the better performing organisation (BIM) showing a higher incidence of effective inter-team coordination. This activity appeared to be critical in the coordination of service delivery activities and for enabling the exploitation, transfer and creation of other knowledge within the organisation. Project 1 consequently generated the proposition that inter-team coordination activities help BIM deliver superior value to customers.

Project 2 explored the link between inter-team coordination activities in BIM and customers' perceived use value. Customers' dimensions of perceived use value were identified through qualitative research with BIM's customers. The service activities were then mapped against customers' dimensions of perceived use value, and the results suggested that, in this case, there was a clear link between effective inter-team coordination (for example, problem solving and information sharing) and the delivery of increased perceived use value to customers. These results have generated the proposition that that, in the context of the cases studied in this research, the firm specific resource of effective inter-team coordination is a critical factor in delivering superior value to customers, by causing staff to interact across internal boundaries on a 'routine' basis – not only when there is a problem – and consequently leveraging organisational knowledge. The activities coordinate specialisation activities (Mintzberg, 1983), represent architectural knowledge (Henderson and Clark 1990; Matusik and Hill 1998), and provide a mechanism for the development of shared knowledge, interpretation and innovation.

The aim of Project 3 was to consider an intervention appropriate for addressing this strategic resource – specifically in this case, how to encourage effective inter-team coordination. Although there was evidence of overall higher levels of effective inter-team coordination in BIM than the comparison case, there was a cohort of middle managers that had been identified by both me and BIM senior managers as being a blockage to greater inter-team coordination; effective inter-team coordination is perceived as desirable and beneficial by BIM senior management, as well as having been identified as strategically important by this DBA research. It was, therefore,

agreed with the management of BIM that I would undertake an intervention with this middle management team, with the aim of developing greater inter-team interaction/coordination. This provided opportunities for exploring the dimensions of a consulting intervention framework for managing idiosyncratic firm resources.

Project 3 was undertaken between January and July 2002.

4.2.2. Specific purpose of Project 3

The question for Project 3 is: *“What are the dimensions of a consulting intervention in order to align internal activities to the delivery of customer value – in this case to encourage more effective inter-team coordination?”*

The aim of Project 3 was to explore an intervention approach that will help the client address the issues affecting competitive performance that were identified as outcomes from Projects 1 and 2. Specifically, the aim is to intervene with the Business Managers and Team Leaders of NBA (‘New Business Administration’ servicing unit) with the aim of increasing inter-team coordination both within NBA and between NBA and other departments within BIM.

4.2.3 Definitions

The primary focus of Project 3 is the ‘consulting intervention’ – “to enter into an ongoing system of relationships, to come between or among persons, groups, or objects for the purpose of helping them” (Argyris, 1970, p.15). Schein, (1999) positions interventions as “helping relationships”.

The focus of the intervention is inter-team coordination activities. The phenomenon of interest is the firm specific resource of organisational knowledge, tacit and explicit knowledge embedded in activities, and operationalised as ‘activities’, a repeated *pattern* of action oriented behaviours that represent a definable activity, e.g. obtaining

customer feedback for information on service delivery (after Nelson and Winter, 1982, and Pentland and Rueter, 1994).

The abbreviation 'BIM' refers to Bank of Ireland Mortgages, and 'NBA' to 'New Business Administration', the department in BIM responsible for receiving, underwriting and processing new mortgage applications up to the mortgage offer.

Project 3 data collection and analysis has been undertaken at the level of the individual – specifically all BIM staff involved directly or indirectly in the intervention.

4.3 Theoretical positioning of Project 3

Project 3 is focused primarily on exploring the development of a consulting intervention to address the outcomes from Projects 2 and 3. Specifically in this case the desired effect of the intervention is to encourage more inter-team interaction and coordination between teams in one department and with other departments in the organisation. This section will, therefore, look firstly at the literature about consulting interventions, then consider the coordination of activities, and finally look at some issues around inter-group cooperation and conflict.

4.3.1 Consulting Interventions

This research is focussed on looking at the connection between the delivery of superior service as perceived by customers, thus enabling the development of a competitive advantage, to the internal activities of the organisation that help to deliver that value. A consideration of the consulting interventions to address this type of situation needs to include both strategic consulting, with the focus on the ‘bigger’ competitiveness picture, and organisational development, with the focus on facilitating change at the micro level of the organisation.

Practising managers tend to view ‘strategy’ as a ‘masterplan’, rationally developed, focused on the marketplace, and rooted in the design, planning and positioning schools (Mintzberg et al., 1998). Traditionally, strategic consulting interventions have tended to focus on the rational analysis of the competitive and broader environment, the more ‘objective’ measures of firm’s performance, and prescriptive solutions, using a range of known models, tools and techniques such as Porter’s Five Forces, the BCG Growth-Share Matrix, the Ansoff Matrix, Force Field Analysis, etc. (Obelensky, 1998; Markham, 1997; Mintzberg et al., 1998). However, Mintzberg et al. illustrate the difficulty of defining ‘strategy’ by describing nine different schools of thought, which vary widely in their degree of rationality and planning. Recently, more subtle definitions of strategy have emerged: Bowman (1998) defines strategy as “knowing what to change in an organization, and, more importantly, knowing what to change it

to” (p.168). Eden and Ackermann (1998) write about strategy being “a way of regenerating an organisation through continuous attention to a vision of what the people who make up an organisation wish to do...about stretching the organisation to gain leverage from its individuality - its distinctive competences...creating and moulding the future rather than simply predicting and responding to some predetermined future reality” (p.3).

A number of writers suggest that traditional strategic consulting interventions often have little sustained effect as they are not implemented fully in the firm environment. Phillips (1996) describes consultants’ activity in terms of “General Analytical Activities: comparison, explanation, prediction and prescription” (p.205) but then observes “even when faced with explicit, empirically grounded challenges to their strategic direction, organizations frequently still fail to adapt...it suggests important limitations to technical prescriptions for strategic flexibility that focus on more vigilant environmental monitoring, better competitive analysis, or more robust models of strategy” (p. 202-203). Burke (1994) writes “in response to a firm’s desire to change its strategy...a team from one of these big-name consulting firms sweeps into the client organisation and changes things. Approximately six months later an [organisational development consultant] like myself is called in to help make these changes work...I ask questions about the organization’s culture and typically find that it hasn’t been touched...the point being that unless key aspects of the culture are modified to fit the new ...strategy, the latter will not work...you do not change culture by directly attempting to change culture...you begin again instead with the least difficult aspect to change: behaviour” (p.155).

Burke (1994) defines organisational development as a “process of fundamental change in an organisation’s culture” (p.9), and a successful organisational development intervention as having three elements: “it must (1) respond to an actual and perceived need for change on the part of the client, (2) involve the client in the planning and implementation of the change, and (3) lead to change in the organization’s culture” (p.9). However, Beer et al. (1996) argue that organisational development interventions are often resisted because “they focus on interpersonal

behaviour and internal problems of the organisation without sufficient connection to strategy, customer and task as the driving forces for change” (p.169).

Edmondson and Moingeon (1996) note “in the field of strategy a new emphasis on organizational capabilities raises the question of how to develop them. Similarly, in organisational development, a new awareness of the limitations of ignoring substantive business issues has led to an interest in integration” (p.8). Both strategy and organisational development consulting approaches are critical elements in the consulting intervention to address this phase of research. The issue for Project 3 is how can these approaches be combined effectively in order to develop a consulting intervention that spans the strategy-organisational development divide.

The focus of this research is the firm specific resource of organisational knowledge, a large element of which is tacit, and a realist epistemological stance has been adopted that assumes that “social phenomena exist not only in the mind, but in the objective world as well, and that there are some lawful, reasonably stable relationships to be found among them” (Huberman and Miles, 1998, p 182). Schein (1999) describes this concept of reality as resting “on the epistemological assumption that culture and thought create the external reality in which we operate and that we are, therefore, in a perpetual process of jointly deciphering what’s going on” (p.6). Weick argues: “there is not some kind of monolithic, singular, fixed environment that exists detached from and external to ...people. Instead...people are very much a part of their own environments. They act, and in doing so create the materials that become the constraints and opportunities they face” (1995, p.31).

This, therefore, suggests that when dealing with idiosyncratic and *strategic* firm resources the traditional, top down strategic intervention is not likely to be the most effective because of the interplay between the various actors. Ambrosini and Bowman (1999) suggest that “informal processes can actually be the source of organisational success, and this raises questions for ...more rational approaches to strategic management. If what matters is context specific, idiosyncratic and not managed, it is difficult to plan and control these elements”. Pellegrinelli (2002), in his research

looking at the nature of consulting interventions, writes “understanding individual conceptions and the assumptions shared more widely in the organisation is critical where consultancy interventions attempt to address fundamental strategic issues: the nature of the organisation, its relationship with the environment and its core structures and processes” (p.349).

A further issue with ‘strategy consulting’ is the dislocation between strategy *formulation* and strategy *implementation*. Often the *strategic* intervention focus is at the level of senior management and formulation, emphasised by the business school case study approach which Mintzberg et al. (1998) suggest can “leave managers with the impression that, to make strategy, they can remain in their offices surrounded by documents and think – *formulate* so that others can *implement*...encouraging superficial strategies that violate the very distinctive competences of their organizations” (p. 37). They go on to suggest “In an unstable or complex environment, this distinction has to be collapsed, in one of two ways. Either the ‘formulator’ has to be the ‘implementor’ or else the ‘implementors’ have to ‘formulate’. In other words, thinking and action have to proceed in tandem, closely associated” (p.41). This requires extending the strategic consulting intervention into implementation. Broader employee participation is one way to address this issue, particularly where “managers may not know what all the daily routines followed by their staff are” (Balogun and Hope Hailey, 1999, p. 169), and employees become involved in identifying the problems and solutions in implementing a strategic aim.

Pellegrinelli (2002) has described the interplay in the consulting intervention between ‘separation’, providing a new perspective on organisational issues, and ‘absorption’ – the pressures to conform: “The intervention and its outcome have to be framed or embedded in the organisational context, yet provide novel insights, analyses and perspectives to stimulate change” (p.353). His research cautions against becoming ‘too close’ to a client (in effect, too ‘absorbed’) and emphasises the “mediating and reconciliation role of the consultant-client relationship in the creation of new concepts, activities and meaning within an organisation” (p.357). So, a further issue to

consider in this project, is how to achieve the ‘right’ balance between separation and absorption.

Schein (1999) focuses on *how* interventions are conducted, rather than *what* is done, through the Process Consultation model, which he describes as “the key philosophical underpinning to organizational learning and development in that most of what a consultant does in helping organisations is based on the central assumption that *one can only help a human system to help itself*” (p.1).

Schein (1999) defines three modes of consulting: process, expert (the provision of expert knowledge), and doctor-patient (diagnosis and prescription). He describes consultation as one person helping another, and that “these three modes rest on fundamentally different models of what is involved in ‘helping’ and these in turn rest on quite different tacit assumptions about the nature of reality and the nature of help” (p. 4). Process consultation is based on the assumption that the client will always know their organisation better than the consultant, and that sustainable interventions can only be achieved when the client is involved with and owns the definition of the problem, consideration of the diagnosis, and the development of the recommendations. Schein, therefore, believes that involving the client in the process of identifying the problem as well as developing solutions as critical.

Schein (1999) sees process consultation as a philosophy that does not ‘usurp’ the other modes but can be integrated to provide a ‘process consultation’ alternative, in order to achieve a more successful and sustainable intervention. He also writes that all three modes can be valid in different circumstances within the same intervention but that “the helper must choose from one moment to the next which role to be in or which model of helping to use” (p.5). So, it is acceptable to introduce ‘expert’ elements into a process consultation, but it is critical for the intervenor to be aware of the role being played. “Certainly the consultant should be familiar with a variety of questions, exercises, survey-feedback technologies, and other forms of intervention...but knowledge of many different kinds of interventions does not substitute for the know-how of sensing what is needed ‘right now’ in terms of

facilitating forward movement in the relationship” (p.245). This requires that “the consultant should always select whatever intervention will be most helpful at any given moment, given all one knows about the total situation” (p.245).

Argyris (1970) defines the consulting intervention as follows: “to intervene is to enter into an ongoing system of relationships, to come between or among persons, groups, or objects for the purpose of helping them” (p.15); he makes explicit the assumption that “the system exists independently of the intervenor” (p.15). Argyris identifies three basic requirements (‘primary intervention tasks’) for intervention activity that need to inform the choices of approach taken in this intervention, and stresses that “the interventionist has to focus on [these] three primary tasks, regardless of the substantive problems that the client system may be experiencing” (p.17): obtaining valid information and providing insight (that “describes the factors, plus their interrelationships, that create the problem for the client system”); facilitating free and informed choice for the client; and facilitating internal commitment to the outcomes of the intervention.

Argyris also highlights (p.16) three areas where the interventionist needs to maintain awareness: how to maintain or increase the client system’s autonomy; how to differentiate even more clearly the boundaries between the client system and the intervenor, and to conceptualise and define the client system’s health independently of the intervenor’s (reflecting issues raised in Pellegrinelli’s research above); and be clear who is the intervenor helping. Schein (1997, 1999) describes six main types of clients (see Table 9 below) to differentiate between the different types of client relationships, which helps to raise the intervenor’s awareness of how the ‘helping’ relationship can affect different stakeholders in different ways. The client relationships in Project 3 are highlighted in Table 9.

Table 9: Schein’s client types (Schein, 1997, 1999)

Client Type	Description	Project 3 Intervention
Contact clients	The initial contact requesting assistance or advice	Head of NBA Head of HR
Primary clients	The individuals who ultimately ‘own’ the problem, and probably whose budget pays for the intervention	Head of NBA NBA Team managers
Intermediate clients	Individuals or groups who get involved in various intervention activities	Head of HR HR Manager responsible for NBA
Unwitting clients	Organisational members who will be affected by the intervention but do not realise it	Sales IT Mortgage Servicing
Indirect clients or Involved ‘non-clients’	Organisational members who are unknown by the intervenor but who know they will be affected by the intervention and may have positive or negative attitudes towards the intervention	
Ultimate clients	The organisational ‘community’ that may be affected by the intervention	Everyone in BIM Bank of Ireland Group

Schein (1999) offers ten principles (Table 10) to guide practice in consultation intervention “These principles do not tell me what to do. Rather, they are reminders of how to think about the situation I am in. They offer guidelines when the situation is a bit ambiguous. Also they remind me of what it is I am trying to do” (p.245).

Schein’s perspectives are in line with the realist approach being taken in this research, where the client and the consultant are jointly ‘deciphering’ and understanding the issues based primarily on ‘unobservable’ data, and developing the intervention and intervention outcomes. Schein’s ten principles together with the other perspectives discussed in this section provided a framework of issues to be considered during the design and implementation of this Project 3 intervention. These ideas are comprehensive in that they accommodate both ‘content’ and ‘process’ perspectives – the introduction of strategic information to guide the intervention combined with the involvement of the organisational members to influence the intervention course and outcome. The consideration of both content and process elements, at the appropriate phases in the intervention, are critical in order to ensure that sustainable change focused on the ‘right’ outputs and are connected to the ‘right’ change in organisational activity.

Table 10: Schein’s ten principles: the essence of process consultation (Schein, 1999, p.242-248)

1	Develop an effective relationship with the client with the client’s interests at the centre	“Always try to be helpful”
2	View all contacts in the client system as diagnostic information on the consultant/client relationship and the system, rather than making assumptions based on past experience	“Always stay in touch with current reality”
3	Be aware of assumptions, do not make premature judgements, engage in truly exploratory inquiry	“Assess your ignorance”
4	Be aware of consequences of all consultation intervention actions	“Everything you do is an intervention”
5	The client should define and own the problem and the solutions - the intervenor should not take on board problems or offer solutions: only the clients ‘knows’ what will really work in their context	“It is the client who owns the problem and the solution”
6	Work within the client’s situation – do not impose ‘alien’ models on the client Enable free and informed choice	“Go with the flow”
7	Choose the right moment when the client’s attention is available and they are ‘open’	“Timing is crucial”
8	Take some risks in intervening to provide new insights and alternatives	“Be constructively opportunistic with confrontive interventions”
9	Learn when the client reacts in an unexpected or undesirable way	“Everything is data – errors will always occur and are the prime source for learning” – or – “be prepared for surprises and learn from them”
10	Share the problem with the client and involve the client in deciding what to do next	“When in doubt, share the problem”

A further issue in terms of the mode of the research intervention is trust. A review by Edmondson and Moingeon (1999) of the intervention approaches adopted by Chris Argyris and Michel Crozier suggests that mutual trust between the researcher and the organisational members is an important element for successful intervention research, which they describe as a process that “leads to the production of valid scientific knowledge and is undertaken with the aim of improving the situation under study” (p. 159). They identify trust in competence and trust in intentions. Developing trust in competence requires the researcher to demonstrate a good understanding of the specific organisational context, and to operate in a mode where the researcher and the organisational members are jointly learning and developing solutions, rather than imposing the researcher’s prescription. Developing trust in intentions requires the researcher to believe that the organisational members have the intention and ability to change, and for the organisational members to believe that the researcher’s motives

are directed at the needs of the intervention participants, rather than driven by third party or the researcher's own interests. However, they caution that 'too much trust' can lead to dependence on the researcher. These perspectives are helpful in augmenting the framework described above to influence the style of the intervention in this research context.

4.3.2 Coordination

The results from Projects 1 and 2 have suggested that, in the case of BIM, effective inter-team coordination is critical in the successful delivery of perceived use value (PUV) to customers, enabling BIM to achieve high levels of customer satisfaction and hence business growth. The results also suggest that discretionary, rather than prescribed, activity plays an important role in these inter-team coordination activities.

Mintzberg (1983) developed an established model (p. 4-7, p. 294) for considering mechanisms by which organisations coordinate their work:

- Mutual adjustment achieves coordination through the simple but powerful process of informal communication – this is a fast, flexible and responsive mechanism
- Direct supervision is where one person takes responsibility for the work of others, issuing instructions to them and monitoring their activity – this is suited to simple, predictable work, and results in a hierarchical structure
- Standardisation of work processes achieves coordination by specifying or programming the content of the work, or the way it is to be done – again this is suited to predictable work
- Standardisation of work outputs achieves coordination by specifying the required outputs, but not the way the work is done – this gives the organisational members a high degree of autonomy (within the constraints of performance measurement)
- Standardisation of skills and knowledge (the work 'inputs'), where coordination is achieved through specifying the skills and training required to

do the job – this is suited to professional staff and more complex tasks, enabling greater autonomy for the organisational members

- Standardisation of ideology was added subsequently by Mintzberg – this mechanism achieves coordination through organisational members sharing common beliefs about the organisation’s direction and values – it leads to individual autonomy and flexibility to deal with complex situations, but bounded by a clear common ‘view of the world’.

Smith et al. (1992) have developed this framework by classifying mutual adjustment, standardization of skills and knowledge, and standardisation of ideology as intrinsic to the individual, and which can result in more autonomous and more highly skilled individuals who can cope in complex environments. In contrast, direct supervision, standardisation of work processes and standardisation of outputs are extrinsic to the individual, inferring centralised or top down control.

Nohria and Goshal (1997) describe formalisation and socialisation mechanisms for coordination and control. Formalisation covers prescribed processes, rules and edicts, whilst socialisation is important for building shared values and developing behavioural norms.

Effective inter-team coordination in BIM appears to be based primarily on coordination mechanisms intrinsic to the individuals (mutual adjustment, standardisation of skills and knowledge, and standardisation of ideology) and socialisation. The interaction is based in part on ‘effortful accomplishments’ (activities prescribed by managers or group members) but, once relationships have been established, activities become more ‘automatic responses’ (Pentland and Rueter, 1994).

Where inter-team coordination is lacking, the team leaders appear to adopt a paternalistic/protective control of their teams: they espouse commitment to the BIM values, and commit to skills development and informal communications, but appear to enact them only within their team, rather than across teams.

Schein (1994) provides a helpful perspective. He describes the organisation as “a system of ‘means-end’ chains wherein the means for personnel at a higher rank in the organization’s hierarchy become the ends for groups directly below them” (p.31). He suggests that this creates the likelihood that different parts of the organisation will as a result compete for resources or operate at cross-purposes. Schein suggests that to understand this situation one needs to understand the informal, rather than formal, organisation, the ‘whole person’ attitudes, feelings and perceptions, and the effect of subgroup norms. “As people identify with [their subgroup], their self esteem begins to be tied to its performance, and it becomes increasingly difficult for them to understand and empathise with the problems of other units or those of the organization as a whole...Achieving greater integration therefore involves...psychological procedures to improve communication and mutual understanding among the subgroups within the organization” (p.32).

This emphasises the need for an intervention approach that spans strategy and organisational development, in order to effect changes in coordination to deliver improved PUV to customers, but that addresses the issues at the micro level of organisational members, rather from a top down senior management perspective.

4.3.3 Inter-group issues

The preceding discussion describes *how* teams might be coordinated – part of the intervention problem. However, the other key part of the problem is *why* they should interact. Schein (1994) describes the organisation as a complex social system where individuals are integrated into “various groupings which...have patterns of cooperative, competitive, or indifferent relations to one another” (p.6). Individual and team objectives and incentives are often structured in order to establish competition rather than cooperation between teams. In addition, team ‘boundaries’ can sometimes be based on “managers’ functions, ranks, or geographical locations” (p.6). The ultimate effect is that “groups within the organisation [compete] with each other to the point of reducing their own ultimate effectiveness and that of the organisation as a

whole” (p.6). Tushman and Scanlan (1981) also discuss the problems of intra-group focus versus inter-group interaction: “Organisational boundaries separate specialised subunits from each other and from external areas...Specialisation and the existence of organisational boundaries are associated with the evolution of local norms, values and languages tailored to the requirements of the unit’s work...this specialisation is a double-edged sword, for it increases the efficiency of information processing within the unit, but simultaneously creates obstacles to information processing between the unit and external areas” (p.290).

Obviously, the need for effective inter-group relations is only necessary when it is a prerequisite for organisational effectiveness – as in the case of BIM, where the evidence suggest that in order to deliver satisfactorily against customers’ dimensions of PUV, the organisation needs to work effectively within and between departments. This enables BIM to solve problems, and to provide customers with a consistent experience however they ‘touch’ the organisation.

The issue in BIM is about inadequate interaction between teams within NBA, where the team managers focus primarily on their individual team rather than across NBA teams. The performance measures encourage the NBA teams to compete with each other, and to hold onto ‘good’ ideas – not to share them. When explored with team members, it becomes evident that this is not a malicious or deliberately destructive behaviour, rather it is ‘just the way things are done’. It is exacerbated by some obvious tensions between the team managers, and the physical layout of the open plan floor, with the filing cabinet ‘barriers’, that encourage individual team-focused, rather than Team NBA-focused, activities. Schein, in his description of “some consequences of intergroup competition” (1994, p.172 – 176) describes quite vividly some of the behaviours exhibited by NBA team managers and team members:

- The teams are closely knit and exhibit high levels of team loyalty
- The teams are highly task focused
- The teams see the other teams as competitors (‘the enemy’) rather than co-members of the broader ‘Team NBA’
- Interaction and communication with other NBA Teams is minimal

- A team perceives “only the best parts of itself ...and only the worst parts of the other group” (p.173)

Schein (1994) suggests ways to firstly reduce the negative consequences on inter-group competition and secondly to prevent inter-group conflict. These provide some guidelines for structuring this intervention, and for the types of outcomes that would be desirable:

- Bring leaders or subgroups of the competing groups into interaction
- Locate a superordinate goal
- Place greater emphasis on total organisational effectiveness versus team or individual effort
- Avoid win-lose situations
- Encourage high interaction and frequent communication between groups
- Encourage frequent rotation of members among groups or departments
- Enable experiential intergroup training

These guidelines were helpful in considering the structure of the intervention, and desired outcomes. The intervention was focused on bringing together the managers of the NBA teams to look at effectiveness in the context of the DBA research outputs and the organisational requirements for more productivity from the same resources. The intervention had to be managed in such a way that no team manager would feel marginalized, humiliated, or a ‘loser’. The outcomes from the intervention were to be determined by the organisational members, rather than be an ‘expert consultant solution’, but I was able to actively encourage the proposals that emerged that focused on team interaction, staff movement, and joint training and development.

4.4 Methodology

4.4.1 Overview

The research context

Project 1 revealed that NBA team leaders and teams exhibited inconsistent and less interactivity than other parts of BIM. The BIM management had separately been concerned about the apparent lack of ‘cooperation’ within and across NBA for the following reasons:

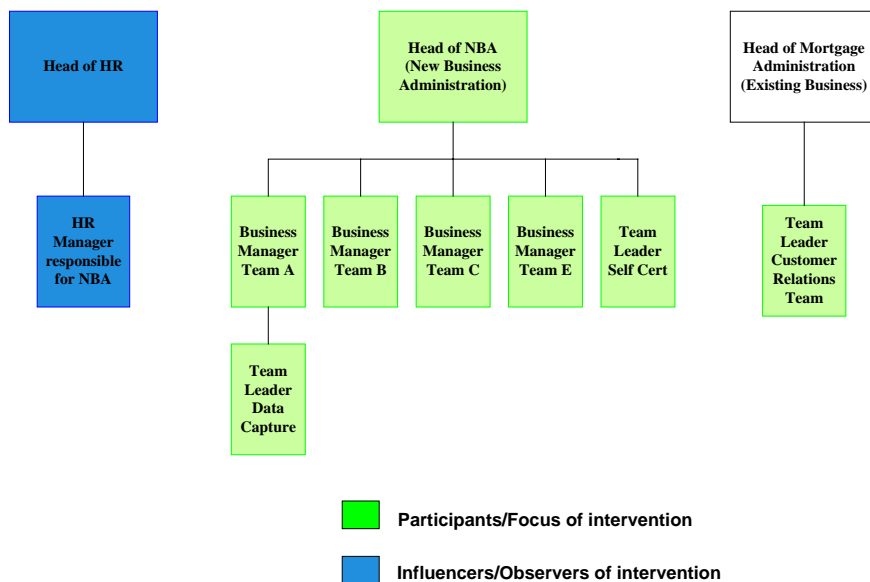
- BIM required greater resource capacity flexibility from its servicing and processing teams, as it was forecasting an increase in business volume from £1bn to £1.15bn but had no intention of increasing staffing: at present the NBA Teams were perceived to work separately in ‘silos’, dealing with a limited number of intermediary sources and were unable to deal effectively with increased and peaked volumes
- NBA was perceived as being poor at the transfer of process innovation and good practice – appraisals of NBA staff indicated that new practices had been invented but not communicated, and as a consequence process ‘wheels were being reinvented’ elsewhere in NBA
- A BIM employee survey showed that NBA staff gave below average scores (compared with the rest of BIM) on leadership and direction, communications and involvement, working relationships, and performance assessment: these issues concerned both the Head of NBA and the Head of HR, and were assumed to reflect issues with the Team Leaders or Business Managers of the NBA Teams

It emerged from discussions with the Heads of HR and NBA (and that I had already picked up in ‘corridor conversations’) that NBA was perceived poorly by other parts of the organisation – generally as ‘ineffective’. According to the Head of NBA, the NBA staff were aware of these perceptions and felt frustrated because they thought these perceptions were unjustified.

The Head of BIM HR and the Head of NBA invited me to undertake a consultancy intervention with the NBA management team, with the objectives of ‘improving the efficiency and effectiveness of NBA’. By this, the Heads of HR and NBA meant that the desired change was to increase NBA coordination and interaction in order to enable better resource utilisation and best practice transfer, ultimately to enable sustainable high levels of service delivery. The Head of NBA discussed this with his subordinate managers to establish whether or not they would be prepared to participate. They all agreed, mainly because they wanted to find a way to change, what they considered, to be the ‘false’ perceptions of NBA elsewhere in BIM. It was agreed that the project should be positioned positively as ‘building on existing success’ in order to minimise NBA staff feelings that they were ‘being singled out for treatment’.

Figure 13 shows the people who agreed to be involved in this process:

Figure 13: BIM Participants and Observers in the Intervention



The Heads of HR and NBA and the HR manager responsible for NBA ‘defined’ the NBA Management Team to include the Head of NBA, the NBA Business Managers and NBA Team Leaders (middle managers on different gradings but effectively doing the same job), together with the team leader of Customer Relations who until recently operated as part of NBA but had been ‘re-organised’ into Mortgage Administration (existing business rather than new business). However, this team continued to work with NBA Teams and is considered, by the Head of NBA, to be ‘close enough’ to be considered as part of the ‘NBA Management Team’. The Head of Mortgage Administration agreed with this view and was happy for this Team Leader to be involved in this intervention. It was also agreed that the Head of HR and the HR Manager responsible for NBA should be involved indirectly in the intervention process through interviews in order to get their perceptions of how the NBA Management Team ‘works’.

The research approach

As the aim of Project 3 was to intervene in order to effect performance improvement through increased inter-team interaction, an action research approach was adopted – specifically clinical inquiry, consistent with Schein’s process consultation principles.

Eden and Huxham (1996) define action research as involving “the researcher in working with members of an organisation over a matter which is of genuine concern to them and in which there is an intent by the organisation members to take action based on the intervention” (p. 526). Engaging organisations to become involved in this study implies an interest in the issue and an understanding and acceptance that there will be a positive effect on the organisation. The adoption of an action research approach requires that only organisations and organisational members that perceive importance in the issue actively participate. Furthermore, the research is likely to lead to change and action, which can then be incorporated into the research process itself. This characteristic of action research, the opportunity to learn and change as the research is proceeding, should result in more effective outcomes for the organisation involved as well as for the broader research findings. In addition, an action research

approach will force the research to be more flexible and responsive to individual firm's situation.

The research involved two levels of action research, specifically: second person action research for researching directly with teams and first person action research for 'discriminating awareness' (Reason and Heron, 1995) to investigate and develop the consultant intervention.

According to Schein (1987), the action research model assumes that "one cannot understand a human system without trying to change it [because] the essential dynamics of the system are assumed to remain invisible to the passive observer" (p.29). He sees the action research model underpinning the clinical inquiry mode of intervention, and he defines 'clinical' as trained helping professionals "who get involved with individuals, groups, communities, or organizations in a 'helping role'" (p.11). However, he does see action research and clinical inquiry as being fundamentally different. He argues "on the surface these models may seem to be the same [but that] they are drastically different in terms of their underlying assumptions and their implications for consultation practice. The fundamental difference derives from a consideration of whose needs are ultimately driving the inquiry and helping process" (Schein, 1995, p.14). Schein suggests that in clinical inquiry the intervention is rooted solely in the needs of the client, and that the intervenor makes sense of the organisation from the experience of the organisation as the intervention proceeds, implying a much more dynamic and interactive relationship between the intervenor and the organisation.

In the clinical inquiry model, underpinned by Schein's ten principles, the intervention is initiated by the client and is focused on their perceived needs "even if the person who ultimately ends up in the clinical role has manipulated the situation so that someone in the organisation will ask for help" (Schein, 1987, p.24). Also the intervenor is highly visible and distinct, in contrast to an ethnographic researcher. In the clinical inquiry model, "the primary source of organisational data is not what is 'out there' to be observed, but is in the careful analysis of how members of the

organisation relate to the outsider, the clinician” (p.30). Data gathering in clinical inquiry is focused on concepts of system ‘health’ - “toward problem areas that require remedial action, towards the dynamics of change and ‘improvement’. It is therefore normative in its orientation...” (p.40). Schein goes on to state that data gathering in clinical inquiry is in-depth but limited in breadth – limited to “only those areas that appear to be relevant to the problem the clinician and client are working on” (p.41). Table 11 reviews the intervention in this Project against Schein’s characteristics of clinical inquiry, in order to demonstrate that the approach taken is consistent with Schein’s perspective:

Table 11: Review of this intervention against Schein’s characteristics of clinical inquiry

Schein’s clinical inquiry characteristics	This intervention
The client initiates the process of inquiry	The ‘client’ as in the contact clients (the Heads of NBA and HR) invited me to undertake the intervention, although this was in part ‘manipulated’ by my feedback and discussions with these individuals about the outcomes of Projects 1 and 2. However, the invitation to intervene was primarily based on internally driven needs that were aligned to the DBA research outcomes and propositions.
Intervention precedes or is simultaneous with diagnosis, and is designed to improve system health	Projects 1 and 2 were both interventions leading to the definition of ‘system health’ in this case, but preceded the ‘formal’ diagnosis during the interview stage specific to the Project 3 intervention.
The client’s needs drive the process of inquiry and data gathering	They did, but perhaps fortuitously, because the client’s needs were so closely aligned with my view of system health, the process of inquiry and data gathering were focused on BIM’s needs and met my requirements.
Psychological contract: the client expects help in a defined area in return for fees	Partially – the deal agreed with BIM was that I would provide intervention help in return for full access to the relevant parts of the organisation and agreement to use all results and outcomes for the purposes of this DBA research – fees in kind.
Data gathering is oriented towards improving system health	‘System’ health’ was defined as effective inter-team coordination and data gathering looked at inter-team interaction and coordination, and its influencing factors, between teams within NBA and between NBA and other teams in BIM.

Table 11 Continued: Review of this intervention against Schein’s characteristics of clinical inquiry

Schein’s clinical inquiry characteristics	This intervention
The results of a given intervention can be predicted	I adopted an approach to this intervention, based on fifteen years experience as a consulting practitioner, that she felt was most likely to have the desired effect of moving the intervention participants towards the goal of ‘system health’. However, experience also suggests that it is difficult to ‘predict’ with any certainty whether or not an intervention will ‘work’ because of all sorts of extraneous factors that may affect the context. Inevitably the more iterations of an intervention approach that are undertaken, the more certain the intervenor can be of the likely outcomes. In this case the prediction was “I thought it might help to a certain extent, but is likely to be only the first step in a longer process”. The outcomes (see next section) suggest that this was a fair prediction.

Schein’s ten principles of process consultation (see Section 4.3.1) provide a framework of approaches that support the process of clinical inquiry.

4.4.2 Data sources

Selection of data sources

The rationale for deciding on the data sources selected have been described in detail in Section 4.4.1; the data sources fall into two types:

- Direct participants in the intervention process i.e. the Head of NBA (a ‘contact client’ and ‘primary client’) and NBA Management Team members (‘primary clients’)
- Influencers on the intervention process: Head of BIM HR (‘contact client’ and ‘intermediate client’) and the HR Manager responsible for NBA (‘intermediate client’)

Sampling

All direct participants and influencers of the intervention have been involved as sources for data gathering (i.e. contact and primary clients as defined by Schein).

Access and confidentiality

As has been described, I was invited by the Heads of NBA and HR to intervene, so complete access, from a senior management perspective was offered. I then confirmed access with all members of the NBA Management Team: obviously, since their manager had decided on this intervention they, in effect, had no option but to participate. However, as is documented in Section 4.5 (Results), the NBA Management Team were keen to participate as most of them perceived that there were team issues that they wanted to address. Due to my involvement in BIM in Projects 1 and 2, relationships had already been established with many of the intervention participants, and I perceived that there was a reasonable level of trust, subsequently confirmed and developed.

However, in order to maintain the levels of trust and cooperation, I made significant efforts throughout the intervention process to reassure all participants on issues of confidentiality, anonymity, and my intentions and competence.

4.4.3 Research methods and analysis

Data collection

Three main methods of data collection were used during Project 3:

- I undertook individual entry and exit interviews with all direct and indirect participants. These interviews were tape recorded and transcribed
- Two workshops were held during the course of the intervention process. Flipcharts recorded workshop outputs and research notes were taken during the workshops, both of which were subsequently retained and written up by researcher
- I maintained field notes of other key issues emerging during the process

Data analysis

There were two elements to the data analysis:

- Analysis of the *content* of the intervention, in order to progress matters to address the client's requirement
- Reflection on the *process* of the intervention, in order to inform the doctoral considerations

The interview data was transcribed and then thematically coded and visually analysed to look for key trends in both content and process issues. The flipchart data was captured to inform the content write up.

Generalisability and validity

Since the key phenomenon of interest is organisational knowledge, which is unique to the organisation, the specific research outputs will not be repeatable. However, the outcomes should be considered to identify areas that may have broader applicability. Similarly, the research outcomes need to consider conclusions about generalisability,

and to generate theoretical insight as well as being usable in everyday life (Eden and Huxham, 1996).

With respect to validity, Schein (1987) suggests that “building theoretical models of health and testing them against the observed responses to interventions is one way of conceptualising the validation process in clinical work” (p.53) and that “for clinicians, the ultimate validation test...is whether or not they can predict the results of a given intervention. If they can, such predicted responses validate their model or theory of what is happening. The validation is in the dynamic process itself...” (p.52). This can only be done on the basis of past experience, and will, therefore, become more ‘accurate’ with the more iterations that are undertaken. In this case there was only one iteration to test the theory of health; ideally, there should have been several but time constraints meant this was not possible within the doctoral process. Schein argues that clinical inquiry needs a fundamentally different way of assessing validity to other methods, because the whole nature of the inquiry rests on deliberate and active intervention by the intervenor. It is also complicated by the need to consider both the process outcomes and the intervention content outcomes. The OUP definition of ‘valid’ is ‘technically perfect or efficacious’, and ‘of arguments and assertions: well founded and applicable; sound and to the point; against which no objection can fairly be brought’. This implies two aspects: firstly, that the method and process adopted is rigorous and appropriate to the circumstances; and secondly that the outcomes are acceptable and appropriate to the people involved in the intervention and that they feel they have to a greater or lesser extent ‘solved their problem’.

4.5 Results

4.5.1 The intervention process and outcomes

Overview

The aim of the Project 3 intervention was to address an issue that arose from Projects 1 and 2 – namely how to encourage greater inter-team interaction in NBA: effective inter-team coordination has been identified as a key factor in enabling BIM to deliver superior service to customers, but NBA exhibits less interaction between its constituent teams than other parts of BIM. Projects 1 and 2 are an integral part of the overall intervention, as they revealed what was unique about BIM – effective inter-team coordination, and how this ‘uniqueness’ leads to the delivery of PUV to customers. Projects 1 and 2, therefore, provided essential ‘valid data’ in terms of the *content* of this intervention, and bounded the scope and aims of the intervention to increasing effective inter-team coordination to deliver effective service as perceived by customers. The *process* issue is how to effect this change, by turning knowledge into action with the people who will have to own and implement the change. The relationship and interplay between the content and the process elements is central to this project. The critical difference to this intervention compared with many strategically focused interventions, is that the ‘expertise’ that is being introduced is actually generated in the organisation – as the intervenor I am helping to obtain and structure that information and then manage the process intervention to encourage change - rather than applying external resource-based prescriptive solutions to this organisation.

The intervention approach adopted was influenced by seven main factors:

- The outcomes of Projects 1 and 2 constrained the scope of the intervention to service delivery and inter-team coordination
- The intervention aims were also defined by the client – i.e. in their terms they were seeking greater ‘efficiency and effectiveness’ through greater resource flexibility and less ‘reinventing the wheel’

- The contextual literature regarding consulting interventions (Section 4.3.1), the nature of inter-team coordination (Section 4.3.2), and inter-group issues (Section 4.3.3) provided guidelines for the structuring and implementation of the intervention
- The intervention was informed by, and flexible to, the interactions with the participants throughout the process, in line with Schein’s philosophy underpinning clinical inquiry
- As a practicing consultant, I drew on previous experience of interventions to shape and facilitate the process
- The requirements of the client for action oriented outcomes were critical
- The constraints on time availability and how long people could be released from their task focused activities for intervention related activities

The Project 3 intervention approach was driven by me but developed in conjunction with the contact/primary clients in BIM. The intervention process consisted of five main phases (summarised in Table 12 below) and extended over a four-month period.

Table 12: Project 3 intervention phases

Phase	Activity	Timing w/c
1	Meeting with Heads of NBA and HR and HR Manager responsible for NBA: Scoping the project	18/2/02
2	Individual interviews with Heads of NBA and HR and HR Manager responsible for NBA	6/3/02
3	Individual interviews with all NBA Management Team	12/3/02
4	Workshop 1 of NBA Management Team	23/4/02
5	Workshop 2 of NBA Management Team	24/5/02

The intervention approach adopted at each phase is discussed in the remainder of this section, looking separately at the ‘process’ (*how* the intervention was approached) and the ‘content’ (*what* was done and the outcomes).

Phase 1: Scoping the intervention

During Project 2, informal discussions with the Head of NBA and the Head of HR led to the idea of an intervention with the NBA Management Team. This emerged in part from the discussions about the Project 1 and 2 results, and also from concerns that the BIM Management Team had about NBA flexibility and effectiveness in the areas of good practice transfer and people management.

In order to develop these ideas, a ‘contracting’ meeting was held: I met formally with the Heads of NBA and HR and also the HR Manager responsible for NBA in order to scope the intervention. Appendix 1 shows the agenda for this meeting, which was led by me but with full participation and input from the other three meeting members.

At this meeting I clarified, from the perspectives of these individuals, the ‘problem’, whose ‘problem’ it was, who the participants for the intervention should be, and hence the ‘client’. In this case, the contact clients were the Heads of HR and NBA, but the primary clients were the Head of NBA and NBA Team managers – ultimately they owned the ‘problem’ and the budget. The HR Manager responsible for NBA is an ‘intermediate’ client, who would be involved in various intervention activities, but did not own the problem or budget.

HR had been working with NBA to try to effect a change in working practices and activities, but did not feel that they had made significant progress. The Head of NBA also felt frustrated that NBA Team Managers showed a reluctance to change, and was coming under pressure from his senior management team colleagues about these issues. He was further depressed by the widely held perceptions in BIM that NBA were generally downbeat, inflexible and un-innovative.

The tensions between HR and NBA became evident at this meeting, and that communications between NBA Team Managers and HR were variable and limited. The stakeholders at this meeting implied that the use of a ‘neutral’ body such as

myself would help diffuse some of those tensions, and reopen lines of communication.

An outline intervention programme was discussed based on a participative and interactive approach that consisted of individual interviews with all the primary and indirect clients, followed by workshops with the primary clients. It was agreed at this session that the proposed workshops would be co-facilitated by me and the HR Manager responsible for NBA. However, following the initial interviews this plan was changed (see Section 4.5.4).

This initial contracting meeting was critical in several key respects:

- It provided an opportunity for the ‘development of an effective relationship with the client’s interests at the centre’
- It clarified the ‘client’ and the ‘problem owners’
- It emphasised the intervenor/client relationship and boundaries: the intervenor was invited in with the express requirement to help act as a catalyst for change, and to challenge existing preconceptions – that is, to maintain ‘separation’
- It provided an opportunity to ‘gather valid information’. However, this was not the first information gathering undertaken by me. Information gathering had gone on throughout the preceding two projects, where my presence had already constituted an intervention
- It enabled me to ‘work within the client’s situation’ by starting to understand the client’s concerns and issues, and also their attitude and approach more generally to interventions; it helped to inform the intervention process in this case, and enabled me to understand how I might position myself with the broader intervention participants.

Phase 2: The management perspective

I then undertook individual interviews with Heads of NBA and HR and the HR Manager responsible for NBA in order to clarify the aims of the intervention from

their perspectives, obtain their perceptions of the issues facing the NBA Management Team, and to gather other relevant information for the workshop phase of the intervention. These interviews were unstructured (“What are your views on the issues facing NBA?”), and were taped, transcribed and thematically coded. I chose to undertake these interviews, in addition to the scoping meeting for the following reasons:

- I was aware that there were some issues that were not expressed at the scoping meeting and that would require individual confidential interviews to elicit: there were concerns that the Head of NBA was only prepared to admit when he was not with his senior management colleague, the Head of HR; the Head of HR and HR Manager had some issues about the leadership style of the Head of NBA that they were reluctant to discuss in his presence; the HR Manager had issues about her relationship with some individual NBA team leaders
- Individual qualitative interviews would provide greater insight into the ‘problem’ and also the contextual issues surrounding the intervention
- The interviews also provided the opportunity for me to understand and address issues which would give each individual greater comfort that the ‘right’ issues would be addressed in the ‘right’ way in the intervention

As I expected, a number of additional nuances and issues did emerge, although similar key issues came through from each interview. I already had good working relationships with the Heads of NBA and HR, both of whom seemed to use the sessions as a cathartic process to ‘unload’ their frustrations. The HR Manager was, however, a new contact, and this interview provided an opportunity to get to know each other and build some trust. The meeting was scheduled to last 45-60 minutes, but in fact lasted 90 minutes. As the HR Manager relaxed into the interview, she opened up significantly on her frustrations with NBA as a whole, and with certain individuals in particular. However, I was aware of a potential tension, as the HR manager had been working for twelve months with NBA trying to improve NBA/HR relations and NBA performance: there was the potential for the HR Manager to resent me as the issues being addressed by the intervention overlapped with her role. Consequently, I

was keen to make sure that the HR Manager felt involved and had some ownership of the process being developed.

Key themes that emerged from these interviews were as follows:

1. There were concerns expressed by all three individuals about the way in which the NBA Management Team operated both individually and as a team in the areas of leadership, skills, trust/honesty/openness, communications, independent working:

- *“They're generally good people, heart in the right place, but they are not as effective as they should be because they do not work effectively as a team - they're each doing their own thing in their own way, they don't share ideas...they think 'it's power to have information and puts me in a stronger position' and they want to have the best team...there's something they do that makes other people think they're out on their own.”* (Head of NBA)
- *“We get communications breakdowns, overuse of emails, all those sorts of things that create mistrust or score points - there are jealousies - when I was coaching Richard and get him to open up you find he is quite jealous because Alison has opportunities he doesn't - what he hasn't worked out is that he hasn't got the competences to be effective in that role.”* (Head of NBA)
- *“NBA has people who see themselves as technical experts and they don't want to shift outside this, so anything around the HR bits they don't feel comfortable doing...they're very good about interpreting technical criteria but there seems to be this total disconnect with interpreting HR policy - they want a prescription for everything”* (Head of HR)
- *“I don't want to beat them up and send them into victim mode, but I don't want them to hide behind the idea that that's how it was but now we've changed, yes they have moved on, but they're still moving on in a fairly insular manner rather than making offers to each other or to Andy from a team perspective... they're all quite analytical, but they care about their staff, maybe too much...delegation is a challenge to some of them, they overprotect their staff, or don't give the staff the opportunity to grow and develop.”* (Head of HR)

- *“To be perfectly honest, I think that Andy is the main blocker of change, he needs to kick ass basically to make change happen...and they need to have the right performance measures in place...Andy needs to have more of the courage of his convictions because they know how to work him.”* (HR Manager)
- *“You can watch them coming out of meetings and two of them will pair off for a separate chat...everyone just wants to get on with their jobs and says why should I change I'm getting on OK so they watch their own backs...I think they think 'my team's doing OK' and that's their horizon...there seems to be a reluctance to share ideas, I don't know if it's because they don't want to be show offs, or that knowledge is power.”* (HR Manager)

2. There were concerns expressed by the Heads of NBA and HR about the way in which the teams within NBA do (or rather do not) work together – it was perceived that they work independently or and do not share skills and good practice:

- *“In the morning meetings they share out work but they don't share out best practices - I just don't think they think to do it.”* (Head of NBA)
- *“If you look at the staff survey, reward and recognition is the one where everybody's low, but NBA is lower than anybody.”* (Head of NBA)
- *“They know that volumes are going up but that there's no more resource so they have to work smarter and bring down the barriers so it's [got to be] team NBA rather than team A, B, C”* (Head of HR)

3. There were concerns expressed by the Head of HR and the HR Manager about the relationship between NBA and HR:

- *“I think there's limited trust, as far as NBA Team Managers and Deirdre, there's a lot of work that's been done there and it is better, there is limited trust, they are meeting on a regular basis...I don't want to be unfair on Andy, but I'm sure when there have been difficult decisions it's not a case of 'I believe' rather it's 'HR says', so his managers say 'bloody HR again'.”* (Head of HR)
- *“There had been a bit of a breakdown between NBA and HR in the past, so I've been working hard to try and sort that out over the last year - I think it was due*

to perception, they thought we were keeping score, so I've been building relationships and trust so they will come and talk to me...I go to part of the OR but they're still not that comfortable with me - they don't like to air their laundry in front of me - so they don't see me as part of their team...I think they think 'oh it's only Deirdre, she not very important she doesn't have real authority' and so they won't always listen to me.” (HR Manager responsible for HR)

4. All three individuals mentioned the poor perceptions of NBA elsewhere in BIM:
- *“The staff can feel battered because there's been a lot thrown at them...and it's not always fair because if we look at the strides we've made recently we've come a long way...the goalposts keep moving and what may have been acceptable in turnaround times and the suchlike just aren't now...at times it disappoints me that there isn't an acceptance that we're doing really well.” (Head of NBA)*
 - *“Comments I have heard are that NBA think they're the only ones who work hard, that they are the only ones who win the company five star service, from the senior management team past and present, that NBA Team Managers are not effective - in managing and motivating their staff, leading them through change, accepting that the only way we're going to survive is by constant change and improvement...there is a lot of running with the hare and hunting with the hounds in that NBA managers quite often don't buy into senior management decisions, rather than selling the benefits to staff they fall in with them and say 'well we've been dumped on again' - they can be victims.” (Head of HR)*
 - *“The perception that they're not seen as a team is I think because Sales have such a strong voice in the company, and Sales guys meetings are much more cut to the chase...because NBA are all underwriters they're much more pessimistic because that's the way they are, but when Sales go to NBA meetings they think they're so pessimistic and down that it leads to a bad perception, they get really impatient, and that's quite powerful...I think that's why they're wary about having moles in their meetings.” (HR Manager)*

The issue of performance metrics was also raised by the Head of HR, with the acceptance that they focus on quantitative not qualitative measures, and maybe do not promote the ‘right’ behaviours:

- *“The whole senior management team are at fault here - we're not helping them by having the right measures in place, so it's all the hard measures - which are important, but that's all they focus on, in term of measuring the performance of each of the managers I don't think we've focused enough on all the people measurements - the soft bits - that they need to be aspiring to, and there needs to be a bit of a sea change at senior management level too in terms of discussing the balanced scorecard...staff satisfaction in NBA is not the lowest but it's not high.”* (Head of HR)

Phase 3: The NBA Management Team perspectives

I then undertook individual interviews with all NBA Management Team members (eight 60 minute interviews) in order to:

- Introduce the research feedback from Projects 1 and 2: this was partly to ‘close the loop’ with those people who had been involved during the data gathering phase of Project 1, and to provide a contextual piece for the intervention
- Understand the Management Team members’ perspectives and identify their issues on the current and desired NBA situation, and also on this intervention
- Get to know the people who had not been involved in the Project 1 data gathering

This cohort comprised the most important participants in this intervention as they were the ‘majority’ of the primary client, owners of the ‘problem’ and had to become the owners of the ‘solution’. A thorough understanding of the perspectives of these middle managers was essential, as they are implementors as well as formulators. At this point, I did not know if this cohort perceived that there was a problem, or, if so, what that problem might be. Consequently, the guidelines ‘be aware of assumptions, do not make premature judgements, engage in truly exploratory inquiry’ and ‘obtain

valid information and insight that describes the factors, plus their interrelationships, that create the problem for the client system' were critical in guiding my inquiry. It would have been very easy to have taken the issues as described by the Heads of HR and NBA and the HR Manager (who had a particular perspective due to her less than satisfactory relationship with NBA) and used those to structure the workshops. However, I believed that it was important to involve all the NBA Management Team in order to ensure that they felt engaged in and owned the process, as well as providing data to define the problem.

These interviews were loosely structured around the two questions: "What are your views on the issues facing NBA? What do you think about this project?". They were taped, transcribed and thematically coded. The key themes that emerged from these interviews were similar to the issues raised in the senior management interviews, which suggested a degree of alignment, but there was much greater depth and richness in the management team perspectives.

The management team members 'used' these interviews in different ways. Most used it as a an opportunity to address frustrations, that they had not otherwise articulated to each other or their manager, about their views that the team managers did not work well together, and frustrations about the NBA Manager's leadership approach. However, one manager thought everything was fine within the team and that there was no need for an intervention: he used the interview to argue that no change was required, and to discuss his career aspirations. Another manager seemed disengaged from whole management process, and did not perceive that she had a significant role to play in the NBA management team; she was recently promoted, on a lower grade to the other managers, and reported directly into the team manager mentioned in the previous sentence, rather than the NBA Manager. These interactions made it clear that the intervention process needed to flush out previously un-discussed issues, help develop a shared understanding of the issues that all the managers perceived, and to be inclusive to emphasise the *team* aspects of the management team.

The interviews went some way in building relationships and trust with the management team members, but inevitably there was some scepticism – not actually about the process, rather about whether change could happen. However, the process of talking through the issues as they perceived them, in an unstructured way, did appear to make the individuals feel more involved in and committed to the process.

Key themes that emerged from these interviews were as follows:

1. There were concerns expressed about the way in which the NBA Management Team operated as a ‘group’ rather than a ‘team’ with a lack of communications and sharing of skills:
 - *“I think there are some issues facing NBA...I don't always feel included in the management team, with there being so many of us it's very hard getting us all in the same room at the same time...and then to try to get us all to agree on something is a nightmare, there's something that tells me that the structure's not right, but is it the structure or the people who get together...if I want to raise something I prepare a straw man proposal and talk them through it otherwise it takes too long.”*
 - *“...I was quite left out of things in the past, which I spoke to Andy about, silly things like they'd call in most managers and team leaders but they wouldn't include me...if I didn't need to be involved it would have just been courtesy to say 'we don't need you for this because'...”*
 - *“We don't do enough sharing of information”*
 - *“I don't think we see each other enough but I don't think it's possible to see each any more than we do at the moment... I don't think we use each others' strengths enough at the moment - I don't think we're aware of each others strengths at the moment, what are we all good at...we see each other once a week in the OR and that's quite formal, it's been some time since we all went off site...Part of our problem is there's so many of us and you get us together in one room and we all want to have our two penn'orth - they feel they have to say something to be involved.”*

- *“I think we work a lot better now than we used to, but there's definitely room for improvement, I think we need to be aware of other people's strengths; we should work to our strengths and let the right person make the decision, rather than everybody trying to decide, we do spend a lot of time pushing things round and round...we do a fair amount of managing by consensus and that can be quite frustrating at times.”*
- *“I wouldn't say we were a group, and I wouldn't say we were a team - we're somewhere in between - this time last year we were a group, and we're now moving to be a team.”*

But one individual saw a different picture:

- *“I genuinely don't think that any member of NBA Management has any axe to grind with any other member of NBA Management - from time to time people will disagree but it's all a flash in the pan and we're all working in the same direction... We get together every day to share work out, looking to cover absentees...if process things come up we'll discuss them...and then we have the weekly meeting on a Wednesday morning...”*

2. There were concerns about the way in which the teams within NBA ‘work’, mainly around a lack of consistency and sharing knowledge:

- *“I don't think we're reaching our full potential...I think it's very inconsistent across all the teams...you get feedback from sales that it's not consistent...we hold promises into Andy about having relationships with Sales but we don't have any about having relationships with each other [within NBA] ... We share work but not best practice.”*
- *“I don't know if my staff feel part of the bigger NBA team...there is a feeling that one team doesn't really trust what we do.”*
- *“I think what's absolutely important is the attitude and consistency in the people you've got...you want to know what you're going to get as a customer, but it doesn't always happen.”*
- *“John is in Team E and they may have better exchange conversations [with Sales] now, but it's not best practice across the board.”*

- *“It's a lot better than it was 12 months ago...but there's probably still an element that we still don't share success very well - I think because there's a perception that we're competing against each other, comparing app' to offer between teams, we don't look at the implications and say 'why are Team A doing it so much better', they always tend to hoard things, but if you go and ask them, the information comes out.”*
- *“It's easy to tell your team, but not so easy to get another business manager to buy in and tell their team...it can be hard for individuals without the support of teams to sell their ideas across the board.”*
- *“Team E do things slightly differently and there isn't the same level of interaction, but what we've started to try to do now in order to get more interaction and also to try to develop some of the staff, for mortgage cases up to 250k, Team A staff are now taking those and underwriting them with someone from Team E to help Team A staff get a bigger mandate and to get them working closer with Team E - some people think they're a bit elitist they're not, it's just that they're dealing with bigger mortgages...it's a way to break down those barriers... Team F are separate and that was by design but I don't think that's right, and I think in time that will evolve, I don't think self cert should be so different... Team S will again do something different, so because they do something different, they are different.”*

But again there were some different perspectives:

- *“I think [we're] doing very well actually, there have been times in the past when offering to help and sitting in other teams was frowned upon, but now there's been movement to give more support to other teams.”*
3. There were some quite polarised views on the relationship between NBA and HR:
- *“ Personally I have doubts about HR...At the Wednesday morning meeting, we raise concerns, business managers talk about their promises, we have reps from sales, marketing, IT and HR there for that, and then there are housekeeping issues, which we tried to do openly, but we found we were washing our dirty linen in public, and that was coming back to us, so we ask*

them to leave for that - nobody else was doing that, and we were setting ourselves up, and it left a nasty taste... HR is I believe an issue, I do have great concerns of trust, staff would say if you've got a secret you want kept a secret don't tell HR."

- *"I get on fine with HR because I work very closely with Deirdre...others don't, I don't know that they realise what she's capable of...when you start to go into the touchy feely stuff they don't trust each other, and definitely not HR"*

Some individuals felt that the relationship with Sales needed to be improved:

- *"...our biggest relationship is with Sales and that needs to improve, it's more reactive than proactive, I do not think the exchange conversations actually happen unless we force them to...my perception is that if anything bad comes out of the exchange conversations then the brokers don't get to hear about it...the impact is that my team don't see much point in the meetings because if something's bad nothing gets done and it's the same in three months' time...I know that's happened in the past."*
- *"Around exchange conversations, maybe they need to be redefined...several underwriters in my team will have a good relationship with a broker and also with Sales and they will regularly go out with Sales to visit that broker - that's an exchange conversation, they might only be once every few months, but because there's face to face contact that triangle will keep going round and they'll sort out the problems...we need some redefinition what an 'exchange' is."*

4. Several of the Management Team members raised issues about perceptions of NBA elsewhere in the business, and their frustrations at what they perceive to be unjust:

- *"I think we're seen as underachievers, which is based on historic perceptions that may not be true now, and we're underwriters so we tend to look for the problems...and I think we let ourselves down and don't tell people about our changes."*

- *“I think a lot of the problem is historic; NBA has always been put on this pedestal and anyone who gets a chance to knock us off will, so things like the app to offer are very obvious and when it's bad they criticise...it's very difficult because you don't want to gloat, but I don't think people know what we've done to improve, and it's difficult to change their perceptions.”*
- *“We used to do a lot of dirty linen washing in public as well - I think we do like to beat ourselves with a stick, and if you do it in front of other people they're left with that perception, so we decided to do housekeeping just for us without the others...you wouldn't see that with other departments, so we thought why do we do this to ourselves. “*
- *“I think we've been quite futuristic, we've invited them to our meetings and shown them warts and all, we've only recently been invited to the Sales meetings but this is only a ten minute slot, so I think we've been quite open...but once the perception is there it's hard to shift...we would have a bad reputation for absenteeism but that's not actually correct, there's a perception that we don't effectively manage people, but I don't think that's true...The thing for me is how to shift those old perceptions because I find it very frustrating that perceptions are well out of date, and I think Andy doesn't always challenge enough about what is the problem...Andy will go to the management meeting, there are people in the senior management team who are very sharp and logical, and I think Andy owes it to himself and us to go armed with the facts and not to waffle.”*

5. Several people mentioned that they felt the performance metrics did not put enough emphasis on the qualitative aspects of service delivery:

- *“I don't think we've got the right measures in place, I don't think anyone's really looked at them closely, they don't encourage teamwork or sharing.”*
- *“I think what we don't pick up on are the intangibles like attitudes which are very hard to measure - things like their willingness to share their knowledge and impart knowledge...it's hard to quantify in short timescales...I encourage my people if they get compliments to make a note of these, because otherwise I don't get to know....we're very British we don't like to blow our own trumpet*

but we've got to preserve ourselves...In our team meetings we will try and say public thank yous and celebrate where things have gone well...we have our monthly brief where we try to share things across NBA.”

- *“...I think we probably haven't got the performance measures right, MIS is great, but it tends to be purely quantitative and not focused on quality...”*

Phase 3 revealed that a number of the NBA management team had concerns that were consistent with the outcomes of Projects 2 and 3 and the issues raised by the senior BIM managers. However, it also revealed that there were differing interpretations and a lack of a shared perspective on the issues facing NBA. The intervention process needed to address these issues in the subsequent phases.

Phase 4: Workshop 1 of NBA Management Team

It was agreed to address the issues raised during the interviews at a workshop of the primary clients. Workshops are an established way of working at BIM, which everyone is used to and finds acceptable, and this approach in this context builds on several of Schein's (1994) suggestions of ways of reducing inter-group conflict. The workshop format brings leaders of the competing groups into interaction, and encourages high interaction and frequent communication between them whilst they participate in experiential development. In this case, the outputs from Projects 1 and 2 provided a superordinate goal which placed greater emphasis on total organisational effectiveness versus team or individual effort. The critical issue in managing the workshop, in view of the some of the differences of opinion that surfaced in Phase 3, was to avoid win-lose situations.

In advance of the workshop, I prepared a pre-read note, using data from all the interviews, for circulation to all participants; this presented the feedback in a non-attributable way and posed questions for discussion at the Workshop. The note also provided a way of presenting further information about the research feedback and the BIM context for the intervention (this pre-read note is attached as Appendix 2:2). This approach was adopted for the following reasons:

- This enabled the participants to consider the feedback in advance and come armed with views and ideas
- The timing at the planned workshop was limited to 4½ hours – providing a pre-read reduced the time needed to impart information at the beginning.

The workshop objectives and agenda were refined after all the interviews and agreed with the Head of NBA prior to circulating the pre-read.

Before the NBA Management Team interviews, it had been envisaged that the Workshops would be co-facilitated by me and the HR manager responsible for NBA. However, clear animosity emerged towards HR, and the particular HR Manager, from some (but not all) NBA Management Team members, which would inevitably inhibit or distort the workshop discussion. I discussed these issues with the HR Manager. This was a difficult conversation as it reinforced to her some of the relationship difficulties with NBA she had previously encountered. However, she agreed that she would not attend this first workshop, and that it would be facilitated solely by me.

The objectives of this first Workshop of the NBA Management Team were to get NBA Management Team members to identify issues underpinning need for change in NBA, to buy into need for change, and to identify action related tasks for completion for Workshop 2.

All members of the NBA Management Team participated in the workshop, which I facilitated. This was run as an interactive participative session, using the pre-read to stimulate discussion. Ideas were generated using cognitive mapping techniques with Post-It notes, and flipcharts were also used to capture outputs. I retained all the workshop output materials and wrote up a summary note documenting the outcomes.

The participants reviewed and discussed the pre-read note contents, identified the areas they felt had the greatest impact on NBA effectiveness and efficiency, and generated thoughts on the implications of the issues raised.

This approach was adopted for the following reasons:

- The workshop structure was deliberately designed to be flexible, in order to accommodate the needs of the primary client and ‘fit’ with the way in which they wanted to operate: the agenda was flexed during the workshop to enable the primary client to focus on those areas they felt were most important.
- The workshop approach enabled the primary client to identify the ‘problem’ and the implications, and hence take ownership of the problem.
- The feedback of unattributable issues enabled the opportunity to be “constructively opportunistic with confrontive interventions”: with respect to issues about how the NBA Management Team worked together, one Business Manager insisted that he did not recognise the picture painted by the feedback (“I just don’t see it like that”) – he perceived that the Management Team worked well. Certain other team members argued against him; I then asked people to indicate by a show of hands, whether they agreed that there were Management Team issues to be addressed: all seven other team members raised their hands. The Business Manager accepted that there must be some issues that he could not see, and that this was a valid area for the Management Team to discuss.

As a result of this workshop, the participants identified four areas that they wanted to address, and which have an impact on inter-team interaction and coordination:

- ‘How can we in the NBA Management Team develop a better understanding of each other’s perspectives and strengths and create a better management team climate?’
- ‘How can we improve the overall NBA structure and the structure, operations and interactions of the constituent NBA teams?’
- ‘How can we improve the way we work with Sales to improve customer service?’
- ‘How can we improve the relationship with HR in order to obtain maximum VFM from HR?’

Members of the team agreed to work on one question with another member of the Management Team, in order to prepare an outline plan for discussion at a second workshop. At my suggestion, they agreed to work with someone with whom they would not normally work. This suggestion was made to encourage them to ‘break away’ from their usual patterns of interaction, and develop relationships with other colleagues and a better understanding of their skills and strengths.

At the end of this workshop I asked the participants whether or not they would like the HR Manager to be invited to the second workshop. After some discussion they agreed they would, in order to ‘signal’ a change in the way in which they wanted the relationship to be developed.

A copy of the outcomes note that I prepared for the NBA Management Team is included as Appendix 2:3.

Phase 5: Workshop 2 of NBA Management Team

The objectives of this second Workshop of the NBA Management Team was to get the NBA Management Team members to present some outline action frameworks to address the questions they had identified at Workshop 1 and then to agree the priority actions.

Again a workshop format was used, and I ‘pushed’ the ‘ownership’ of the meeting onto the NBA Management Team, with me adopting a more ‘backseat’ role of commenting and challenging, and helping them to agree priorities, rather than running the session (“maintain or increase the client’s autonomy”).

As a result of these discussions, the NBA Management Team agreed actions related to:

- Making the management team work ‘better’ together through better communications

- Making the NBA teams work closer together in order to make better use of resources and to share good practice in order to become more consistent
- Improving the communications and dialogue between NBA and Sales
- Improving understanding and communications with HR in order to improve the relationship with HR

A number of the solutions devised by the primary client incorporate aspects of Schein's (1994) suggestions on ways to reduce the negative consequences on intergroup competition and to prevent inter-group conflict. The activities fall into the category of 'effortful accomplishments' (Pentland and Rueter, 1994) in that the Management Team members will have to 'think' and 'make the effort' to make these happen.

I captured the flipchart outcomes of this workshop on behalf of the NBA Management Team and these are attached as Appendix 2:4.

4.5.2 Exit interviews with all intervention participants

Exit interviews were undertaken with all participants, in order to obtain their perceptions on the intervention process and outcomes. These interviews were taped, transcribed and thematically coded. Key themes that emerged from these interviews were:

- Overall reactions on the outcomes from the intervention – generally they were positive about what emerged from the sessions, but sceptical that any change would result
- The barriers to implementation of the priority actions agreed
- What needs to be implemented to 'make change happen'
- Perceptions on the process – again generally positive but sceptical that any change would result

Each of these is discussed in more detail below.

Outcomes resulting

Participants did feel that some valuable outcomes had resulted:

- *“Overall I think there will be some good stuff that will come out of this and feel quite positive about that.”*
- *“There was a lot of leg work but people were coming up with some really good things.”*

But some were cautious/pessimistic about whether or not the actions would be implemented – mainly as a result of unsuccessful previous experiences:

- *“The success as far as I'm concerned is whether we can react quickly, be flexible. We've sown the seeds and we've got to see if those seeds grow”*
- *“...I'm one of the longer serving managers, I've been through this process on at least two occasions prior to this one and I think its fair to say that the actions agreed on previous occasions were never carried through, events overtake, and although we come away from the day thinking that was really good, you look back and you think probably that was a waste of time.”*

Others were concerned that contextual changes might render the agreed actions inappropriate:

- [Have the right sorts of issues come out] *“At the moment, yes. I think, like anything, things change so whilst we may have achieved all this, within six months it could be obsolete and there could be a fresh set of issues.”*
- *“[In the past] we've done an awful lot of talk and agreement, come to a lot of conclusions which don't seem to have been carried forward. Whether that's because of time and too much pressure, we've certainly found ourselves at a peak, everyone working really hard, lots of overtime and four months later those actions probably don't apply any more.”*

Barriers to implementation

Most participants were concerned that actions that they thought were worthwhile would not be collectively implemented. The barriers to implementation fell into three categories:

- Lack of leadership and ‘change champion’:
 - *“We are all extremely busy and that means we need a powerful driver and I'm not sure Andy is that driver. We're busy doing the job and if he wants us to do something different he's really got to push us. We need to get smarter at planning a whole year.”*
 - *“...Andy needs to take control on everything, he's all for being democratic but I don't agree with it. You can talk about it for hours and hours but someone's got to make the ultimate decision.”*
 - *“...the leadership thing is an issue, I saw in their reference to consensus management, lack of direction, lack of leadership and it is frankly difficult to know how to coach him through all that again. He knows what is needed but he needs to tell them what he wants and to make sure there are consequences to their lack of delivery.”*
- The overall collective effort required:
 - *“Something Richard said, the very first issue around the timing of the workshop, and I thought this is about everything going forward, not about 'we don't have enough time for this', we're talking about actually working differently together. I just thought there was a lack of 'oomph' in the room.”*
 - *“ My slight fear would be that there are practical things to do and I have some concern around people's commitment. I looked at across the room at some of the body language, the mouth is saying yeah, yeah, I am totally behind you but the body language is saying I want to be out from here and that is some of my concern.”*
 - *“They don't make time, they are so entrenched in doing the technical bits and double/treble checking the applications that the underwriters are doing because it's their comfort zone.”*

- Events outside of NBA’s control:
 - *“...there is no point making wholesale changes with the structure's alignment, teams and all the rest of it with the thought that we'll have to change everything.”*
 - *“I think the concern I have on this is that we know that in eighteen months time, probably some time in 2003 when we get our new computer system, its going to drive a number of things.”*

Making change happen

Participants mentioned a number of process actions that they feel are required to help ‘make change happen’:

- An overall control and review process:
 - *“What we're trying to bring in is a level of consistency, you want people to try new things, you want to do it in a controlled way, measurable, make sure it does work. It does want some control mechanism.”*
 - *“I think we should review it. Because we had the second workshop and we were given a time and had to be prepared for that. Although we've set our time scales up, it might be worth getting together again just to have an update to see how we're getting on. Just because one person might be tied up and can't give it their all, doesn't mean somebody else can't step into the breach and help out just to make sure it does go on.”*
 - *“The whole issue of OR, the style, the content, frequency of meetings etc, as a whole is up for review, so maybe this is part of the framework for actually reinventing the OR if you like. Of actually being more open and transparent, to interact more as opposed to being very insular. I think if there is something to come out of it in a positive sense in terms of how we view, how we work and interact together best then that in itself should actually give a more positive side.”*

- *“...we've got to revisit this regularly so that we can update each other on what's happening and how we're doing with it and that these ideas are not being lost.”*
- *“With this team, Ian, Richard, Margaret and Carol will never have been through that process before and that's four members out of a seven-man team. The last time we did it was a good year and a half ago...I think it should be once a year, and keep the same agenda so that we can work from it... It needs somebody to monitor this, to keep a check to see if something is still important to us.”*
- **Prioritise the ‘priorities’ – there was a feeling that too many actions had been identified:**
 - *“To ascertain what are the main priorities, what are the things that are really important to us, that's the conversation we need to have...”*
 - *“The activities of keeping NBA moving forward is right but there is a lot of work to achieve and focus is needed at a higher level, but we need to consider where the best gains will come from, look at the issues which would improve business with variable priority levels. There is also other projects coming in and there is substantial work to be worked on.”*
- **Encourage more teambuilding across the NBA Management Team:**
 - *“I think NBA Management Team need to be more a lot more open with each other and I think social events are a good place to start and think its fairly low risk, you start [to be] a lot more comfortable with people and begin to get to know them...I have got to know Alison an awful lot better and perhaps some of my previously held ideas or perceptions of her have totally changed ...I can really see where Alison is coming from, whereas I couldn't before but that is only because of spending some time with her.”*

Perceptions on the process

In order to understand the participants' perspective on the intervention, they were asked to give me honest feedback on the process they had been through. They often got sidetracked into talking about outcomes, but a number of useful points were made about the process itself:

- Most participants said that on the whole they enjoyed the process and thought it worked well:
 - *“The feedback I had from both sessions was very positive.”*
 - *“I actually enjoyed the days, I think a lot came out of that.”*
 - *“The second meeting was absolutely brilliant.”*
 - *“I thought it was very well paced and structured, kept to the agenda well, I guess it's difficult to get the best out of individual characters and you did a good job. I think it's very difficult to try to get everyone to open up and some people find it very difficult to do, but I think everyone participated. I am not sure if anyone was open with some of the issues, or whether they were obliged to say that they were the issues, I only think time will tell”*
 - *“It helps to get the issues out on the table, I'm struggling to think of how one could have done it in that time scale so from my point of view, in terms of the actual content, I thought it was well structured, well paced, everybody was engaged, people were challenged...”*
 - *“[The initial interviews] gave us a lot more focus. I think the fact that the exercises were broken down so that two people were responsible for one section and two people responsible for another was very good. If it's all left to seven or eight people, it tends to get lost, it's building up a trusting relationship with your peers.”*
- Several participants felt the style of intervention had enabled discussion that they might otherwise not have had:
 - *“People could support comments without upsetting anybody. It enabled people to see the strength of other people's convictions, the fact that it might not have been an issue for them but it was an issue for*

seven out of eight. It was depersonalised. It helped people who might not be comfortable with confrontation.”

- *“That was a good way of doing it, if you recall the feelings around the room at that time were some people were more open to it than others so I think that was a good way - I found that quite comfortable. Because it was anonymous, you didn't feel that you were putting a signature to it, or speak out in a room...The majority of people felt the same.”*
- A couple of participants said they found the DBA input very useful – most however took it as a ‘taken for granted’:
 - *“It brought a focus to it. We have sustained a good service level for a number of years, so there's got to be something there.”*
 - *“Certainly not irrelevant because it is key. But I don't know whether it was predominant in its profile.”*
- One participant mentioned that it was useful having an ‘outsider’ helping to drive the process:
 - *“You need consultants to drive things through, not to accept the excuse that we make about time, and how busy we are. We don't do that enough.”*
- Some participants found parts of the process ‘too busy’ with lots of information:
 - *“The only negatives I heard was the amount of work we tried to get through and the amount of subjects we tried to cover.”*
 - *“ I think we crammed an awful lot in, it was very busy and felt a little bit oppressive towards the end of the first day. Once we'd gone through it once or twice we could see where we were all going.”*
 - *“I thought the second session was very good, [but] the first session was hard work.”*
- A couple of participants found they had to go into personal ‘discomfort zones’, but found that the process helped them move through that to a more constructive state:

- *The first session that we did to start off with I felt a bit uncomfortable. One is that I had always felt I wasn't welcomed in NBA ...so when we went to that first meeting I felt just like that again, here we go again, but then I was included in all the discussions and it worked out alright.”*

4.6 Discussion

4.6.1 Introduction

This intervention was specifically aiming to encourage more inter-team interaction/coordination, in order to align internal activities to the delivery of customer value – effective inter-team coordination having been identified during Projects 1 and 2 (in effect, the initial diagnostic phase of the intervention) as a critical factor in the delivery of dimensions of customers’ perceived use value. However, in a different case, the initial diagnostic phase would probably have thrown up completely different factors for success that would have required a different intervention. The issue for this discussion is what has been learnt from this intervention that can be used to inform future interventions involving the alignment of firm specific resources to customer perceived use value. Schein resists categorising interventions as his focus is “on the more fundamental question of figuring out what will be helpful in any given moment in the evolving relationship...knowledge of many different kinds of interventions does not substitute for the know-how of sensing what is needed ‘right now’ ...in fact having a skillset of interventions ‘at the ready’ makes it harder to stay in the current reality because one is always looking for opportunities to use what one believes oneself to be good at” (Schein, 1999 p. 245). Arguably, this is absolutely critical when dealing with idiosyncratic firm specific resources, where the intervention has to ‘fit’ the circumstances rather than being generic.

In order to address the question of ‘what has been learnt’, I have reflected on the following issues:

- What can be learnt from this intervention that can be used in other similar interventions?
- How did the client feel about this intervention?
- What are my reflections on this intervention?

4.6.2 What can be learnt from this intervention that can be used in other similar interventions?

The intervention process in this Project is focused on increasing inter-team coordination to improve customers' perceptions of service delivery through an intervention with the organisational members to enable to sustainable change. This has strong 'content' and 'process' elements. Firstly, the intervention process had a major and substantive 'content' element – the outputs from Projects 1 and 2. This involved strategic consultation skills in identifying the macro-competitiveness factors, organisational development skills to understand the factors affecting system health (Schein, 1994), and then – critically – linking these together to develop a comprehensive 'inside-outside' view of how the firm might achieve competitive advantage. Secondly, the intervention required a process consultation approach (Schein, 1999) whilst maintaining a clear focus on the strategic issues, in order to work towards achieving sustainable change. Combining the content and process elements provides a platform for a change intervention focused on aligning service delivery activities with customers' requirements, by creating action from 'knowledge' from an external source but with people who will use it and need to 'own' it.

Section 4.2.1 discussed issues to be considered in the design and implementation of consulting interventions, primarily based on Schein's Ten Principles (1999), but also including perspectives from Argyris and Pellegrinelli, which are summarised in Table 13 overleaf.

This section reflects on how these principles and guidelines were applied (both consciously and subconsciously) in this intervention, and the learning that has resulted.

Table 13: Consulting intervention principles and guidelines

	Guideline	Schein’s Ten Principles: The Essence of Process Consultation (Schein, 1999, p.242-248)	Other Sources
1	Be clear who the client is i.e. who the intervenor is helping		Argyris (1970) Schein (1997)
2	Be clear on and differentiate the boundaries between the client system and the intervenor		Argyris (1970) Pellegrinelli (2002)
3	Develop an effective relationship with the client with the client’s interests at the centre	“Always try to be helpful”	
4	Maintain or increase the client’s autonomy		Argyris (1970)
5	View all contacts in the client system as diagnostic information on the consultant/client relationship and the system, rather than making assumptions based on past experience	“Always stay in touch with current reality”	
6	Be aware of assumptions, do not make premature judgements, engage in truly exploratory inquiry	“Assess your ignorance”	
7	Obtain valid information and provide insight that describes the factors, plus their interrelationships, that create the problem for the client system		Argyris (1970)
8	Be aware of consequences of all consultation intervention actions	“Everything you do is an intervention”	
9	The client should define and own the problem and the solutions – the intervenor should not take on board problems or offer solutions: only the client ‘knows’ what will really work in their context	“It is the client who owns the problem and the solution”	Argyris (1970)
10	Work within the client’s situation – do not impose ‘alien’ models on the client Enable free and informed choice	“Go with the flow”	Argyris (1970)
11	Choose the right moment when the client’s attention is available and they are ‘open’	“Timing is crucial”	
12	Take some risks in intervening to provide new insights and alternatives	“Be constructively opportunistic with confrontive interventions”	Argyris (1970)
13	Learn when the client reacts in an unexpected or undesirable way	“Everything is data – errors will always occur and are the prime source for learning” – or – “be prepared for surprises and learn from them”	
14	Share the problem with the client and involve the client in deciding what to do next	“When in doubt, share the problem”	

1. ***“Be clear who the client is i.e. who the intervenor is helping” (Argyris, 1970; Schein, 1997):*** Schein’s client types provides a framework for considering the various ‘players’ in the intervention and helps to maintain a balance and focus on the different client relationships. In the NBA intervention, the Head of HR played a dominant role in engaging the intervenor but is not a primary client. This is a critical guideline to ensure that the ‘right’ people, who need to own the problem and the solution, are kept central to the intervention, and that non-primary clients are managed appropriately.

2. ***“Be clear on and differentiate the boundaries between the client system and the intervenor” (Argyris, 1970; Pellegrinelli, 2002):*** As friendly relationships had been built up with a number of NBA staff since the start of the DBA research in 2000, there was always a danger that I could become too ‘close’ with the primary clients which would inhibit the ability to be “constructively opportunistic with confrontive interventions” (guideline 12) and could lead to assumptions being made which inhibit “truly exploratory inquiry” (guideline 6). Maintaining a model of intervenor/system boundaries helped to minimise this potential.

3. ***“Develop an effective relationship with the client with the client’s interests at the centre” (Schein, 1999):*** Schein’s mantra of “always try to be helpful” is enormously valuable in keeping the focus on the client and ensuring flexibility in the intervention and the relationship. In particular, it forces the intervenor to avoid the consultant-centric or generic solution, which is critical when dealing with an intervention looking at firm specific resources.

4. ***“Maintain or increase the client’s autonomy” (Argyris, 1970):*** In this NBA intervention there were points when there was a strong temptation for me to reduce the client’s autonomy by providing solutions or ‘taking the problem away’ – for example, providing a ‘prescriptive’ model for inter-team interaction or taking over the running of the second workshop. However, this guideline not only helps to increase client autonomy and minimise consultant

dependency, it also forces the intervenor to get the client to own the problem and the solution.

5. ***“View all contacts in the client system as diagnostic information on the consultant/client relationship and the system, rather than making assumptions based on past experience” (Schein, 1999):*** This guideline is most helpful in situations where there is a longer term relationship between the intervenor and the client, as is the case with the NBA intervention, and hence preconceptions about how the system ‘works’. In the NBA case, I had found one NBA Team Manager difficult to deal with during the Project 1 data gathering stage; he was outwardly helpful but only to achieve his own aims which were to resist change. For the Project 3 intervention, I had to ‘park’ preconceptions of this individual in order to ensure that I was able to ‘hear’ what he was saying without prejudice. This guideline is closely aligned to the next guideline (6), I perceive it can most usefully be interpreted and applied at the level of the individual rather than the system.

6. ***“Be aware of assumptions, do not make premature judgements, engage in truly exploratory inquiry” (Schein, 1999):*** In contrast to guideline 5, I have interpreted this to be at the level of the system. In the case of NBA, I had spent a lot of time in BIM during Projects 1 and 2, which inevitably had filled me with “preconceptions, defenses, tacit assumptions, hypotheses, stereotypes, and expectations” (Schein, 1999, p. 11). In order to ensure that, as an intervenor, I could function in line with guidelines 2, 3, 4, 5, 7, 8, and 9, it was critical to approach the intervention with a ‘clean sheet’, but capitalising on the established trust and relationships. This often requires the intervenor to ask basic or ‘idiot’ questions to avoid making assumptions and maintain ‘separation’ (Pellegrinelli, 2002).

7. ***“Obtain valid information and provide insight that describes the factors, plus their interrelationships, that create the problem for the client system” (Argyris, 1970):*** Although this guideline has a ‘content’ element, it is still

fundamentally concerned with how the process aspect of the intervention is managed, and seems to be an omission from Schein's ten principles. Argyris's interpretation appears to focus on valid information pertaining primarily to the internal aspects of the system, and not to extrinsic factors that will affect system health. Specifically, as a result of this research, it is proposed that valid information which makes the link between firm specific resources, the delivery of perceived use value, and system health, is critical in enabling "an effective relationship with the client to be developed that has the client's interests at the centre" (guideline 3). The intervenor can help the client surface those idiosyncratic 'tacit' resources that contribute to success (Ambrosini, 2001), and provide insight about internal *and* external factors that bridge the strategic and organisational development perspectives.

8. ***"Be aware of consequences of all consultation intervention actions"*** (Schein, 1999): I noticed early in the Project 3 intervention that certain activities within NBA had changed since the Project 1 data gathering – for example some 'pockets' of cooperation had developed in NBA. Whilst I would not claim that the data gathering and subsequent interventions had directly influenced these changes, it became evident that some conversations and discussions during data gathering had prompted some activity changes. This brought home the fact that every contact point with the client has some effect, and can, if managed inappropriately, have implications on guidelines 4 and 9.

9. ***"The client should define and own the problem and the solutions - the intervenor should not take on board problems or offer solutions: only the clients 'knows' what will really work in their context"*** (Schein, 1999, Argyris, 1970): This, in conjunction with guidelines 1 and 7, seems to form one of the central 'planks' to the intervention, particularly when dealing with firm specific resources where, because of the potential 'tacitness', only the client will be able to 'make change happen'. However, some organisational members find it easier to look to the intervenor to take the problem away; the

issue for the intervenor is to work out how to give the problem back without appearing 'unhelpful'.

10. “Work within the client’s situation – do not impose ‘alien’ models on the client; Enable free and informed choice” (Schein, 1999, Argyris, 1970): I was aware that, in order to encourage change that fitted with my perception of system health, the NBA Management Team had to be given the opportunity to address the issues which they felt were of most importance. My primary objective was to get greater interactivity across the NBA Teams; the NBA Management Team’ primary concern was themselves – getting them, as a management team, to work better together. It became evident in the interviews that unless this issue was addressed first, then there would be a ‘blockage’ to discussing inter-team cooperation: if the managers would not cooperate together, then there was no way that they would let their teams cooperate. I, therefore, enabled this discussion at the first workshop.

11. “Choose the right moment when the client’s attention is available and they are ‘open’” (Schein, 1999): This is a difficult guideline to work to: just because the Heads of HR and NBA were keen to proceed with this intervention, it did not mean that the NBA Management Team members would be, some were and some were more recalcitrant. I found that by following guidelines 9 and 10, letting the managers take ownership and talk about what they wanted to talk about, helped to remove the feeling of senior management ‘imposition’ and facilitated the engagement of the less committed participants.

12. “Take some risks in intervening to provide new insights and alternatives” (Schein, 1999, Argyris, 1970): This was an important element of Workshop 1, when it became clear that one member of the Management Team perceived the world very differently to his colleagues: this was known but not talked about (a classic ‘elephant in the corner’). By maintaining the client/intervenor separation (guideline 2) and providing valid information (guideline 7) I

managed a constructive confrontation that enabled the team to discuss these differences in views more openly than they had done before.

13. “Learn when the client reacts in an unexpected or undesirable way”

(Schein, 1999): Fortunately, this was not an issue in this intervention.

However, past experience of this type of occurrence has taught me to a) not react defensively and b) to reflect on what in the consultant’s interaction may have provoked this response.

14. “Share the problem with the client and involve the client in deciding what to do next”

(Schein, 1999): This is aligned closely with guideline 9, the client can only own the problem and the solution when they have had some role in deciding what they are. I involved the contact and primary clients at various stages in ‘deciding what to do next’, both at planning stages but also ‘on the hoof’ during workshops – for example, whether or not to invite the HR Manager to the second workshop.

This intervention involved a balance of both expert content and process elements. As a result of this reflection, the extended list of guidelines and principles shown in Table 13 provides a helpful framework for considering the design and implementation of a consulting intervention such as this; the Argyris and Pellegrinelli perspectives add to, rather than duplicate, Schein’s ten principles. However, of these, three elements appear to be the most central to ‘being helpful’ in this type of intervention context:

- Firstly, ‘clearly establishing who the primary client is: as the focus of this intervention is unique to the firm, and more specifically unique to certain organisational members, it is essential to involve the ‘right’ people in order to surface the unique resource and enable a sustainable change intervention. This guideline is a critical process element in making sure that the intervention is directed at the ‘right’ part of the organisation. Often, strategic consulting interventions tend to reside with more senior managers, and the ‘change intervention’ is an add-on, which does not involve the people being affected in the formulation of the change. This research, with its attention on idiosyncratic

firm resources, would substantiate that the strategic change required can only be achieved through involving the ‘right’ people from the beginning.

- Secondly, obtaining valid information and providing insight on internal and external factors that affect system health: the outputs from Projects 2 and 3 provided information that was not known by the organisational members, but that they could understand and accept, and that helped define ‘system health’ in this case. This information delimited the intervention, by defining the scope (i.e. service delivery) and aims (i.e. increase effective inter-team coordination). This is the critical ‘content’ element of the intervention where the intervenor can add greater insight to the organisational and competitive dynamics. The issue for the intervenor, however, is how to introduce this information in such a way that the client can take ownership of it and formulate sustainable solutions, rather than developing a prescriptive external solution.
- Which is why, thirdly, helping the primary client to take ownership of the problem and the solutions is the other critical process element of the intervention. In this case, the process involved one-to-one interviews as well as workshops and ‘out of workshop’ discussions. In other situations, dealing with different firm specific resources and different cohorts of organisational members the approach may be different. The important issue from the intervenor perspective is to be able to introduce the ‘valid information’ and to structure the intervention in a way that is relevant and appropriate to the specific context: a prescriptive blueprint is not likely to succeed.

The other guidelines and principles appear to facilitate the intervenor in achieving these key tasks, as discussed earlier in this section.

4.6.3 How did the client feel about this intervention?

Schein's underlying philosophy to clinical inquiry states that the client should be the focus of the intervention and this suggests that the client is a key arbiter to comment on the intervention. This section, therefore, reflects on the client's reaction.

Immediately following this intervention, the contact clients were cautiously optimistic that the intervention would address in some way some of the concerns that had driven the invitation to intervene:

- *“Well, I fail to see how there can't be some positives output from this. If we get 10% that is a step in the right direction ...I honestly think through you we have made a massive step forward – but I am under no illusion at all, if they are given the opportunity to let it get lost, it will be, but I am determined it won't happen.”* (Head of HR – contact client)
- *“The feedback I had from both sessions was very positive...I think it has moved us on but now we've got the hard bit.”* (Head of NBA – contact client and primary client)

The views of the remaining primary clients have been detailed in Section 4.2.

Although they seemed to 'enjoy' the process, they were a lot more cautious about the chances of any change resulting as a result of their previous experience of organisational inertia. However, many suggested that further iterations of the process should be considered.

At the time of the exit interviews (May 2002) the contact clients said that they would like me to return, but in 'commercial' consultant mode, to undertake a review intervention with the NBA Management Team in the latter part of 2002. This invitation was formally extended in September 2002, and a review session scheduled for December 2002.

The contact clients perceived that progress has been made in the areas of NBA Management Team relationships, the relationship between NBA and Sales (confirmed

in a conversation with the Head of Sales), and the relationship between NBA and HR (this may, in part, be because the HR Manager involved in the initial intervention has now left BIM): in these three areas many of the priority actions identified during the initial intervention have been fully or partly implemented. However, the contact clients did not feel that enough progress has been made on the ways in which the NBA teams work together:

- *“They’re coming together and sharing some of the good practice, but I think there’s an awful lot more of that they could be doing... I’d like to see more evidence of sharing best practice within the teams, less parochial, to see individuals making bigger offers on behalf of their colleagues to take things forward – so rather than each of them jealously guarding their own area, taking a leap of faith and saying, I will do all of that for all of the team. Some of that might be happening but I’m not seeing the evidence.”* (Head of HR)
- *“There are still inconsistencies in terms of how one team would work compared with another team and probably inconsistencies on how the individuals within the teams approach different situations... there’s been some good stuff happening as a consequence of the actions we decided to take, but there’s still frustrations...we’ve been doing stuff, but to be truthful its been hopelessly slow.”* (Head of NBA)

This is in line with my ‘prediction’ of the results of the intervention – it has helped in some areas but did not solve all the ‘problems’.

However, the Head of HR and NBA were satisfied enough with the initial intervention and outcomes to have confirmed the contract with me for a second phase intervention on a full-fee paid-for basis: “In the clinical model, the source and focus of energy is in the client system...The client not only initiates this process but continues to fuel it through the continuation of the request for help...This initiative and continued commitment is symbolised and made operational by the client’s willingness to pay for the services rendered” (Schein, 1987, p. 32).

4.6.4 My reflections on the intervention

In line with Schein's underlying philosophy on clinical inquiry, it is critical to reflect on how I related to BIM and vice versa throughout the entire intervention (that is Projects 1, 2 and 3) in order to understand what was happening in the organisation. I perceive that I was viewed at various times as an 'expert', a friend, a confidante, and a negotiator. The 'expert' positioning arose initially because of the DBA research, which lent some legitimacy to my being there in the first place. This was reinforced as the results started to emerge, other aspects of my consulting experience became more evident, and the process of intersubjective sensemaking proceeded; because organisational members seemed to feel that I had a reasonably good understanding of the organisation, it gave them more trust and confidence in my 'expert' knowledge. It also increased feelings of trust and confidence in me as a 'friend' or 'confidante'. The one-to-one interviewing process was evidently a cathartic process for most people, when the personal divisions came to the fore, and it was possible to identify fairly quickly which individuals were presenting the greatest barriers to increased coordination. They tended to be more 'candid' and tried to win me over to their perspective – not, however, in a malicious way, but more because they were very paternalistic and wanted to 'protect' their teams. However, I was conscious that most of the different stakeholders had vested interests in allowing me to be involved with this intervention. The Head of NBA was frustrated about the various NBA 'issues' documented elsewhere in this project and his apparent inability to bring about change: he avoided confrontation, and saw me as a 'vehicle' to tackle the issues of which he was aware but reluctant to 'push'. The Head of HR and the HR Manager were undoubtedly using me as an intermediary instrument to stimulate change because they could not work with NBA, this was symptomatic of the problem we were addressing. Most NBA managers were keen to see greater cooperation and coordination between the NBA teams, but, because of past experience, were sceptical that change could happen, but felt it was 'worth a go' with an outsider. However, as mentioned previously, a couple of NBA managers did not perceive any problems and wanted to maintain the status quo, so tried to persuade me to their case. I was aware of these different agendas, and the interviewing process gave me the opportunity to gain

deeper insight into the different perspectives and the dynamics of the individual relationships. I believe I was perceived as a ‘researcher’ rather than a paid-for consultant: consequently, the participants in the intervention perceived me as ‘safe’ and ‘unthreatening’, and not acting as an agent of senior management. Perhaps, had I come in to the intervention as part of a formal consultancy assignment, the relationships with the participants may have been different, and they may have been more guarded, but I suspect that the relationship dynamics would still have surfaced, albeit that it may have taken longer.

Overall, this intervention ‘felt’ moderately successful: the primary clients did take ownership of and focus on inter-team issues both within and outside NBA; some difficult confrontational discussions were managed constructively which has helped ‘unblock’ some NBA Management Team issues and resulted in improvements (as perceived by the primary clients). Action oriented outcomes focussing on improving inter-team interaction were developed and have been partially implemented, so meeting the objectives of the contact and primary clients; and the workshop approach enabled the co-creation of management knowledge around improving working relationships and service delivery.

However, at the end of the initial intervention I had a number of concerns/questions that need to be addressed in further iterations of the intervention development:

- Did the action outcomes focus on the ‘right’ actions that will deliver value to customers? They ‘felt’ appropriate, but an approach needs to be developed to achieve greater clarity, with the development of some appropriate measures of performance.
- How can the intervenor ‘help’ with the broader organisational issues? For example, the macro organisational performance measures may force the primary clients to behave in a way that negates the change initiatives they wish to implement – how can change at the macro level be facilitated? The issue of appropriate performance measures to encourage appropriate behaviours is critical (Bourne and Neely, 2002; Neely et al., 2002), in particular how to

ensure that the macro organisational measures are consistent with and do not conflict with the 'micro' measures at the level of the intervention

- The style of language and presentation of 'informing' inputs needs to be refined – in particular feeding back the research findings in order to provide the model of 'system health'.
- Too much interview data was also fed into the process.
- What can the intervenor do to 'help make action happen' and minimise the risk of the self-fulfilling prophecy of 'these types of things never work'?

Nonetheless, the interplay between content and process elements in this exploratory intervention would appear to provide the beginning of a framework to address the management of firm specific resources as a source of competitive advantage through:

- Understanding in detail what customers value from a supplier
- Understanding what resources enable or inhibit the supplier from delivering that value
- And then undertaking a strategically focused change intervention to align firm resources with the delivery of value to customers.

5. Contribution

5.1 Summary: Review and Contributions

This research has looked at how to manage the unique resources of firms in order to achieve a competitive advantage. It emerged from work that I was involved in as part of a client/consultant team developing and implementing a major programme of benchmarked customer satisfaction research. The customer satisfaction research results indicated significant complexity in what customers wanted, with aspects such as relationship building and consistent delivery of service promise coming high on the list, and suggesting a complex inter-relationship of people, knowledge and more tangible assets. However, the line managers tended to focus on easy-to-understand tangible assets as the solution, for example concluding that a new computer system was the way to fix problem. The ‘people’ aspects tended to be dismissed as ‘personnel’ issues, the province of HR, and not fundamental to the way the organisation was delivering to customers. I had been doing some reading around ‘know-how’ in organisations, but I not come across any tools or frameworks that could help me get managerial focus on these ‘fuzzier’ aspects of the organisation.

This gap in information prompted this research journey. Having started to explore the resource-based and knowledge-based views, it became clear to me that my ‘gut feel’ about the complexity of the resources required to deliver value to customers was underpinned in the academic literature. This reinforced my view that the challenge for management is being better and different from the competition in order to maintain a competitive edge. The concepts of firm specific resources and tacit knowledge suggested a way of developing this ‘different-ness’, but also challenged my thinking about how these might be managed: it became evident that traditional top down strategic interventions is not the way to get sustainable change.

I was able to undertake the research in the organisation that had initially sparked my curiosity in this subject. This organisation incorporated two very similar businesses; they were both mortgage lenders via the intermediary market, they competed with one

another, had many similar systems, processes and customers in common, and were under the same strategic constraints. However, various pieces of customer research had indicated that customers perceived one business (IMC) as a poor performer, whilst the other (BIM) was perceived as a good performer. I wanted to find out why, despite the many similarities, these businesses performed so differently.

Project 1 investigated how service delivery activities varied between the two businesses; the results revealed that the two businesses had much in common, but there was a distinct difference in the incidence of inter-team coordination, with more inter-team interaction in BIM, although this was mostly unmanaged by managers. However, the critical issue for this research was whether this increased inter-team coordination made a difference to customers. So, Project 2 explored whether there was a link between what customers valued and increased inter-team coordination. The results suggested that, assuming the lender cleared the initial hurdles of providing the 'right' products and rates, then there was a link between effective inter-team coordination and the delivery of service elements that were important to customers. Finally, Project 3 explored some of the managerial and consulting implications of trying to manage firm specific resources such as inter-team coordination, by undertaking a clinical enquiry to start to identify the dimensions of an intervention to link the macro-competitiveness factors with the micro activities of firm.

The overall contribution of this research concerns the management of idiosyncratic firm resources: specifically, how to conceive of and manage those people and knowledge resources that are unique to the firm, which have a significant tacit component, and that are often overlooked by managers who tend to focus on explicit and easy-to-understand resources. The research has:

- Provided confirming empirical evidence that a firm specific resource, such as inter-team coordination, can help a firm achieve a competitive advantage
- Considered:
 - The management of firm specific resources
 - The linking of firm resources to what customers value

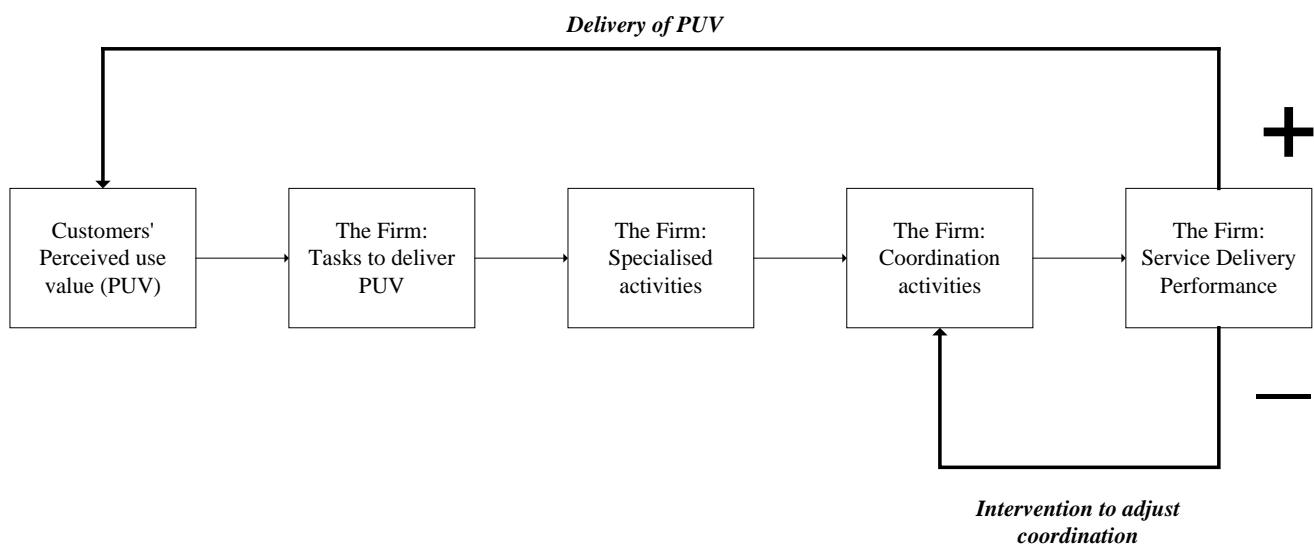
- Developing consulting interventions that combine strategic and organisational aspects
- The potential importance of inter-team coordination as a strategic resource
- Developed mapping approaches to connect customer and organisational perspectives
- Made a contribution to practice with a content and process based intervention to address the ‘fuzzier bits’ of organisations

This has been a fine-grained study that has connected customers’ perceptions of use value to the way in which the firm ‘chooses’ to deliver this value, revealing the idiosyncratic firm resources that *enable* the delivery of value. In the financial services cases explored in this research, the two organisations have divided the key component elements of mortgage processing into specialised activities, which are essentially similar in both organisations. However, the specialised activities are not adequate in themselves to deliver satisfactory mortgage processing; they require coordination, and this is where the critical difference between the two organisations exists, in terms of the ‘choices’ made. However, ‘choices’ implies a proactive decision that is not really accurate, as in neither firm was the management really aware of the importance of inter-team coordination in helping deliver value to customers, and, therefore, was not actively managing this aspect of the organisation. In BIM, although some cross-organisational coordination was prescribed, the bulk of the coordination arose from the activities of organisational members themselves, in an environment, in terms of both organisational values and the physical/social structure, that enabled this type of contact to occur in most parts of the organisation. In contrast, in IMC the organisational values and physical/social structure did not encourage inter-team contact.

So, at one level, the firm specific resource that helps to deliver perceived use value to customers and facilitates competitive advantage is inter-team coordination. However, the other critical strategic resource is the management knowledge that inter-team coordination is crucial, and that it is an organisational activity where intervention can

affect performance. In these cases, where the specialised activities were coordinated effectively, the organisation was able to deliver value to customers. Where coordination was inappropriate and ineffective the organisation was not able to deliver perceived use value and intervention was required to adjust coordination appropriately (See Figure 14 below).

Figure 14: Service delivery performance and intervention



The other essential aspect of management knowledge is the understanding of what customers perceive as 'value'. In both businesses the focus tended to be on rate, products and service, but the latter only viewed at a high level. This study has demonstrated that a *detailed* understanding of customers' dimensions of perceived use value can inform the managerial choices on organisational activities at the *micro* level, therefore providing clarity and focus on intervention (Figure 14), and enabling managers to manage these hitherto 'unmanaged' aspects of the organisation.

To reiterate, this research has explored a range of strategic, organisational development, and change management issues relevant to management practice, and

has contributed to the resource-based view and to the understanding of coordination mechanisms and consulting interventions. Specifically, this research has:

- Empirically identified ‘resources’ in action, and confirmed these are resources because they are valuable, informal, unmanaged processes that are culturally specific to the organisation and are difficult to imitate or transfer: that is, they demonstrate the so-called VRIN attributes of being valuable, rare, inimitable and non-substitutable
- Identified these resources in a fine-grained way, in contrast to most resource-based studies which look at resources at a higher level
- Linked resources to value, rather than making assumptions about what causes success
- Empirically supported the theoretical arguments of the resource-based view
- Explored an intervention approach for managing resources

The individual constituent contributions are discussed in further detail in the rest of this section, and are summarised in Table 14 overleaf in terms of the domains of contribution and the extent of contribution.

Table 14: Summary of Areas of Contribution

Domains of Contribution	Extent of Contribution		
	What has been confirmed	What has been developed	What has been found which is brand new
Theoretical knowledge		<p>Management of idiosyncratic firm resources that can deliver fine-grained differences in PUV</p> <p>Linking dimensions of PUV to organisational activities</p> <p>The dimensions of the consulting process: linking strategy and organisational development</p>	Inter-team coordination as a strategic resource
Empirical evidence	RBV - idiosyncratic firm resources as a source of competitive advantage		
Methodological approaches		Mapping – PUV to organisational activities	
Knowledge of practice		Thematic change intervention for the management of idiosyncratic firm resources to improve service quality	

5.2 Individual contributions

Contributions to Theoretical Knowledge:

- *A framework for considering how to manage firm specific resources*
- *The linking of firm specific resources to customers' dimensions of perceived use value*

The primary contribution is the development of managerial thinking about how to manage idiosyncratic firm resources, that is 'managing the unmanaged'. This is rooted firmly in the resource-based view, but provides a link to organisational design and hence ways in which managers might be able to intervene and manage.

Much of the literature on the resource-based view talks about 'resources' at a fairly abstract and macro level (Penrose, 1959; Barney, 1986; Barney, 1991; Grant, 1991; Dierickx and Cool, 1989; Hamel and Prahalad, 1994). For a resource to contribute to sustainable competitive advantage and deliver value to the firm ('earn rents') it must be 'strategic'; that is, be rare or unique and "exploit opportunities and/or neutralize threats in a firm's environment" (Barney, 1991, p.105). Although these ideas are conceptually valuable, they do not easily relate to everyday management from a practitioner perspective. Furthermore, the delivery of value is often taken as implicit, or based on internal perceptions of what causes success, rather than demonstrating how resources deliver value to customers.

This research was designed deliberately as a fine-grained study to understand 'resources' in detail, and to reveal what are *strategic* resources by demonstrating links with customers' perceptions of use value, rather than making assumptions based on, for example, internal perceptions of what causes success with customers. This has involved considering a methodology that could be developed to help managers manage and leverage resources, by achieving alignment between internal activities and external factors that affect competitiveness.

In this study, the strategic resource that has been identified as contributing to a competitive advantage is effective inter-team coordination. This has the qualities of a 'resource' as it is context specific, internally developed, and unique to the firm in terms of the way it is enacted. It is also difficult to imitate, in part because even the managers of the organisation were unaware that this was an important contributor to their success. This largely 'unmanaged' resource is influenced by the firm's culture, current position and history,

However, developing this managerial awareness about the resources that help deliver value to customers, and how to manipulate these resources, is, arguably, a critical capability that the organisation needs to develop in order to develop *long-term* competitive advantage. The inter-team coordination activities are resources that integrate specialised activities and combine knowledge, and without intervention they may well persist possibly leading to core rigidities (Leonard-Barton, 1992). The management challenge is to ensure that this coordination results in the appropriate alignment of activities to deliver value to customers. This suggests that, in these cases, the dynamic capability that needs to be developed is the managerial understanding of, and intervention with, coordination activities such that the "dynamic capabilities can be used to enhance existing resource configurations in the pursuit of long-term competitive advantage" (Eisenhardt and Martin, 2000, p. 1106). Eisenhardt and Martin define dynamic capabilities as "the antecedent organizational and strategic routines by which managers alter their resource base – acquire and shed resources, integrate them together, and recombine them – to generate new value-creating strategies" (p. 1107) and state that "long term competitive advantage lies in the resource configurations that managers build using dynamic capabilities, not in the capabilities themselves" (p. 1117). They suggest that dynamic capabilities can have commonality across firms in terms of best practice in processes, "the functionality of dynamic capabilities can be duplicated across firms" (p. 1106), and so while the specific implementation may be unique, the underlying principles can be transferred between firms.

Winter (2003) describes dynamic capabilities as “those that operate to extend, modify or create ordinary capabilities” (p. 991). He argues, however, that there is a cost associated with developing dynamic capabilities that may not be realised in equivalent benefits; change can also be achieved through ‘ad hoc problem solving’ that incurs lower costs to the organisation, and may provide a more flexible response in more dynamic environment. Winter does not elaborate on a methodology for assessing this cost/benefit analysis, but it would be interesting to attempt this assessment for coordination dynamic capabilities. Arguably, the dynamic capabilities required to manage coordination activities are relevant in both more stable and more dynamic environments, to enable reconfiguration in response to both internal (e.g. cost cutting) and external (e.g. changes in customers’ expectations) influences. Appropriate dynamic capabilities require an understanding of the strategic resource, as surfaced in this research, and the organisational factors that can affect their presence and performance. Although the coordination routines themselves may be firm specific, the relevant managerial routines are likely to be codifiable.

Therefore, although, in the cases in this research the resource of inter-team coordination is unique to each firm, the principle of effective management of that coordination is a best practice that could be adopted more broadly; however, this is likely to be easier said than done. Knott’s (2003) recent research with franchises adds some interesting issues to Szulanski’s (1996) perspective on best practice ‘stickiness’, in which he highlighted causal ambiguity, the absorptive capability of the recipient, and an ‘arduous relationship’ between the source and the recipient as key barriers to best practice transfer. Knott suggests that routines do not have to be ‘very tacit’ to inhibit transfer – rather the incompetence or overconfidence of the recipients can act as an isolating mechanism. With incompetence, the recipients are poorly informed; with overconfidence, the recipients deliberately choose to ‘change’ best practice. So Knott’s research suggests that even with well codified routines, the activities of the receiving organisation may well lead to variable success in transferring the routines for managing inter-team coordination.

Making the connection to value from the customers' perspective is a critical contribution, and is worth highlighting as a contribution in its own right, as well as a vital component of the overarching framework. This linking of firm specific resources to what customers want from a service provider (i.e. customers' dimensions of perceived use value) required a detailed understanding from customers about what they wanted from their suppliers; this was a richer and more complex picture than could be derived from commercial quantitative customer satisfaction data alone. This detailed understanding revealed that suppliers had to satisfy basic requirements on product range and rate. However, suppliers then seem to be differentiated on their ability to deliver 'certainty', 'trust' and 'problem solving' to customers: effective inter-team coordination appears to be a key contributor to enabling the delivery of these. This provides an empirical example of Bowman and Ambrosini's (2000) comment that, in order to manage idiosyncratic firm resources, management teams need to "identify value-delivering activities...and better understand which activities are difficult for other firms to imitate" (p. 52).

Surfacing the activities that help deliver value to customers has also revealed tacit knowledge in action – who to talk to, what to ask them, when to talk to them, and how to deal with them to get their cooperation. This has contributed to management thinking about what 'firm specific' resources are at a detailed level, understanding what the VRIN attributes might mean at the level of practice and translating these to concepts that should be understandable to practicing managers, in contrast to the rather abstract way in which the resource-based view tends to be presented in the literature.

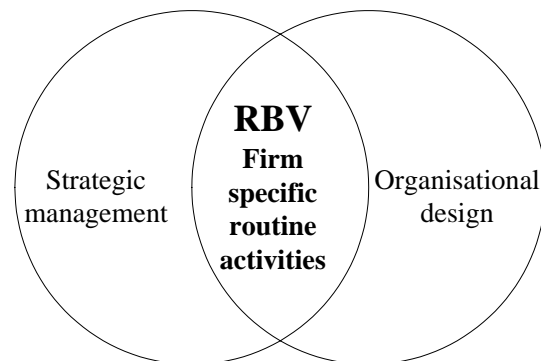
The 'inside-outside' linking process adopted in this study has illustrated the value of connecting the concept of strategic resources to customers' dimensions of perceived use value: it demonstrates how these connections operate at the 'micro' level, and how the concepts can be translated in to practical application. In this case, the strategic resource happens to be inter-team coordination activities. However, the approach taken could be used to surface and demonstrate the value of other strategic

resources that have nothing to do with inter-team activities, perhaps leadership activities, the salesmen's relationships with customers or intra-team activities.

Demonstrating these linkages is important in terms of making a contribution to the managerial implications of the resource-based view. On a practical level, it was also critical in getting managers within the organisation to accept the importance of inter-team coordination. Makadok's (2003) contribution on the relationship between competence and governance would suggest that this type of practical 'knowing' is critical in terms of leveraging firm resources: "governance and competence factors are synergistic and complementary: being motivated to do the right thing for shareholders is more profitable if you actually know what the right thing to do is. And, conversely, knowing the right thing to do is more profitable if you are actually motivated to do it" (p. 1053). Surfacing tacit and discretionary activity enables managers to understand the 'right thing to do'; however, Makadok suggests without motivated and competent managers the potential for competitive advantage is unlikely to be fully realised.

Projects 1 and 2 of this DBA have contributed to thinking about the implementation of the resource-based view at the fine-grained and detailed operational level; a framework that enables managers to connect the 'inside' (firm specific activities) to the 'outside' (customers' perceptions of value), and to know that these resources are valuable *because* they link through to customers' perceived use value and enable the firm to gain a competitive advantage. Project 3 then extended this thinking *from* understanding *to* intervention, by considering how the micro 'inside/outside' connections can be used to leverage and manage valuable resources. Although still early in development, this provides a methodology that could be applied in other contexts to manage idiosyncratic firm resources. This research brings together strategic management and organisational design, with the resource-based view and firm specific activities acting as the 'bridge' (see Figure 15 overleaf).

Figure 15: RBV - the 'bridge' between strategic management and organisational design



Pentland and Rueter (1994) describe routines as occupying “the crucial nexus between structure and action, between the organization as an object and organizing as a process” (p.484). From the resource-based perspective, Teece (1998) talks about the key strategic resource of firm specific knowledge being “embedded in business routines and processes...to the extent they are difficult to imitate and effectively deployed and redeployed in the marketplace...they can provide the foundations of competitive advantage” (p.75). Mintzberg’s (1983) model (p.4-7, p.294) for considering mechanisms by which organisations coordinate their work focuses on activities to undertake work ranging from highly informal communications processes, through to tightly standardised work processes. In this case the coordination mechanism is primarily (although not exclusively) mutual adjustment – “the simple process of informal communication... [where] control of the work exists in the hands of the doers” (p.4) underpinned by a standardisation of values, resulting in informal routines and activities, unique to the firm and enabling the delivery of value to customers.

The resource-based view and the concept of firm specific activities, therefore, provide a bridge between these two theoretical fields, providing a connection between strategic management ('where we should be going') to organisational design ('how we should be getting there'). This has informed the consideration of a potential consulting intervention that takes the theoretical concept of the resource-based view and turns it into an action-based concept that can be understood and managed by the practitioner.

Confirming Empirical evidence: the resource-based view - idiosyncratic firm resources as a source of competitive advantage

Underpinning the contribution to managing firm specific sources of advantage is the contribution to empirical evidence that firm specific resources can be a source of competitive advantage. The results indicate that effective inter-team coordination, in these cases, can be linked with the satisfactory delivery of service from the customers' perspective. The differential inter-team coordination is itself influenced by a range of organisational characteristics such as the articulation of values and objectives, customer ownership, the attitudes of managers, organisational structure and servicing processes, the physical environment, staff turnover, and the disposition, experience and mindset of the individual. All of these combine to provide a unique firm environment, which in this case is a significant contributor to the delivery of superior performance and a competitive advantage in this marketplace.

This empirical evidence also makes a contribution to the recent debate on the resource-based view (Priem and Butler, 2001a; Barney, 2001; Priem and Butler, 2001b). Key criticisms of the resource-based view made by Priem and Butler in their first paper are around the "current high level of abstraction" (p. 32), which they suggest does not enable managers to manipulate the key variables, and the lack of determination of 'value': Barney refutes these criticisms, but his arguments continue to remain at the macro level, to which it is difficult for practitioners to relate. The fine-grained approach that has been adopted in this study starts to address these issues from the 'micro' level, by identifying firm specific resources and mapping how these enable the firm to satisfy customer service requirements. This helps to provide better definition of what a resource might be in practice, how the customer value it creates might be envisaged, and how managers can intervene to stimulate change. In addition, because this research has looked at activities where there is a significant tacit component, it also addresses some of Priem and Butler's concerns regarding tacit knowledge being inherently difficult for practitioners to manipulate. This study suggests that tacit knowledge 'in action' tends to be combined with explicit

components; therefore, although tacit knowledge may be driving an activity, there are explicit manifestations, which managers can recognise and manage.

Priem and Butler's concluding remarks in their second paper, where they argue for a more holistic perspective of strategy in the academic field, synthesising the resource-based and I/O perspectives, have resonance from a practitioner perspective: "Resources, representing what can be done by the firm, and the competitive environment, representing what must be done to compete effectively in satisfying customer needs, are both essential in the strategy-making process" (Priem and Butler, 2001b, p. 65). Hoopes et al. (2003) have developed this discussion further by suggesting that "resources and capabilities play a key role but do not explain all persistent performance differences...barriers to imitation are one type of isolating mechanism. Other isolating mechanisms do not depend on a firm's resources or capabilities." (p. 891). They cite the examples of network relationships and operating in low-cost regions as factors that can lead to heterogeneity and that are not dependent on "defendable resources or unique capabilities" (p. 892). Arguably, the decisions that led to such factors as being important were derived from the firm's unique knowledge based resources. However, these discussions stimulate thinking about how internal and external issues interact in the firm environment, and how strategy theories relate. The approach used in this research takes the concept of customer perceived use value and then maps this to firm resources; this is a step towards empirically relating the internal issues of unique resources of firms to the external issues of the requirements of customers, and linking these two perspectives, a small contribution to the bigger debate of a holistic view.

Contribution to Methodological Approaches: Mapping Perceived Use Value to Organisational Activities

Also supporting the development of the overall framework is the extension of mapping approaches to represent the ‘inside-outside’ links in order to show the relationships between internal micro activities of the firm with the service aspects valued by customers.

Maps are acknowledged as useful tools to “facilitate the discussion of ...processes that can never be directly observed” (Huff and Jenkins, 2002, p.1). This is very much how they were used in this research – in order to stimulate discussions with organisational members, to help with the intersubjective process of making sense of the data, and to represent the likely relationships between activities and what customers value in order to identify where change interventions might best be focused.

Customers’ dimensions of perceived use value were ascertained through qualitative research, and then mapped in two ways. Initially, the raw data obtained from the interviews were mapped in order to try to understand and illustrate the possible relationships between the different dimensions of perceived use value, and to ‘chunk’ them for ease of presentation and discussion with organisational members. The individual dimensions were then mapped against inter-team coordination activities by considering ‘which of the inter-team activities might cause or enable this’. From this, a map of tentative links was built up for discussion with the BIM organisational members. In both circumstances a mapping approach was adopted because it provided a way of representing complex and rich data by “pulling a ‘mess’ into a system of interacting issues” (Eden and Ackermann, 1998, p.285) that reveals interrelationships between factors, and enables the “basis for sharing knowledge and views, and will act as the basis for negotiation ...to represent the aggregated views of a group” (Eden and Ackermann, 1998, p.286). The rich pictures created provided greater insight into the dynamics of the organisation, and provided a better platform for discussion of the

issues with organisational members, than lists or charts could have done (Checkland and Scholes, 1990; Vandenbosch, 2003).

Eden and Ackermann use cause mapping extensively and expertly for developing and implementing strategy (1998). Ambrosini (2002) has used maps to investigate the organisational routines that managers perceive as causing success in their organisations, including activities that are involved in service delivery. Rughase (2002) has used maps to represent customers' perceptions of the service they experience, in order to provide managers with greater insight of the customers' perspectives, and to stimulate ideas for change.

In this study, I have built on the existing practice; the difference in this research is that maps have been used to link the 'internal' firm data (the activities inside the organisation) to the 'external' customer data, rather than only focussing on the managerial or customer perceptions. Mapping was initially used to represent customers' dimensions of perceived use value i.e. what customers valued from the supplier. The maps were then extended to develop the 'inside-outside' picture, in this case bringing together data on inter-team coordination activities with data on customers' perspectives of what they really value from a supplier. This approach has been used to explore the potential linkages between what customers want and how that needs to be delivered, to disturb organisational members' existing mental models and develop new ones, and to stimulate ideas for action focused change.

Contribution to theoretical knowledge: The dimensions of the consulting process

Often a failure with consulting interventions is the adoption of an expert *or* a process approach, without a link between the two. From the strategic consulting perspective, this can lead to a consulting outcome that may address the competitive environment and business issues, but does not facilitate or lead to sustainable change.

Organisational development interventions, on the other hand, may improve processes but not necessarily lead to improvement in the ‘right’ outputs (Zackrisson and Freedman, 2003). The research process developing from this study interweaves these two perspectives and indicates how consulting interventions more generally might develop from this experience. It has brought together a strategic content focused intervention, to get organisational focus on the business issues that are important, with a process perspective, in order to achieve sustainable change.

The intervention process in this research is focused on identifying and leveraging the unique firm resources that can enable a competitive advantage. This has strong ‘content’ and ‘process’ elements and two key characteristics:

- Firstly, the intervention process has a major and substantive ‘content’ element and requires the consultant to obtain valid information and provide insight that describes the factors, plus their interrelationships, that create the problem for the client system (Argyris, 1970). This is achieved by understanding what customers really value, how the organisation does or might deliver this, and what barriers there might be to impede effective delivery. This involves strategic consultation skills in identifying the macro competitiveness factors, organisational development skills to understand the factors affecting system health (Schein, 1994), and then, critically, linking these together to develop a comprehensive ‘inside-outside’ view of how the firm might achieve competitive advantage.
- Secondly, the intervention process requires the consultant to adopt a process consultation approach (Schein, 1999) whilst maintaining a clear steer on the strategic issues. The process consultation approach is critical to achieve sustainable change in the firm environment when dealing with idiosyncratic

firm resources that are “produced and reproduced by its members” (Blaikie, 1993, p.59). The strategic focus is also critical to ensure that the intervention is directed to leveraging those resources that contribute to competitive advantage.

Combining the content and process elements provides a platform for a change intervention focused on aligning service delivery activities with customers’ requirements. The introduction of ‘valid information’ combined with a process intervention approach provides a mechanism for Lewin’s model of change through “unfreezing and refreezing” (Lewin, 1997), and helps to address the issues of “introducing ‘foreign’ ideas into the system [by] working through processes of symbolization and interpretation with employees in open dialogue...to confront and cope with new problems and opportunities” (Hatch, 1997, p.365).

A critical element of the intervention process is the combination of expert and process consultation approaches to introduce ‘new’ knowledge into the intervention environment, but then to work with the organisational members in interpreting the information and deciding on the action to be taken i.e. creating action from ‘knowledge’ from an external source but with people who will use it and need to ‘own’ it. This develops Schein’s (1999) perspective on an effective helping relationship where “the client and consultant together can diagnose the situation and develop appropriate remedies” (p.1). The consultant is able to introduce a new perspective on the client situation and introduce new ‘expert’ knowledge, but the critical issue is working with the client to combine the external knowledge with the internal knowledge in order to co-create firm specific action-oriented knowledge. This model combines both strategic and organisational development consulting perspectives, and positions the consultant closer to the client as part of the co-creation process, rather than as the provider of expert knowledge, the ‘vehicle’ for knowledge transfer, or purely the facilitator of client decision-making. This approach starts to address some of the consultant and client reasons that Zackrisson and Freedman (2003) identify for the failure of consulting interventions. The cooperative co-creation process helps to ensure that the consultant delivers the appropriate solution to the

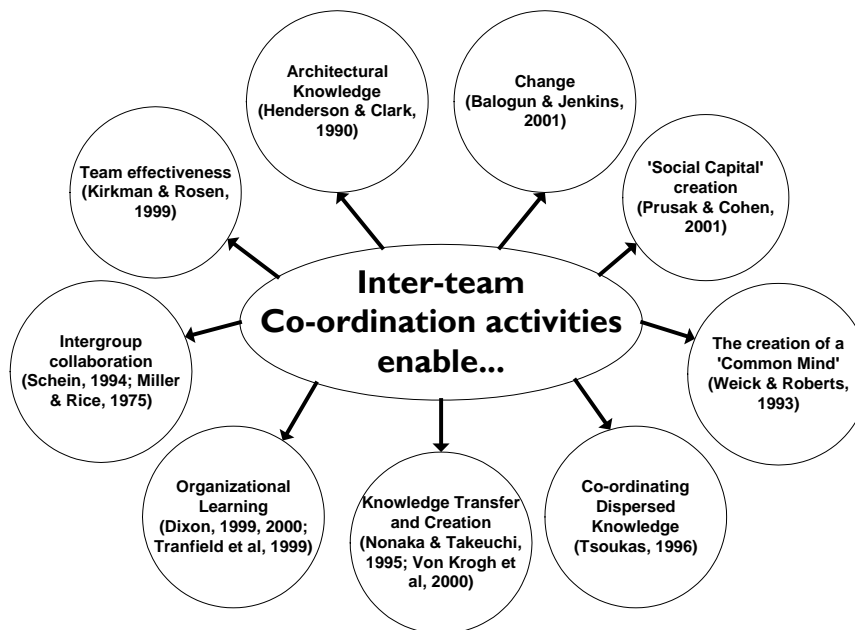
client, in a way that that the client can implement, and so that the client assumes ownership and only agrees to a plan that is going to be actionable within the client's resources.

The bulk of discussion on consulting interventions is in the business, rather than academic, literature. Although relatively recent books (e.g. Vandenbosch, 2003) talk about the importance of client ownership of the problem and participation in the process, the emphasis remains on the consultant's solution and 'convincing' or 'persuading' the client of its merits. The findings from this research suggest that, when dealing with firm specific sources of advantage, the focus needs to shift further towards a collaborative consultant/client approach.

Contribution to theoretical knowledge: inter-team coordination as a strategic resource

This study has revealed that, in this case, inter-team coordination is a key source of competitive advantage for BIM; this is an organisation constructed around service specialisms but where effective coordination is essential for the delivery of service that customers perceive as satisfactory. In these cases, effective inter-team coordination appears to be based primarily on coordination mechanisms intrinsic to the individuals (i.e. mutual adjustment, standardisation of skills and knowledge, and standardisation of values) and socialisation (Mintzberg, 1983; Smith et al., 1992; Nohria and Goshal, 1997). This research has generated the proposition that, in this context, the firm specific resource of effective inter-team coordination is a critical factor in delivering superior value to customers, by causing staff to interact across internal boundaries on a 'routine' basis, not only when there is a problem. As discussed in detail in Section 3.3, these activities appear to provide a mechanism for the sharing of knowledge and interpretations, and the development of service process innovation (see Figure 16).

Figure 16: Role of effective inter-team coordination in enabling development of shared knowledge, interpretation and innovation:



This research does not make generalisable claims about inter-team coordination as a strategic resource. However, the results indicate the importance of inter-team coordination as a source of competitive advantage, and augment the organisational development perspective of inter-team coordination covered by inter-group theory (Schein, 1994). The results suggest that inter-team coordination may be critical in many organisations where there is some form of specialisation, not only to coordinate activities in the service change, but also as a key mechanism for managing organisational knowledge, and as a lever for change. Intuitively and anecdotally this fits with practitioner experience.

Inter-team coordination contributes to the development of organisational members' understanding the 'bigger picture' of architectural knowledge. Research by Takeishi (2002), in the automotive manufacturing environment, has found that architectural knowledge is more important than component-specific knowledge in the successful undertaking of standard projects, where the component knowledge is explicit and the architectural knowledge is more tacit in nature. This parallels the situation in the cases in this research, where the specialised mortgage processing activities are quite common across competitors: the competitive difference lies in the way these activities are coordinated to deliver against customer requirements.

Critical factors in enhancing inter-team coordination are likely to be prescribed coordination activities, a managerial climate that encourages inter-team interaction, and the development of boundary spanning individuals. Tsai (2002) talks about the importance of informal lateral relations through 'interunit', or inter-team, social interaction for the sharing of knowledge. He states "social interaction allows individual units to accumulate social capital that can help them gain access to new knowledge or new information" (p. 188). He discusses how this social interaction is important for building trust and cooperation, which concurs with the high level of discretionary inter-team activity observed in this research.

Technology may also provide a solution to helping interaction across and between teams, where people are actively seeking knowledge to improve performance: Gilmour (2003) discusses a move away from a 'publishing' model to capture and disseminate information, to a 'brokering' model that can "connect people who should be connected" (p. 17). He describes software that can "sift through e-mail, network folders, and other data sources to identify common threads" (p. 17) and that can then advise people anonymously of common interests and facilitate contact across the organisation. However, this is predicated on a desire to share and interact, which is obviously dependent on the values and culture of the organisation.

Highlighting inter-team coordination as a strategic resource in resource-based view terms would appear to be a new contribution to theoretical knowledge. In contrast to 'teamworking', inter-team coordination appears to receive little management attention. Whilst effective teams are obviously critical for effective organisations, the focus on teambuilding goes to increase the barriers between teams, intensify 'silo' mentality, and reduce the cohesiveness of the value delivery chain to customers.

This appears to be an area that warrants further research and potentially has major implications for management practice. This research would tentatively suggest that to achieve more effective inter-team coordination organisations would need to address five key areas of the organisation, which inter-relate and support each other:

- Values and managerial attitudes: The espoused values of the organisation and attitudes of the management need to be supported by behaviours and actions that indicate the importance of cooperation across the organisation the sharing of data, information and knowledge between teams and departments: the structures, formal and informal processes, and performance measures need to balance the need to stimulate team performance against the dangers of developing a silo and protectionist climate.
- Social and physical organisational structure: the social and physical structure of the organisation needs to be aligned with the value delivery chain, such that organisational members and teams are physically connected and visualise themselves as part of the bigger organisational team, and that it is in the

interests of teams to cooperate to enhance their own team performance; the physical environment needs to enable and facilitate the cross-team and cross-organisational interaction.

- Formal processes: Greater emphasis needs to be placed on formal processes and activities, such as planning, service delivery, and training, to ‘compel’ inter-team interaction and coordination, which in turn will result in increased informal communication and coordination.
- Informal communication and coordination: There is much to be learnt from the literature on organisational learning and knowledge about encouraging sharing and cooperation; however, this has to be incorporated into this broader framework to have a sustainable effect.
- Performance measures: Finally, individual and team performance measures need to also include qualitative and qualitative metrics to support inter-team interaction, and to avoid metrics that encourage a ‘local’ focus at the expense of the broader organisational perspective.

Contribution to knowledge in action: thematic change intervention to align internal activities with customers' perceptions of perceived use value

Professional practice needs to be based on sound theoretical foundations: the three research projects provide the dimensions of a cross-disciplinary consulting intervention that combines process consultation with an understanding of strategy, supported by constituent elements which each offer contributions to theory, empirical evidence and methodological approaches. This is a change based intervention process that focuses on managing firm specific resources in order to achieve a competitive advantage through improved delivery of value to customers. The overall process incorporates investigation of issues both internal and external to the organisation, the mapping of these 'inside-outside' connections, and action-based consultancy focused on achieving alignment between internal activities and external factors that affect competitiveness.

A prototype intervention process needs to be developed from this and validated, that could then be used more generally in broader contexts by practitioner consultants. In this research the process started with a comparison of what was different between a good and a poor performer, and then investigating links with customers' dimensions of perceived use value. A prototype methodology for use by practitioners with a single case would need to reverse these steps. Initially, it is necessary to understand in detail why the organisation is winning or losing business from the customers' perspective; as suggested elsewhere in this thesis, this would probably require in-depth interviews with customers in order to understand the complexity and nuances of their requirements, and to put the 'flesh on the bones' of commercial quantitative customer research, which has value in scaling the issues, but can paint a very two-dimensional picture of their needs. The second stage would then be the detailed analysis of the organisation and identification of what might be enabling or inhibiting the delivery of value to customers. These two stages represent the diagnosis phase; the third phase would be devising the intervention, followed by implementation as the fourth phase.

Building on the work in this doctorate, the intervention needs to have both strong strategic/content and process elements, in order to focus change on those areas which are based on sound customer evidence (rather than internal assumptions) and that will enhance competitiveness, whilst facilitating the development of that change by the people who will have to own and implement it. It may be that some of the solution will lie with easy to access off-the-peg solutions, but the process of understanding what value customers require, and surfacing the organisational enablers and inhibitors to success, should increase awareness of and attention to firm specific resources. In this case, the critical firm resource was effective inter-team coordination, which necessitated intervention activities with those middle managers who could influence levels of inter-team coordination. In another case it may be a different firm specific resource that is critical in delivering value, such as decision-making, leadership, or salesmen's relationships with customers. The diagnostic investigative stages are likely to be similar (i.e. establishing what customers value and how this can be delivered) but a different form of intervention may be required – but still based on the premise of strategically focused change developed by the people who have to live with it.

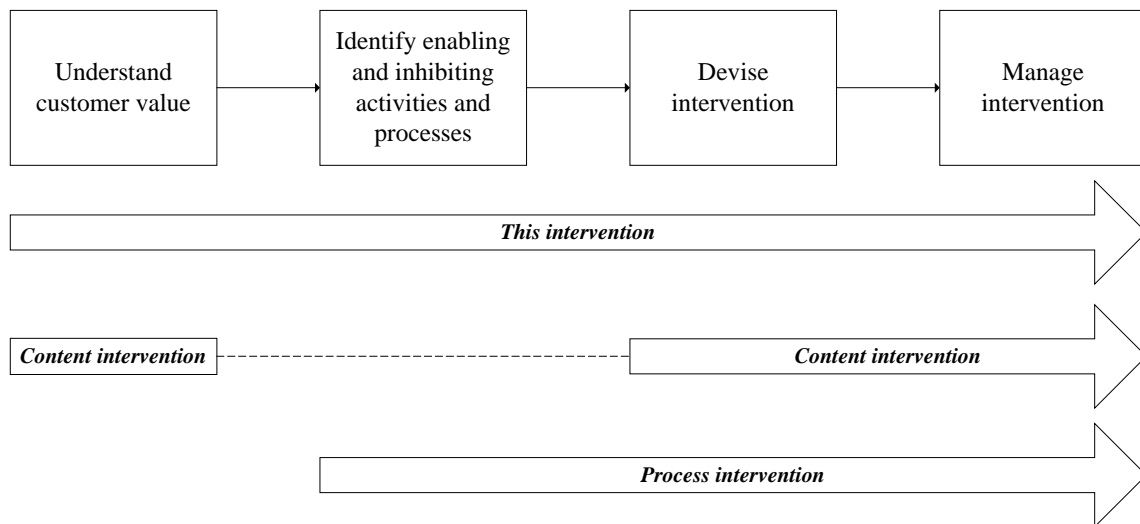
The intervention process, therefore, progresses through four key stages (see Figure 17):

- Firstly, looking outside the organisation to understanding customer value in detail
- Then looking inside the organisation to identify in detail the activities and processes that enable, and inhibit, the delivery of this value
- Then devising an appropriate and context specific intervention to align internal activities and processes to customers' requirements
- And finally managing the intervention with those people who will have to implement it.

This contrasts with content focused strategic interventions, where customer research (often high level quantitative research) may be used to inform an intervention that does not address detailed formal and informal organisational activities and processes – so only dealing with part of the value chain. Similarly,

process focused organisational development interventions tend to start with the detailed analysis of the organisation, by-passing the understanding of customer value; again the intervention only addresses part of the value chain.

Figure 17: Consulting intervention phases



This research has built on existing consulting practice, and the results suggest that when dealing with idiosyncratic, and often tacit and unobservable, firm resources a broad and flexible approach, that spans consulting intervention techniques, is most likely to be appropriate to achieve the ‘right’ change.

In conclusion, this research has resulted in the dimensions of an intervention that is aiming to focus on the strategic, business substantive issues, and to encourage a sustainable change intervention that ‘fits’ within the constraints and idiosyncrasies of the organisation. So, returning to the original trigger for this research, I believe the outcomes have shed some light on how managers can develop an understanding of the ‘fuzzier’ aspects of the organisation such that they can surface and manage these resources as a source of competitive advantage.

6. Limitations of the study and areas for further research

Qualitative case study doctoral research such as this will inevitably be restricted in elements of research design, data gathering, and data analysis. By making these explicit, the limitations of the research findings become transparent, and can suggest ways in which the research approach can be improved and can indicate directions for future research.

A significant limitation is that this study is, in effect, a single case study. Although Project 1 involved a comparative study of two differential performers, all the investigation in Projects 2 and 3 focused on only the better performing operation. Obviously, a single case only offers an indicative perspective on the issues, and places significant boundaries on the conclusions that can be drawn.

It would have been preferable to undertake the consulting intervention in Project 3 with the failing organisation more broadly, rather than the poorer performing part of the better performing organisation, to investigate the effectiveness of the intervention on competitive performance. However, the poor performer did not invite me to undertake further research post the Project 1 data gathering, despite the fact that I made a number of approaches. Access was, therefore, not forthcoming. In contrast, the good performer actively encouraged and invited further research and cooperation. This does, perhaps, suggest a significant difference in culture and attitudes between the two organisations: the better performer tends not to be complacent and is keen to use a range of resources to learn and assist improvement.

Only one iteration of the consulting intervention was possible within the doctoral process; ideally several iterations are required.

This research has only been undertaken in the financial services sector. The single industry focus obviously constrains the more general conclusions that can be drawn. Furthermore the amount of time available for data collection was also limited, as a

consequence of competing work commitments, which constrains the volume of data collected.

The process of coding and subsequent analysis is inevitably subject to my interpretation. I validated the interpretation of data collection in Projects 1 and 2 through a process of intersubjective sense making with the organisational members. However, the research results could be considered more robust if co-researchers could have reviewed the coding and analysis, but this could not be resourced in this doctoral study. Furthermore, it was not possible to obtain repeat access to BIM's customers to check interpretations of perceived use value after analysis, and so this had to be achieved indirectly through discussions with organisational members of BIM.

This thesis has focused on the issue of firm specific resources and the resource-based view. This is as a result of a deliberate decision early in the doctoral process, when it became evident that the research could have followed a number of paths. The most significant of these was organisational knowledge and learning, an area with an extensive literature, and which within itself also offered a number of different aspects that could be explored. In order to undertake an 'achievable' doctorate, within the resource limitations constraining the process, I, therefore, decided to focus on the research on the resource-based view issues. However, the field of organisational knowledge and learning is obviously inextricably linked with many of the areas emerging from this research: the resource-based view and the development of capabilities and competences; inter-team coordination and the delivery of customer perceived use value; and the development and change in service delivery activities facilitated by the consulting intervention.

The phenomenon of interest and research methodology adopted means that it will not be possible to repeat this study and replicate the findings. However, the process that has been adopted does provide a basis for continuing research.

The limitations of this study, and the outcomes that have emerged, suggest a number of areas for further research:

- Extending this research to more cases, both within and outside the financial services sectors, would increase the empirical evidence and add greatly to the understanding of how the framework developed in this research might be further developed and refined to look at idiosyncratic sources of competitive advantage.
- Also, extending the consideration to a further exploration of the issues around organisational knowledge and learning, and how these ‘fit’ with the resource-based view and inter-team coordination, could provide greater insight into the interventions that managers and consultants can make to leverage learning activities.
- Inter-team coordination has emerged in these cases as the key source of competitive advantage for BIM, an organisation designed around service specialisms but where effective coordination is essential for the delivery of satisfactory service to customers. Since many other service operations are structured in this way, a very interesting area for future research would be to investigate the importance of inter-team coordination as a source of competitive advantage more generally, and the implications of encouraging increased inter-team coordination for the organisation and for management behaviour.
- The value chain ‘outside-inside’ mapping approach which has started to be developed needs much more consideration to become a more useful tool for researchers and practitioners – in particular, how to identify and represent the relative importance of the critical activities and strength of the relationships between activities and customers’ dimensions of perceived use value.
- Finally, from a consulting intervention perspective, it would be valuable to develop and test a prototype consulting intervention framework derived from the process developed during this research, and then undertake several intervention iterations.

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Appendices

Appendix 1: Project 1 Appendices

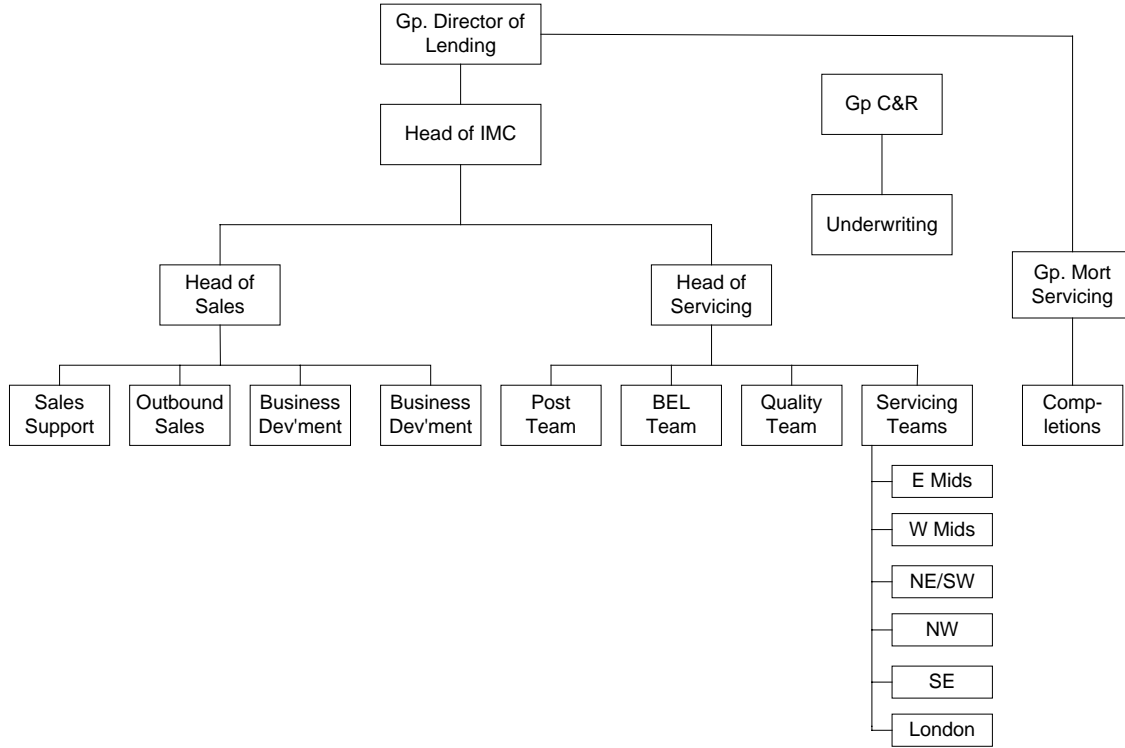
Appendix 1.1 - Organisation charts

Appendix 1:2 - Example of coded data

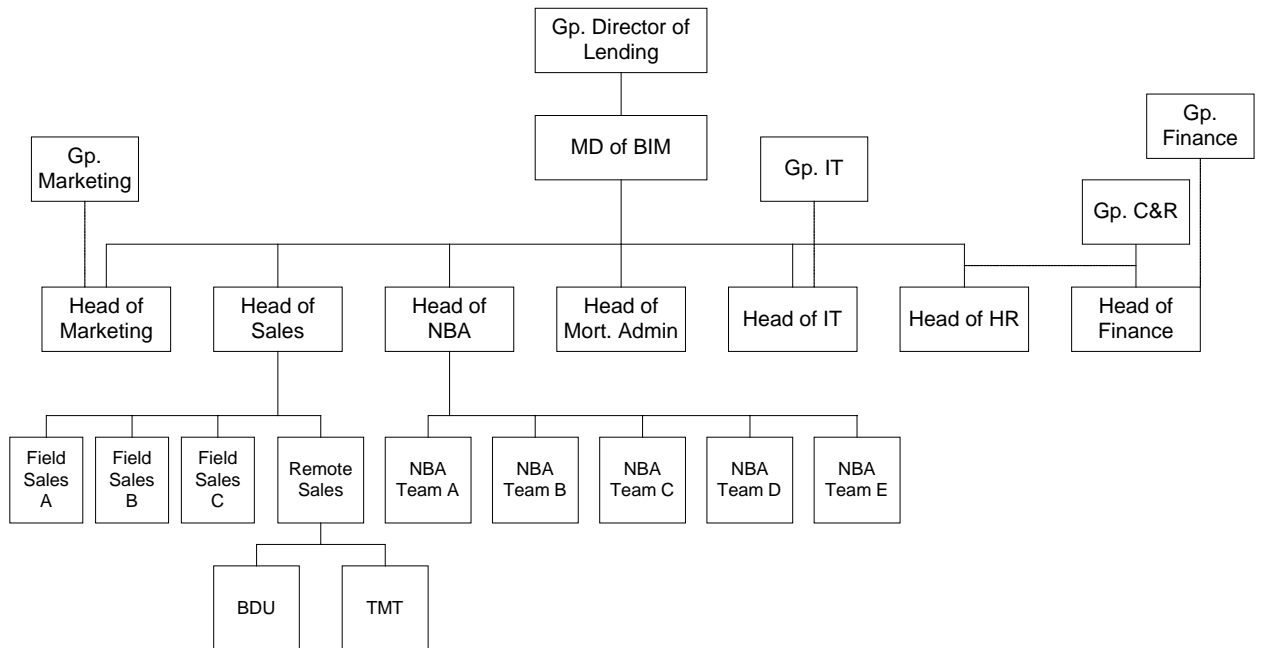
Appendix 1.3 - Comparison of routine activities observed in BIM and IMC

Appendix 1.1 - Organisation charts

IMC



BIM



Appendix 1.2 – Example of coded data

Org'n	Level 1	Level 2	Level 3	Text of quote
BIM	Inter team	Relationship/ Maintenance process	Relationship building internally	The relationship with the underwriters happens on a case basis after training. When they're new we try to get them to go round and discuss it face-to-face, get the body language, they have to give up more time to you, it's more the psychology really, if you go round hopefully they feel indebted to give you an explanation, whereas on the phone, it's easier to just say no and put the phone down quick, so the team leader will take them round, introduce them, and if the team leaders there they'll do more to give an explanation, we try to lead by example.
BIM	Inter team	Relationship/ Maintenance process	Relationship building internally	As you wander round the corridors people will comment on things that have gone well, and they are very friendly to new members of staff which is really helpful, people are quite inquisitive, nosy, friendly, welcoming...
BIM	Inter team	Relationship/ Maintenance process	Relationship building internally	It's hard to have exchange conversations before they've met the people so they have to build trust and relationship and get into the nitty gritty
BIM	Inter team	Relationship/ Maintenance process	Relationship building internally	Has done some shadowing in NBA "but I'm going to go back and revisit, and stand back from it again so I can build relationships...I'm going to spend time in NBA Team E to see what they do and how they operate, now that I'm more into the job"
BIM	Inter team	Relationship/ Maintenance process	Relationship building internally	[How closely do you work with the sales teams] Again that has to be an integral part of it, because they are calling frequently on sources and we see them at the heart of the circle, you've got the broker sales and us, and we're all in that same circle, we're all working towards that same end...
BIM	Inter team	Relationship/ Maintenance process	Relationship building internally	They'll spend a day in the mortgage team, just to find out what they do, and they do part of training there, they'll spend time with every department in the building...
BIM	Inter team	Relationship/ Maintenance process	Relationship building internally	We all dream of this in terms of service and sales all delivering at the same time, all understanding each other, working together, and it actually happened with Team E Kevin's got promoted and we recruited some new people so there are now 3 people who look after Central London and what they've learnt and the way they do things is the way Kevin does things.
BIM	Inter team	Relationship/ Maintenance process	Relationship building internally	[So what do you think is the 'essence' of BIM] It's very friendly...everybody pulling together, if you ask any of these people, when they last met, did something with somebody in BIM outside of work, of their own volition, they'll be various reasons, not organised by me, they'll be a girls pizza night out, they'll be going to keep fit together, we live a few roads apart and are having dinner together, all sorts of ideas, meeting in a pub on a Friday night, Sunday dinner...

Appendix 1:3 – Comparison of routine activities observed in BIM and IMC (1)

Activity Unit	Activity focus	Repertoire	BIM Routine activities	IMC Routine activities
Individual	Specialised	Case administration	<ul style="list-style-type: none"> • Receiving and logging cases • Individual assumes case ownership • Setting up case files • Setting up system scratchpad • Case administration • Checking details • Requesting additional information from customers • Diarising chasing intervals • Chasing information • Instructing valuations • Transferring cases to relevant people • Updating scratchpad • Developing/using own <i>aide memoires</i> • Check details are consistent • Communicating decisions to customers • Answering specific customer queries • Completing case admin 	<ul style="list-style-type: none"> • Receiving and logging cases • Sorting cases to teams on receipt • Setting up case files • Setting up system scratchpad • Case administration • Checking details • Requesting additional information from customers • Diarising chasing intervals • Chasing information • Instructing valuations • Transferring cases to relevant people • Updating scratchpad • Developing/using own <i>aide memoires</i> • Communicating decisions to customers • Answering specific customer queries • Completing case admin
		Decision making	<ul style="list-style-type: none"> • Providing advice • Deciding on mortgage offer – decision based on criteria but judgement employed to do justifiable deals 	<ul style="list-style-type: none"> • Providing advice • Deciding on mortgage offer (speed) – decision strictly based on criteria
		Case Problem resolution	<ul style="list-style-type: none"> • Asking for advice • Requesting information • Searching internal sources • Going 'above and beyond' e.g. walking money to bank for completions 	<ul style="list-style-type: none"> • Asking for advice • Requesting information • Searching internal sources
		Quality control	<ul style="list-style-type: none"> • Double checking other people's work • Double checking own work • Assessing decisions against risk to mandate 	<ul style="list-style-type: none"> • Double checking other people's work • Double checking own work

Appendix 1.3 (continued)

Comparison of routine activities observed in BIM and IMC (2)

Activity Unit	Activity focus	Repertoire	BIM Routine activities	IMC Routine activities
Individual	Coordination	Problem solving with customers	<ul style="list-style-type: none"> • Listening to customer • Resolving complaints • Identifying alternative solutions – dealmaking • Follow up calls to ensure satisfactory resolution 	<ul style="list-style-type: none"> • Listening to customer • Resolving complaints • Identifying alternative solutions
		Relationship building with customers	<ul style="list-style-type: none"> • Named BIM contact • Talk to same contacts in customers • Customising approach for individual customers (bigger customers) • Securing voice contact with new prospects • Proactive sales/chasing/servicing calls • Procedural • Proactive – keep them up to date • Communicating/justifying decisions to customers – servicing • Sales – handling declined cases • Servicing staff Customer visits • Dialogue between servicing and customers on cases • Routine advice of new products • Answer queries during call or offer to find info and ring back (see inter-team relationships) • Working in partnership with broker e.g. to chase solicitors 	<ul style="list-style-type: none"> • Day 1 telephone contact (prescribed) • Reactive to enquiries • Procedural • Proactive – keep them up to date (not common in IMC) • Communicating/justifying decisions to customers • Servicing staff Customer visits • Routine advice of new products

Appendix 1.3 (continued)

Comparison of routine activities observed in BIM and IMC (3)

Activity Unit	Activity focus	Repertoire	BIM Routine activities	IMC Routine activities
Individual	Coordination	Change	<ul style="list-style-type: none"> • Exposure to other environments • Suggesting ideas • Implementing changes 	<ul style="list-style-type: none"> • Exposure to other environments • Suggesting ideas • Implementing changes
		Performance self-management	<ul style="list-style-type: none"> • Write own 'business plan' – set own objectives • Sales - Set daily call objectives/Setting individual call objectives • Regular performance feedback • Benchmarking performance against formal performance measurement • Benchmarking performance informally in teams - whiteboard • Case scheduling/chasing 	<ul style="list-style-type: none"> • Benchmarking performance against formal performance measurement • Case scheduling
		Motivational	<ul style="list-style-type: none"> • Relating business levels to bonuses • Using judgement to make decisions - Feeling empowered 	
		Staff development	<ul style="list-style-type: none"> • Pre-training assessment • Self assessment against personal development plans • Working individually on case studies • Proactively seeking out and taking on cases • Developing own specialism • Gaining experience in other teams/depts • Considering the wider implications 	
		Business Development	<ul style="list-style-type: none"> • Grading sales prospects • Reviewing panel periodically • Reactive customer retention activity 	<ul style="list-style-type: none"> • Grading sales prospects • Reviewing panel periodically • Reactive customer retention activity

Appendix 1.3 (continued)

Comparison of routine activities observed in BIM and IMC (4)

Activity Unit	Activity focus	Repertoire	BIM Routine activities	IMC Routine activities
Intra Team	Specialised	Case administration	<ul style="list-style-type: none"> • Standard team processing process • AIP routine • Checking case details within team 	<ul style="list-style-type: none"> • Standard team processing process • Checking case details within team
		Decision making	<ul style="list-style-type: none"> • Referring decisions within team • Referring violations 	<ul style="list-style-type: none"> • Referring decisions within team
		Case Problem resolution	<ul style="list-style-type: none"> • Ask for help within team • Referring problems to more senior team members 	<ul style="list-style-type: none"> • Ask for help within team • Referring problems to more senior team members
		Quality control	<ul style="list-style-type: none"> • Team co-worker double checks final completions document 	<ul style="list-style-type: none"> • Team leader checks case up to offer

Appendix 1.3 (continued)

Comparison of routine activities observed in BIM and IMC (5)

Activity Unit	Activity focus	Repertoire	BIM Routine activities	IMC Routine activities
Intra Team	Coordination	Relationship building internally	<ul style="list-style-type: none"> • Building confidence and trust – supportive feedback, constructive criticism • Buddy relationships • Coaching • Job shadowing in team • Team working • Not move from team • Out of work social activities 	<ul style="list-style-type: none"> • Buddy relationships • Coaching • Job shadowing in team • Team working • Not move from team • Out of work social activities
		Problem solving internally	<ul style="list-style-type: none"> • Discuss cases within team • Team action committees on process 	<ul style="list-style-type: none"> • Discuss cases within team
		Sharing information	<ul style="list-style-type: none"> • Team meetings • Informal sharing 	<ul style="list-style-type: none"> • Team meetings • Informal sharing
		Resource allocation	<ul style="list-style-type: none"> • Staff flexibility – switch tasks when workloads fluctuate 	
		Performance management	<ul style="list-style-type: none"> • Asking for team feedback on performance • Giving feedback on performance • Benchmark performance within team • Coach/monitor junior team member • Regular checking of workloads in team – taking on work 	<ul style="list-style-type: none"> • Benchmark performance within team • Coach/monitor junior team member
		Motivational	<ul style="list-style-type: none"> • Team meetings – performance review • Team meetings - Team encouragement/ expectations 	<ul style="list-style-type: none"> • Team meetings – performance review • Team meetings - Team encouragement/ expectations
		Staff development	<ul style="list-style-type: none"> • Learning by sitting with Nellie - Buddying • Team induction programme • Team development process - workshops • Regular coaching sessions • Development of team specialists • Development of multi skilling within team • Feedback within teams 	<ul style="list-style-type: none"> • Learning by sitting with Nellie - Buddying • Team development process - workshops • Regular coaching sessions
		Business Development	<ul style="list-style-type: none"> • Weekly business promotion ideas meeting 	

Appendix 1.3 (continued)

Comparison of routine activities observed in BIM and IMC (6)

Activity Unit	Activity focus	Repertoire	BIM Routine activities	IMC Routine activities
Inter-team	Specialised	Case administration	<ul style="list-style-type: none">• Handing on case from sales to allocated NBA team	<ul style="list-style-type: none">• Handing on case to pre-determined recipient
		Case Problem resolution	<ul style="list-style-type: none">• Joint problem resolution	<ul style="list-style-type: none">• Case sampling

Appendix 1.3 (continued)

Comparison of routine activities observed in BIM and IMC (7)

Activity Unit	Activity focus	Repertoire	BIM Routine activities	IMC Routine activities
Inter-team	Coordination	Relationship building internally	<ul style="list-style-type: none"> • Social events • Cross dept workshops and activities • Regular 'Exchange' conversations • Problem solving activities • Sharing information activities • Training experience in other teams • Training activities • Helping other teams when busy • Moving teams - Previous job experience • Meeting informally • Joint front against Bristol & West • Delivering on promises 	<ul style="list-style-type: none"> • Problem solving activities • Sharing information activities • Training activities • Moving teams - Previous job experience • Meeting informally • Comms between teams on 'exceptions' basis
		Problem solving internally	<ul style="list-style-type: none"> • Ask questions • Negotiating internally on behalf of broker • Discussions to create common mindsets • Identifying the 'right' broker for a case – 'the man who can' • Understanding justification for decisions • 'Visiting' underwriters to force resolution • Providing 'expert' advice across teams 	<ul style="list-style-type: none"> • Understanding justification for decisions • Joint Action Team – ad hoc, not regular meetings
		Sharing information	<ul style="list-style-type: none"> • Communicating intelligence • Exchange conversations • Keeping scratchpad notes up-to-date • Emails on client visits 	<ul style="list-style-type: none"> • Keeping scratchpad notes up-to-date • Emails on client visits
		Change	<ul style="list-style-type: none"> • HR Communicate good team examples around organisation • Negotiating specifications for change with other teams e.g. with IT 	<ul style="list-style-type: none"> • Specialist Quality team to identify and manage improvements
		Performance management	<ul style="list-style-type: none"> • Inter-team group pressure • Reporting on consistent problems 	<ul style="list-style-type: none"> • Case sampling by Quality Team
		Motivational	<ul style="list-style-type: none"> • Thanking other teams for special efforts 	
		Staff development	<ul style="list-style-type: none"> • Work experience in other teams 	

Appendix 1.3 (continued)

Comparison of routine activities observed in BIM and IMC (7)

Activity Unit	Activity focus	Repertoire	BIM Routine activities	IMC Routine activities
Managerial	Specialised	Decision making	<ul style="list-style-type: none">• Provide decision making frameworks	<ul style="list-style-type: none">• Provide decision making frameworks
		Quality control	<ul style="list-style-type: none">• Random quality checks	<ul style="list-style-type: none">• Random quality checks

Appendix 1.3 (continued)

Comparison of routine activities observed in BIM and IMC (8)

Activity Unit	Activity focus	Repertoire	BIM Routine activities	IMC Routine activities
Managerial	Coordination	Relationship building internally	<ul style="list-style-type: none"> Managing appropriate fora e.g. Exchange conversations, Values Workshop, CA Workshop 	
		Resource allocation	<ul style="list-style-type: none"> Allocate cases/panel 	<ul style="list-style-type: none"> Allocate cases/panel
		Internal communications	<ul style="list-style-type: none"> Agreeing and managing formal communications to direct reports 	<ul style="list-style-type: none"> Agreeing and managing formal communications to direct reports
		Change	<ul style="list-style-type: none"> Identifying improvements Getting buy in to change 	<ul style="list-style-type: none"> Identifying improvements Getting buy in to change
		Performance management	<ul style="list-style-type: none"> Setting targets Challenge performance at regular reviews Monitor overall performance Tracking individual activity/call monitoring 	<ul style="list-style-type: none"> Setting targets Challenge performance at regular reviews Monitor overall performance Tracking individual activity/call monitoring IMC poor on feedback
		Motivational	<ul style="list-style-type: none"> E.g. Buying in pizza etc when working late Thanking people for special effort 	
		Staff development	<ul style="list-style-type: none"> Sharing experience/Teaching by demonstrating Managing training schedules and assessments Reviewing team skills Coaching and mentoring 	<ul style="list-style-type: none"> Sharing experience/Teaching by demonstrating Managing training schedules and assessments Reviewing team skills Coaching and mentoring
		Staff recruitment	<ul style="list-style-type: none"> Identifying competences gap Identifying right people 	<ul style="list-style-type: none"> Identifying competences gap Identifying right people

Appendix 2: Project 3 Appendices

Appendix 2.1 - Scoping the intervention

Appendix 2.2 - Workshop 1 pre-read

Appendix 2.3 - Workshop 1 outcomes

Appendix 2.4 - Workshop 2 outcomes

Appendix 2.1: Scoping the intervention

Notes from Meeting 18th February 2002

Attended by: Head of HR (BIM), Head of NBA (BIM), HR Manager (BIM), Andy Twiner (BIM), Sarah Burton-Taylor (Teamwork Consulting Group)

Objective of meeting: To agree a change intervention framework in NBA

Outcomes:

- Intervention project title: “Sustaining Success”
- Objectives: To improve the efficiency and effectiveness of NBA
- Desired change: To increase effective NBA coordination and interaction in order to enable better resource utilisation and best practice transfer and innovation, ultimately to enable sustainable high levels of service delivery
- Positioning of project: Positive (building on existing success); Involving business managers and Team Leaders in ‘solving the problem’
- Facilitation team: Deirdre Joyce (BIM), Sarah Burton-Taylor (Teamwork Consulting Group)
- Target participants: ‘NBA Management Team’ (Head of NBA, all business managers and Team Leaders) i.e.:
 - Andy, Head of NBA
 - Margaret, Business Manager Team E
 - Richard, Business Manager Team A
 - Richard, Business Manager Team C
 - Tim, Business Manager
 - Ian, Team Leader Self Cert
 - Carol, Team Leader Customer Relations Team
 - Clare, Team Leader Data Capture
 - Alison, Business Manager Support Services
- Context:
 - Drivers for change:
 - Resource capacity flexibility (Business volume increase from £1bn to £1.15bn)
 - Best practice transfer
 - Process innovation
 - Issues connected to NBA employee survey
 - DBA evidence of link between higher levels of inter-team interaction and delivery of superior value to customers
 - Barriers to change
 - Customers are assigned to specific teams - not to NBA
 - Team already works well with own customers
 - Lack of time – for change programme workshops and for enabling inter-team interaction
 - Reluctance to share good ideas

- Workplan: Initial programme

Stage	Activity	Objectives	Timing
1	Individual interviews with JB, AT and DJ	To clarify aims and assemble 'evidence' for Stage 3 Workshop	W/c 4/3/02
2	Individual interviews with all Business managers and Team Leaders	To understand perspectives/identify issues on: - Personal agendas and drivers - This intervention - Previous change initiatives - Current and desired NBA situation	W/c 11/3/02
3	Workshop 1 of NBA Management Team (see below for likely content)	To get NBA Management Team members to identify issues underpinning need for change in NBA Team interaction and coordination – and buy into need for change (through presentation of appropriate 'evidence') – aim to identify tasks for completion for Workshop 2	W/c 18/3/02
4	Workshop 2 of NBA Management Team	To get NBA Management Team members to develop and agree action framework for change – including consideration of performance measures (likely to be iterative process)	TBA

Likely content of Workshop 1 - NBA Management Team (to be confirmed):

- Team dynamics feedback:
 - Team types
 - Motivational communication template
 - Winning Teams template
- BIM operational data:
 - Target business volumes vs. Capacity
 - Employee staff survey
 - Examples of 're-inventing the wheel'
 - Competency Dictionary
- SBT's DBA data:
 - Customer needs mapping
 - Audit of activities
 - Value chain mapping

Appendix 2.2: Workshop 1 pre-read

NBA Workshop 23rd April 2002: “Sustaining Success”

9.30-2.00, Reading Business School

1. Participants:

- Andy - Head of NBA
- Richard - Business Manager Team A
- Tim - Business Manager Team B
- Richard - Business Manager Team C
- Margaret - Business Manager Team E
- Ian - Team Leader Self Cert
- Carol - Team Leader Customer Relations Team
- Claire - Team Leader Data Capture
- Alison - Business Manager Support Services
- Facilitator - Sarah Burton-Taylor (Teamwork Consulting Group)

2. Programme Objective: To consider ways of improving the efficiency and effectiveness of NBA

3. Programme Structure and Objectives:

- **Workshop 1 - 23rd April:**
 - To develop a shared understanding of the issues facing NBA and the implications of those issues
 - To identify and prioritise key issues underpinning improved NBA efficiency and effectiveness
 - To agree a workplan and responsibilities to develop action proposals for consideration at Workshop 2
- **Workshop 2 – Date TBC:**
 - To discuss and agree action plan proposals
 - To agree implementation plan for action framework – timescales, roles and responsibilities, support required

4. Workshop Agenda

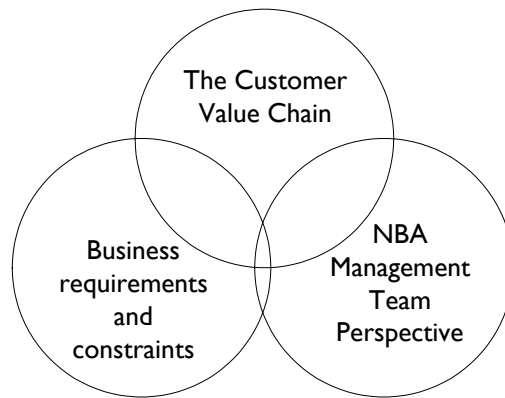
9:30 - 10:00 Introduction, agree objectives and ‘rules of engagement’

10:00 - 13:00 Discuss issues raised by NBA Management Team (See Attachment 2), in the context of the business requirements and constraints and the customer value chain (see Attachment 1), in order to achieve shared understanding and to prioritise areas for action – Please read through and consider these before the Workshop

13:00 -14:00 Agree workplan and responsibilities to develop action proposals for consideration at Workshop 2

14:00 Close and Depart

5. Context



- The Customer Value Chain - Sarah Burton-Taylor Doctoral Research Feedback – See Attachment 1
- Business requirements and Constraints: Drive for resource capacity flexibility/best practice transfer and process innovation to handle targeted business volume increase from £1bn to £1.15bn with no increase in resources
- NBA Management Team Perspective – See Attachment 2

Attachment 1: The Customer Value Chain - Sarah Burton-Taylor Doctoral Research Feedback

Background

The objective of this research is to understand how to manage organisational knowledge ('know how') as a source of competitive advantage. Organisational knowledge is 'collective' knowledge, specific to the organizational context and embedded in activities: it is as much what people *do* as what they *know*: it is a 'slippery fish' and this research has looked at how to turn it into concepts that managers can understand and value.

When organisations have the 'right' organisational knowledge and they deliver real value to customers, it is a critical strategic resource for achieving success in the market place. Other organisations can copy your tangible resources, your systems, and your process manuals, but they can't copy your organisational knowledge, as it is unique to your organisation – its culture, its history, its combination of people etc. Organisational knowledge is about *what* your organisation knows combined with *how* it all 'hangs together'. If a competitor were able to poach a couple of star performers from a highly successful organisation, it is unlikely they could re-create that success in the same way, because it depends on how the whole system works rather than just the expertise of one or two individuals.

But looking just at the internal activity is only half the equation – it is worthless unless it is linked through to a detailed understanding of what customers really value from a lender – this research has also looked at mapping macro competitiveness criteria (i.e. what customers value) against specific organisational behaviours (i.e. routine patterns of activity).

To research this area, SB-T has looked at a lender that customers perceive as 'good' (i.e. BIM) and competitor lender perceived as less good, in order to try to establish what's different and how this might explain the differential performance. This attachment briefly feeds back the key findings from the research under the following headings:

- What was different between the good and less good performers?
- What do customers really value?
- So - what's the link?
- So what are the implications for the NBA Management Team?

What was different between the good and poor performers?

The activities and activities involved in service delivery were identified:

Activity focus	Activity Unit			
	Individual	Intra-team	Inter-team	Managerial
Technical	=	=	=	=
Coordination/enabling	>>	>	>>>>	>

The results of the research indicated that there is a much higher incidence of effective inter-team coordination and interaction in BIM than in the less good performer i.e. people tend to 'look over the parapet' and interact, rather than 'hiding' in their compartments: however, it should be noted that this is not consistent across all of BIM.

In contrast, the incidence and performance of specialised technical activities (processing the mortgage application paperwork) was very similar between the two organisations – that is, they could both perform the fundamental tasks and activities of processing mortgage

applications, although the quality of decision making varies: this, however, also seemed to be influenced by the level of inter-team interaction.

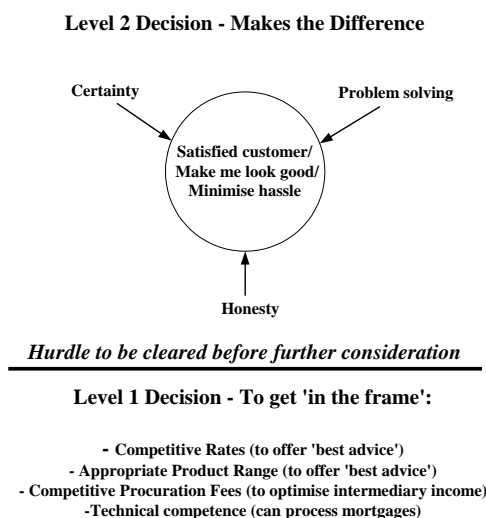
This higher level of inter-team coordination and interaction seems to be influenced and encouraged by four main groups of factors:

- Management attitude and climate, organisational values, and customer ownership
- Organisational structure and servicing processes
- Physical environment
- Staff turnover

What do customers really value?

The next phase of research was to understand in detail what customers really value from a lender – building on and digging more deeply into the Competitive Advantage Customer research.

It was found that in order to ‘get in the frame’ a lender has to offer competitive rates and products, and be perceived to have the technical competence to be able to process mortgages. However, once past this entry hurdle, it emerged that customers want ‘certainty’, honesty’ and ‘problem solving’ from lenders, to enable them to deliver an effective service to their end customers. Financial intermediaries deal in a highly exposed and personal marketplace, and rely on cross-selling and personal recommendation for future business – they, therefore, want to have satisfied end customers, and the performance of the lender is critical in underpinning this.



So – what’s the link?

The service activities were then mapped against what customers value, and the results suggest there is a clear link between increased effective inter-team coordination (for example, problem solving and information sharing) and the delivery of increased perceived value to customers. Whilst it is acknowledged that a range of factors will influence performance, it is proposed that, in these particular cases, effective inter-team coordination affects customers’ differential perceptions of service quality.

These results have generated the proposition that that, in the case of BIM, effective inter-team coordination is a critical strategic factor in delivering superior value to customers – and

achieving a 5 star perception in the marketplace (with some customers!). It causes staff to interact across internal boundaries on a 'routine' basis – not only when there is a problem – and consequently leveraging organisational knowledge. The activities coordinate specialised technical activities, and provide a mechanism for learning and knowledge transfer and the development of shared knowledge, interpretation and innovation.

So what are the implications for the NBA Management Team?

- What are the important things that we - NBA - need to deliver to customers?
- How does that translate into NBA activity?:
 - At the level of the NBA Management Team?
 - Between NBA Teams?
 - Between NBA and other parts of the organisation?
- What are we currently doing? How can we leverage or protect that activity?
- What aren't we doing – what can we do to change that?
- What are the implications for us – as NBA managers – to enable this to happen?

Health Warning!!

Competitive Advantage is a moving target – customers and competitors change. To maintain competitive advantage by delivering superior value to customers, BIM must continually understand in detail what customers want, and how that customer value can and will be delivered.

Attachment 2: NBA Management Team Perspective

This attachment summarises the key issues raised by the members of the NBA Management Team in interviews with Sarah Burton-Taylor: most issues were raised by more than one individual, and you will notice some overlap between sections. Lots of good and positive issues were, of course, discussed, and it is acknowledged that much change is underway. The purpose of this document is to pull together the areas where individuals felt there are issues where some reflection and consideration by the Team will identify further or enhanced change that could improve the effectiveness and efficiency of NBA.

Topic	Issues raised...	Questions...
NBA Management team effectiveness	<ul style="list-style-type: none"> • Similar behavioural styles, very concerned for 'welfare' of group, supportive and loyal, but 'avoid' conflict • Unaware of each others' strengths – don't play to strengths • Some lack of 'trust' – can lead to tensions • 'Splinter-teams' within management team – not always inclusive • Ineffective delegation within the team and ineffective decision making – try to manage by consensus - time consuming meetings • Focus can be on own team rather than Team NBA or Team BIM • Focus on 'hard'/technical/capacity issues, rather than 'soft'/process/continuous improvement issues • Focus on symptoms rather than digging deep to understand root causes and then implementing improvements and change • Not just a group of individuals but also not yet a team – somewhere in the middle 	<ul style="list-style-type: none"> • Does everyone recognise this picture? • So what - what are the implications? • What change would we like? • What do we need to understand better in order to create this change? • What do <i>we</i> need to do?

Topic	Issues raised...	Questions...
Cross NBA Team effectiveness	<ul style="list-style-type: none"> • What is the NBA Management Team vision? • Inconsistencies in: structure, approach, sharing of knowledge and information, cross team relationships • Teams can now be dealing with any source – not dedicated relationships – but not consistent ‘approach’ across NBA • Resource shared for short term capacity issues, but inconsistent/limited sharing of good practice or process innovation • Staff development – how can this be more effective to increase mandates and flexibility for dealing with different types of business (direct and broker) and/or different sources • Limited cross exchange of staff and ‘teaching’ assistance across teams – there is not an ‘NBA approach’ • Resource not sufficiently flexible to cope with volume fluctuations • Issues about business development and growth of business from TMT • Improve induction of new staff – ensure they understand how the organisation ‘fits together’ and build relationships • How to ensure that everyone is focused on what’s important to customers, and does not become ‘isolated’ 	<ul style="list-style-type: none"> • Does everyone recognise this picture? • So what - what are the implications generally? Specifically, what are the implications about staff development and the growth of TMT business? • What change would we like? • What do we need to understand better in order to create this change? • What do <i>we</i> need to do? • What do <i>our staff</i> need to do? What are the implications <i>for us as managers</i>?

Topic	Issues raised...	Questions...
Cross BIM Team effectiveness	<ul style="list-style-type: none"> • Sales have preferences about who they want to work with in NBA - how can we minimise that? • Exchange conversations not fully effective – need revisiting • Issues about relationships with TMT and BDU • Issues about relationship with HR • Not always well supported by other parts of the organisation through change e.g. Systems support 	<ul style="list-style-type: none"> • Does everyone recognise this picture? • So what - what are the implications? • What change would we like? • What do we need to understand better in order to create this change? • What do <i>we</i> need to do? • What do <i>our staff</i> need to do? What are the implications <i>for us as managers</i>? • What does <i>Andy</i> need to do?
Perceptions of NBA elsewhere in BIM	<ul style="list-style-type: none"> • NBA perceived as negative/pessimistic, or 'arrogant', or as underachievers • Feel like the 'fall guy' • NBA perceived as ineffective team – work independently, don't share ideas • Perceptions of NBA based on history and are unjustified – things have changed • NBA constrained by other parts of the organisation (e.g. Systems) but gets the flack 	<ul style="list-style-type: none"> • So what – what are the implications of these perceptions? • Why do these perceptions exist? • Why hasn't change and improvement been recognised? • What can <i>we</i>, <i>our staff</i> and <i>Andy</i> do to change perceptions?
Performance measures	<ul style="list-style-type: none"> • Focus on 'hard' outputs • Promotes competition between NBA Teams • Does not encourage appropriate behaviours e.g. relationship building, cooperation, sharing of knowledge, process and innovation 	<ul style="list-style-type: none"> • Does everyone recognise this picture? • So what - what are the implications? • What change would we like? • What do we need to understand better in order to create this change? • What do <i>we</i> need to do? • What does <i>Andy</i> need to do?

Appendix 2.3: Workshop 1 outcomes

NBA Workshop 23rd April 2002: “Sustaining Success”

Attended by:

- Andy - Head of NBA
- Richard - Business Manager Team A
- Tim - Business Manager Team B
- Richard - Business Manager Team C
- Margaret - Business Manager Team E
- Ian - Team Leader Self Cert
- Carol - Team Leader Customer Relations Team
- Claire - Team Leader Data Capture
- Alison - Business Manager Support Services
- Facilitator - Sarah Burton-Taylor (Teamwork Consulting Group)

Workshop Objectives:

- To develop a shared understanding of the issues facing NBA and the implications of those issues
- To identify and prioritise key issues underpinning improved NBA efficiency and effectiveness
- To agree a workplan and responsibilities to develop action proposals for consideration at Workshop 2 (date TBC)

Objective of this document: To document the key outputs from the Workshop (outcomes captured and documented by Sarah Burton-Taylor)

1. Workshop ‘Rules of engagement’ and Focus – as agreed by participants:

‘Rules of engagement’:

- Open and Honest
- Integrity
- Listen
- Confidential
- Non-judgemental
- Think beyond team boundaries

Focus:

- NBA management team effectiveness
- Cross NBA team effectiveness
- Cross BIM effectiveness

2. NBA Management Team Effectiveness

2.1 Implications of Issues raised on NBA management team efficiency and effectiveness

Consolidated Implications	'Post it' brainstorm implications
Lack of Consistency/knowledge sharing/competency development	Focus on targets - ineffective coaching in respect of improved competency Not sharing skill/expertise Not sharing ideas = potentially less effective 'Focus on own Team': failure to share good ideas, inconsistent practices, x team resentment Lack of consistency between teams
Poor/consensus decision making	Wrong/poor decisions Indecision 'Consensus Management' use strengths of other for best effect Poor decision making
Lack of commitment/satisfaction	Lack of job satisfaction Sense of resignation Never get to do something different Lack of commitment to make a difference Lack of commitment
Wasted effort	Repeating problems/waste Wasted time/effort x 2 Ineffective use of time Too much fire fighting
Lack of planning	NBA Team seen as lacking drive/direction/ambition Lack of direction Poor planning Short sighted tunnel vision need to look at bigger picture
Negative effect on NBA staff	Inconsistent communication from NBA managers to teams Perception to staff Team members lack faith in NBA management
Ineffective team dynamics/performance: - lack of challenge - not united - lack of trust - splinter groups - not inclusive	Not enough understanding thru lack of trust Resentment Similar styles leads to lack of 'challenge' within team 'Lack of trust' stops effective team working Hidden Agenda's Not "united" x 2 Splinter-team's creates mistrust and lack of team spirit Don't like to dig deep – avoids conflict but builds resentment Disagreement in the corridors People feel left out Lack of team spirit
Missed opportunities	Miss opportunities Reactive rather than proactive Hinders progress and development

2.2 Vision for NBA Management Team

Consolidated Vision	'Post it' brainstorm visions
Open/honest/challenging/understanding	No toilet committee's All for one and one for all Seen by staff as fully supportive of other B.Mgrs In unity Trust x 2 Understanding Mutual understanding of each other Listening with trust/respect Prepared to challenge Look for alternative ways rather than old way Open and honest x 2 Be open with views Always honest 'in context of situation'
Clarity of commitment to vision/common goals	More focused to underlying Agenda Clear direction and delegation Goal orientated – what else could we improve Look to the future We will know where we're going Clarity of vision Clearer vision Committed to the final decision <u>Everyone</u> focussed on common objective Common goals – prioritised, regularly checked-in with
Ambition/Celebrate success	"Inspirational" Ambitious for NBA to achieve more "Ambition" Raise profile of NBA Acknowledge and celebrate others success Celebrate success Successful Fun
Role Model	Role model Seen as role models for BIM/Group
Consistency across NBA management team to process and people management	Buy in to coaching Consistent Process Management, People Management Coaching should focus on behaviour and attitude, Not technical skills
Excellent comms with teams	Effective communication with our team's Staff fully informed of (and supportive of) NBA goals
Understanding/using each others strengths/skills – supporting each other proactively	Respect x 2 Use people's skills and support other development Recognise others need for help without being asked Play to each others strengths Think team NBA Aware of 'styles' and work to use these Recognising and using the individual strengths of team Playing to strengths Recognise the value of team (we can't do everything ourselves)
Greater empowerment	Greater empowerment between team Greater ownership Empowered to 'do'

3. Cross NBA Team Effectiveness

3.1 Implications of Issues raised on NBA Teams efficiency and effectiveness

Consolidated Implications	'Post it' brainstorm implications
Inconsistent Staff development	Inconsistent structures breeds inconsistent development Staff not developed to full potential
Inconsistent Staff morale	Stifle ambition Stunted ambition Inconsistent staff morale Staff morale more at risk Lower results in staff survey Staff fear change – too settled in team Frustration
Inadequate Succession Planning	Poor succession planning at all levels No contingency plans for future
NBA structure not match business needs	Current structures and approach lead to lack of flexibility NBA structure does not suit business direction Won't be able to accommodate increasing extg. cus. base without 2 nd tier service
Bottlenecks and inflexibility	Bottlenecks for 5* service Potential bottlenecks Lack of flexibility
Inconsistent performance	Increased chances of errors Inconsistent performance Trying to do too much at once (and doing nothing well) Don't need to exchange staff - Do need common approach – getting there! Inconsistent structure, do things differently, team at different levels of expertise
Lack of clear vision/goals as Team NBA or Team BIM	'No' shared vision and not communicated to teams Mixed messages x 2 Focus on team not NBA not BIM No team NBA ethos Lack of togetherness Less awareness of bigger picture/goals Teams perceived as some work harder than others We are sufficiently resourced – we don't prioritise to the prime objective Poor communication when one of us misses a meeting/on hols
Not satisfy customer needs effectively – lose business?!	Customer retention programme at risk Challenge current process and criteria for benefit of customer Sales see inconsistency in service to brokers Source relationships suffer Sources need and expect 'consistent' answers
Staff empowerment/ownership	Staff feel issues are not their responsibility i.e. pass upwards Lack of ownership No one takes responsibility to update.

3.2 Vision for NBA Teams

Consolidated Vision	'Post it' brainstorm visions
Team NBA Ethos	Staff employed by BIM/not NBA Team X Team NBA Team NBA Ethos
NBA structure aligned to marketplace	Ability to change structure to meet new market needs Appropriate for type of business received Re-think source alignment Aligned mandate structure to accommodate/encourage dedicated source relations Max use of credit sqre, Min underwriting
Increased consistency in team structure/approach - More consistent staff development	Define how increases in mandates can be obtained x teams More roles and appropriate + up to date profiles All teams resourced correctly (not necessarily the same) Common personal dev. Plans (structure) Shared responsibilities i.e. mgment + team Staff secondment plan as part of objectives Staff rotate teams regularly (2years?) All teams structured the same Why only standard cases for mandate increases? Similar but not the same Teams capacity to be open and honest + split more evenly
Effective communication mgrs/teams - Effective comms/relationship across teams - Best practice/continuous improvement	Best practice continually applied Mgrs take resp. for improving cross team relationship Better communication with staff to increase morale All staff feel fully communicated with Teams communicating Consistent message
Effective capacity planning - Clear expectations about what and how and the environment	See extg customers as part of 'source' loyalty See customer retention as part of NBA cycle Consider proactive planning of resources for NBA team No backlog culture x 2 Better way of capacity planning Resource CRT to levels required
Flexible/creative/empowered effective workforce	Use staff with skills to problem solve effectively Creative workforce Multi skilled staff People continually looking to improve behaviour/process Individuals own/are responsible for their development Role models in relationship management Staff take responsibility for improving cross team rel's Develop 'can do' attitude Genuine 5* service Attitude and commitment are pre-requisite attributes Fun place to work Morale improved Staff enjoy their work Staff know the "bigger picture" Focussed and with clear direction All focussed on common goal Flexible workforce x 2 Coaching culture truly embedded Increased capability

4. Cross BIM Effectiveness

4.1 Implications of Issues raised on Cross BIM efficiency and effectiveness

Consolidated Implications	'Post it' brainstorm implications
Sales preferences affect staff development – constrains flexibility of resource	Sales preferences could lead to some teams feeling left out Those not in sales favour don't get chance to develop Sales preferences = strong relationships no barrier NBA are not listened to by Sales/HR Staff unaware of sales opinion of them Team BIM at risk Lack of trust between NBA and Sales Lack of Trust/Support Some u/w's and sales Sales only like dealing with certain people - if we do not confront this nothing changes
Exchange conversations not effective – effects customers and service quality	Exchange conversations are meaningless! Perception nothing changes Giving 1 st class service but broker not reciprocating Sales or NBA staff have never bought in to value of exchange conversations If NBA and sales are all committed, exchange conversations do work
Quality probs from TMT/BDU focus on numbers not quality apps - inefficiency/ineffectiveness	TMT + BDU target orientated can be blinkered TMT/BDU very focussed (well done Carl), but on targets - they forget the poor s*ds who have to process
Lack of Trust in HR - They don't understand NBA - cross purposes comms/Don't maximise value from HR	Growth of individuals in building relationships under-developed Lack of understanding of HR's role and responsibilities Performance issues with staff not dealt with in best way Ineffective relationship with HR HR too focussed on BIM not on staff welfare therefore mistrust Do not trust HR Missed Opportunities for personal dev. (HR knowledge not recognised)
Overall - greater chance of service failure and complaints	Insufficient resource across company to support NBA Other parts of BIM do not understand our vision BIM can lose sight that we're a mortgage lender – tail wags dog Lower conversion rates More complaints x 2 We are restricted in our ability to continually improve (systems) In other areas don't trust NBA – why would they help with peak business Systems support now better! NBA seen as taking not giving Staff lose out because of mgmt barriers between depts Assumptions being made that people can't change Dissatisfied team Wasted resource

5. Actions Resulting

Meeting participants (as detailed below) to consider detailed workplans to address the following questions:

- NBA Management Team effectiveness: How can we develop a better understanding of each others perspectives and strengths and create a more effective management team climate – *Alison and Richard (C)*
- Team NBA effectiveness: How can we improve the effectiveness and efficiency of the overall NBA structure and the structure, operations and interactions of the constituent NBA teams – *Tim and Carol (with Margaret in support)*
- NBA/Sales effectiveness: How can we maximise the effectiveness of relationships with Sales through minimising ‘preferences’ and leveraging exchange conversations - *Richard (A) and Claire*
- NBA/HR effectiveness: How can we improve the effectiveness of relationship with HR in order to obtain maximum VFM from HR – *Ian and Margaret (with support from Andy)*

Presentations to be prepared that will cover action plan development:

- Detailed/tighter objectives and desired outcomes
- The issues that need to be considered to achieve objectives and deliver desired outcomes
- The workplan to be implemented that will turn good intentions into real action and improvement
- Who needs to be involved in developing action plans
- Timescales to develop detailed action plans

Presentations will be delivered to rest of NBA Management Team for discussion and sign off – presentation date TBC but likely to be end May 2002.

‘Car Park’ Issues resulting, to be picked up by Andy...

- HR – what can HR do to improve relationships with NBA, in conjunction with NBA efforts
- Systems – how can Systems be more responsive to business requirements/broader market needs
- Self employed mandates and mandate levels more generally – re staff development and capacity flexibility

Appendix 2.4: Workshop 2 outcomes

NBA Workshop 24th May 2002: “Sustaining Success”

Attended by:

- Andy - Head of NBA
- Richard - Business Manager Team A
- Tim - Business Manager Team B
- Richard - Business Manager Team C
- Margaret - Business Manager Team E
- Ian - Team Leader Self Cert
- Carol - Team Leader Customer Relations Team
- Claire - Team Leader Data Capture
- Alison - Business Manager Support Services
- Deirdre - HR
- Facilitator - Sarah Burton-Taylor (Teamwork Consulting Group)

Programme Objective: To consider ways of improving the efficiency and effectiveness of NBA

Workshop Objectives:

- To agree action plans to address:
 - NBA Management Team effectiveness
 - Team NBA effectiveness
 - NBA/Sales effectiveness
 - NBA/HR effectiveness

Objective of this document: *To document the key outputs from the Workshop – see Table overleaf*

Outcomes – Actions Agreed

Action	Responsibility	Timescale
1. NBA Management Team Effectiveness		
1.1 Include Carol and Claire in all NBA Management Team meetings and activities	All	With immediate effect
1.2 Review NBA Management Team/Team coordination meetings (objectives, structure, frequency, etc.) – Propose alternative structure (integrate with 2.5 below)	Andy and Richard	End June
1.3 Organise NBA Management Team social event	Alison, Richard, Carol	End June
1.4 NBA Management Team workshop to jointly review motivational communication outputs, and agree approach to NBA Management Development future development activities – design and book	Alison and Richard	End June
1.5 Develop NBA Management Team relationship maintenance process	TBA	TBA
2. Team NBA Effectiveness		
2.1 Develop proposals for small floating team to cover absence	Carol and Claire	End July
2.2 Develop process for routine transfer of good practice between NBA teams	Alison	End June
2.3 Review team performance against team structure to identify ‘good practice’ NBA Team	Andy and Tim	Mid July
2.4 Revisit source alignment (integrate with NBA/Sales effectiveness project see 3.1 below)	Tim and Richard	End September
2.5 Review NBA Team coordination meetings (objectives, structure, frequency, etc.) – Part of 1.2 above	Andy and Richard	End June
2.6 Develop proposals to improve self employed mandate training etc. – include review of Bristol & West approach	Tim (with Alison)	End June
2.7 Revisit capacity planning process	Richard and Carol	End July
3. NBA/Sales Effectiveness		
3.1 Review current methods/effectiveness of exchange conversations with all relevant parties – propose improved exchange conversation approach	Richard and Claire (working with Sales)	Proposals agreed by end September Fully implemented by March 2003 at the latest
4. NBA/HR Effectiveness		
4.1 Session for HR to present to NBA Management Team issues about HR/NBA roles in HR management – discussion to develop framework for HR role and relationship with NBA	Deirdre to organise with HR	ASAP
4.2 Presentation by HR and NBA Management Team to all NBA staff to clarify respective roles re HR matters	TBA	TBA
4.3 Implement framework for HR role and relationship with NBA	TBA	TBA

Appendix 3: Conference Presentations and Papers

Academy of Management, Denver, August 2002 (Executive Doctoral Colloquium):
“Managing Organisational Knowledge as a Source of Competitive Advantage: How effective inter-team coordination can contribute to success”

British Academy of Management (Strategic Management Track, Doctoral Paper),
London, September 2002: “Managing organisational Knowledge as a Source of Competitive Advantage: How effective inter-team coordination can contribute to success”