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Customer Needings

Finding the Relationship Gaps between Rolls
Royce and their Industrial Customers

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Preface

Big thanks are addressed to our supervisor at Karlstad University, Professor Bo Edvardsson. Your knowledge and help has really been useful while making this thesis.

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Abstract

Purpose

The purpose of this thesis is to investigate to what extent Rolls Royce in Kristinehamn manages to fulfil their customer needs. By identifying gaps between offerings and needs, the authors will give recommendations on how Rolls Royce can increase their customers' satisfaction by providing them with what they need.

Method

A qualitative research is used in the form of in-depth face-to-face- and telephone interviews. Eight such interviews have been conducted in this thesis; three interviews with representatives from Rolls Royce and five interviews with representatives from three of their customers.

Findings

Many gaps have been found in the analysis of the empirical study. The most frequently discovered gaps are that; Rolls Royce should have better control over their sub-suppliers and Rolls Royce should agree on higher penalty fees for delay or poor quality. Further gaps have been found in which activities the customer wants to be relieved or enabled of.

Recommendations

A figure of customer specific recommendations have been compiled through the findings. From this figure, general recommendations have been discovered that can, to some extent, represent all of Rolls Royce's customers.

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Chapter 1 – Introduction

The background, problem and a company profile presentation of Rolls Royce are presented in the opening part of this chapter. The chapter finishes up with the purpose and the delimitation of the thesis.

1.1 Background

The structure of industrial markets has changed radically the last 25 years. From being standardized markets where all the products and services are the same, to markets where business relationships are the main focus. Due to the development of the World Wide Web, the world is getting smaller and makes it easier to purchase products. Because of this, the ranges of products are getting wider and it is more difficult to make a lucrative business on a standardized product line. When this transition from standardized product lines to customized products is complete, the customer based relationship is going to be of great importance (Morris et al. 2001). It seems today that the most common way for a selling company to create competitive advantage is through their offerings (Grönroos 1996). Though, according to Strandvik et al. (2009) the companies need to customize the way of designing their offers by focusing on customer needs.

Producing companies have for many years seen that the value is in their products. This makes the foundation of the product dominant logic. According to Vargo and Lusch (2004), the products do not generate value until they are being used by the customer. This is the service dominant logic, where the products are seen as services in the usage of the customer. According to Witell et al. (2009), the long-term business relationships are partly formed by taking the view of service dominant logic. This means that the company delivers the products and also include the aftermarket of the products, which generate a longer product life-cycle for the producing company. Because companies are becoming more service oriented, Edvardsson et al. (2008) suggest that a shift from selling tangible hardware to valuing services and relationships is needed.

The industrial relationships are more important and stronger than just a few decades ago. Companies engage in specific suppliers and create interdependent relationships to reduce their supply chain (Ulaga & Eggert 2006). The products

and services are not enough to differentiate from competitors. To reach competitive advantage today, it is important to build strong industrial relationships (Vandenbosch & Dawar 2002). Further, many studies show that customer loyalty is linked to higher profits (Söderlund 2001; Söderlund 2000).

According to recent research conducted by Strandvik et al. (2009), companies who want to establish long term relationships should aim their focus on customer needs. Customer needs are the opposite of seller offerings. Customer needs are what the customers want in order to maximize their value creation. The seller offerings are based on the seller's view on what is best for the customer, rather than what the customer really wants. Further, the scholars base their theories on the opinion that two main assumptions, actively used by companies today, are wrong. The first assumption is that selling companies believe that what they sell really is what the customer wants to buy. The other assumption is that what the customer wants is constant rather than dynamic.

1.2 Rolls Royce Company Profile

1.2.1 Business and Products

Rolls Royce in Kristinehamn is a part of Rolls Royce Marine. Rolls Royce Marine has 7 600 employees, 2 300 customers and equipment on over 30 000 ships in the world. They can offer ship design, diesel engines, propulsion systems, motion controls, automation and control, deck machinery and services. It is claimed in the company's brochures that it has developed a concept based on system solutions which means that all of the above mentioned units "can be optimized to work together in the best possible way" (Rolls Royce AB 2005). They call this a complete solution from one supplier. However, Rolls Royce in Kristinehamn only produces propulsion systems and water jets. They also offer services like maintenance, repairs and installation. The propeller types are adjustable propellers for which the blades can be adjusted from the deck, the fixed propellers for which the blade is fixed to the shaft and the APP (azimuthing pulling propellers) type for which the ship needs to be docked to adjust the blades (Rolls Royce AB 2008). Further, the propellers are made of either rust free steel or bronze. Rolls Royce in Kristinehamn has 430 employees and a turnover of approximately 2 400 MSEK¹.

¹ Parts of the information were collected through the interview with Mr. ten Eicken.

1.2.2 History

In 1849 Cristinehamns Jernvägs Werkstad was founded. This company later switched name to KaMeWa and started to produce propulsion systems. KaMeWa was acquired by Rolls Royce in 1999 and changed their name to Rolls Royce AB in 2000².

Rolls Royce in Kristinehamn was chosen as research company for this thesis due to their long-term relationships with a few customers, which makes a specialized offer possible.

1.3 Problem

As described in the background, the structure of industrial markets has changed and is continuously changing. Technical developments like the Internet has made the world smaller, increased the number of options for customers and made it possible to see reviews of different suppliers (Morris et al. 2001). This along with the increase of suppliers that offer the same products makes it a customer's market i.e. the customers have the bargaining power. To be able to compete on such a market, selling companies must be better at matching their offerings with what the customers really need (Strandvik et al. 2009). To do this, a selling company needs to be customer oriented which means that they should discover wants and needs from target customers and try to satisfy these better than the competitors. This means that they must customize their offers to suit specific customers (Slater & Narver 1999; Webster 1994). Rolls Royce in Kristinehamn is a company that can benefit from detecting their customers' needs and customize their offers based on these. They need to do this to get competitive advantages and survive in the future. Rolls Royce has to find the gaps (differences) between what they offer and what the customers need and then fill them.

1.4 Purpose

The purpose of this thesis is to investigate to what extent Rolls Royce in Kristinehamn manages to fulfil their customer needs. By identifying gaps between offerings and needs, the authors will give recommendations on how Rolls Royce can increase their customers' satisfaction by providing them with what they need.

² The information was collected through interview with Mr. ten Eicken.

1.5 Delimitation

To be able to carry out the thesis and stay focused on customer needings and the gap analysis, there is a need to make certain delimitations. The focus will be exclusively on Rolls Royce in Kristinehamn and their specific customers. The delimitations are set up by working under the assumptions that:

- Rolls Royce is prepared to make sacrifices and put in effort to strengthen their customer relations. Further, the authors also assume that Rolls Royce is willing to customize their offers based on customer needings in order to gain competitive advantage.
- The representative interviewees have the power to change the existing situation in the specific company.
- Customers of Rolls Royce will be realistic when expressing their needings. This means that they will prioritize among all of their needings so that they are possible to fulfil given the customers' financial restrictions.
- The customers of Rolls Royce require that the services they purchase will fit perfectly into their value-creating process. The authors also assume that they will reward suppliers who can offer this, either financially or by making them a regular part of their supplier base.

1.6 The Structure of the Thesis

The next chapter explains the chosen methodology for the empirical study. Different methods and a discussion about rejected methods are presented. The frame of reference is presented in the third chapter. Relevant theories are introduced to the reader along with the prerequisites, which will form the further arrangement of this thesis.

The empirical study is presented and analyzed in the fourth chapter. The given result is dealt with through the presented prerequisites. The theories will be linked to the empirical study throughout this chapter. The fifth chapter includes findings from the analysis and also recommendations for Rolls Royce. Further it includes a discussion along with further studies.

The terms; customers, business-to-business interaction/marketing, B2B interaction/marketing and industrial interaction/marketing are frequently used throughout this thesis. These terms aim to describe the interaction and marketing between two companies.

Chapter 2 – Methodology

The selected methodology is presented in this chapter, along with why it is suitable for the problem of this thesis. The selection of interviewees, the gathering of data and the analyzing of the conducted information are also explained. The chapter is concluded with a discussion of the validity, reliability and precision of the methodology along with a justification for rejected methodological alternatives.

2.1 Scientific Approach

Hermeneutic or Positivism

According to Thurén (2007), Eriksson and Wiedersheim-Paul (1999) and Andersson (1979) there are two scientific directions when conducting research: hermeneutic and positivistic. Hermeneutic is a way of translating and understanding the information gathered from a qualitative research. The words are more important than exact numbers (Bengtsson & Bengtsson 2003). When translating this information, an underlying context is being given to the observation, which may be how the interviewee act and speak (Wallén 1996). When taking the positivistic point of view, facts and reliable knowledge are the main factors. When made sure that the facts are reliable, conclusions can be made. According to Andersson (1979), the positivistic view is to focus on the general information. The circumstances and how the interviewee chooses the words are not of importance, but the general formulas are.

The purpose of this thesis is to compare customer needs and the offers of Rolls Royce in a specific relationship. To fulfil this, a translation of the observed data and an understanding of the information are needed. Therefore a hermeneutic approach will be used.

Induction, Deduction and Abduction

There are mainly two ways of reaching conclusions in the relationship between theory and the empirical study. These are the inductive approach and the deductive approach (Thurén 2007; Wallén 1996; Jacobsen 2002). Alvesson and Sköldböck (2008) and Wallén (1996) claim that there is a third approach; the abductive approach. In the inductive approach, the researcher has just a few

assumptions before the empirical data is collected. On the other hand, in the deductive approach there are already many assumptions that have to be tested for validity. The abductive approach is a mix between the inductive approach and the deductive approach. The researcher has some assumptions but not enough to test the validity.

This thesis will focus on general conclusions from the empirical study and not on given assumptions due to the limited amount of research done within this specific field. The relationships that are going to be studied are fairly unique due to the international customers of Rolls Royce. Therefore an inductive approach will be used.

2.2 Research Design

According to Jacobsen (2002) a qualitative approach should be used when the researchers are not familiar with the research field beforehand. In this thesis, the purpose is to find out what Rolls Royce's customers need. This cannot possibly be found simply by asking them to grade the importance of different aspects and areas. The authors' knowledge about the business, the market and its actors is not sufficient to come up with an exhaustive list that covers all aspects and areas. However by carrying out a qualitative research and letting the interviewees speak freely about different topics, a greater understanding of the customers' deepest needs can be found. A qualitative research is appropriate to use when trying to make a phenomenon more clear (Wallén 1996). Kvale (1996) further explains that a qualitative research is suitable to grasp the human situation. According to Ritchie and Lewis (2003), the qualitative research method is appropriate when the context needs to be understood on a deeper level. This can be related to the purpose of this thesis, where the interaction between two parties is vital. The fact that interaction is taking place between individuals within each company will result in personal reactions and opinions. Because of this, a qualitative research method will be used to gather the data.

It is important to understand how the interviewee perceives and describes the specific relationship. When this is important, in-depth interviews are preferable (Jacobsen 2002; Carlsson 1991). According to Alasuutari (1995), in-depth interviews are appropriate when it is of interest how the interviewee replies and acts during the interview. The visualizations and experiences of the interviewee are also of importance. Wallén (1996) defines these factors as phenomenology and claims that they can be discovered through in-depth interviews, which will

be used in this thesis. All of the selected customers of Rolls Royce will be interviewed by telephone due to the geographical distances. According to Colombotos (1969) and Fenig (1993), telephone interviews are highly effective, as they save both time and money. During the telephone interview the reactions from the interviewee will not be possible to reflect upon. To overcome this, it is important to note how the interviewee expresses himself/herself verbally and that the interviewer asks and formulates the questions well (De Leeuw 1992). De Leeuw (1992) and De Leeuw and Van der Zouwen (1988) explain that the differences in the result between the data collected from telephone interviews and the data collected from face-to-face interviews are relatively small. The authors of this thesis confirm that the usage of the telephone interviews resulted in truthful answers. Though, the authors are of the belief that the probing technique is more important during the telephone interviews due to the context effect.

2.3 The Interviewees

The interviewees are representative individuals of the customers of Rolls Royce. The individuals have to be able to influence their own companies to qualify as interviewees. The intention was to interview four representative individuals within four different customers (companies) and one representative from Rolls Royce for each of the four customers. This gives a total of 20 interviews. However, due to the complexity of the customers of Rolls Royce and the limited time, four companies with four representatives were not possible. Within some of the customers there is only one project manager who is able to answer questions while other customers have up to nine different respondents. Though, the authors were able to interview three customers of Rolls Royce (a total of five interviewees) along with three representatives from Rolls Royce. This gives a total of eight interviews. Because of the fact that only a maximum of two interviewees could be chosen, the authors had to prioritize. Due to the purpose of this thesis along with the type of questions, one person that is responsible for the technical side and one that is responsible for the commercial side for each customer were chosen. This was done together with the contract manager of Rolls Royce, Mr. ten Eicken. According to Jacobsen (2002) an upper limit of 20 interviews is enough when using in-depth interviews. Jacobsen (2002) further explains that when conducting too many interviews, the information might be impossible to interpret due to the vast amount of data. The limit of four companies was set due to the large amount of information that would be generated from these companies. The number of customers and

interviewees are, according to the authors, enough to present a fair image about the existing relationships between Rolls Royce and their customers. Though, within some of the customers, further interviewees could provide a better result. The actual population in this case is the customers of Rolls Royce in the industrial interaction. It would be difficult to generate a good result from customers with a short relationship with Rolls Royce or relatively small customers. The reason to why the authors have chosen to interview large customers is that the smaller ones do not have the ability to influence Rolls Royce to a large extent. This means that a simple random sampling was not possible. Instead of using a simple random sampling, Rolls Royce chose the customers based on the authors' criteria for suitable companies. The chosen customers were; Meyer Werft from Germany, STX from Finland and Damen Schelde from the Netherlands.

2.4 The Gathering of Data

2.4.1 Primary Data

Before any interviews were held, the purpose and the intended usage of the gathered information were sent to the interviewees by e-mail, which Dalland (1993) and Ejvegård (1996) state as important. The interviews were reserved in advance and the face-to-face interviews were conducted at the actual company where the interviewees work. The reason for not having the interview elsewhere is because of the 'context effect' (Jacobsen 2002). The context effect is the environment where the interview is carried out. This environment should be as little affected as possible to not get affected answers. It is good to record in-depth interviews because of the amount of information (Jacobsen 2002; Bell 1993). Therefore a recorder was used during the interviews, though with an approval from the interviewees due to the possible scepticism. To be able to structure the gathered data and grasp the information, one of the interviewers asked the questions, while the other was taking notes. By keeping notes during the interview, time framing can be accomplished and it is easy to get the information combined with the recorded material. Another advantage of having the same interviewer during the whole interview is the personal contact established with the interviewee. Carlsson (1991) explains three important aspects that should be considered during the interview. The first aspect is the cooperation, which is maximized when the interviewer acts like a conversation partner rather than an unknown interviewer. The second aspect is the listening, where the interviewer needs to be active and try to find out what has been said and what has not. The last aspect is the steering of the conversation. The

interviewee may get stuck on irrelevant information, in which case the interviewer needs to get the conversation back on track. This technique was frequently used throughout all of the interviews. The questions that were used in the empirical study were based on the frame of reference and designed to fulfil the purpose. This meant that the answers received from Rolls Royce and their customers had to be comparable in order to find gaps between offerings and needings. Further, they were formed to cover all three dimensions of the customer needing concept (doing, experiencing and scheduling). During the interviews, an interview guide (appendix 1 and 2) was used. According to Carlsson (1991) and Dalland (1993) the interviewers have to be able to get the 'story' of the interviewee and therefore do not have to follow the guide precisely. The reason to the large number of questions in the interview guide is that, in this thesis, it is important to get comparability between the answers of Rolls Royce and their customers. The authors are of the opinion that the result from the empirical study was satisfactory due to the large number of questions. Though, it was discovered that some questions were too straight forward and leading which made the answers exactly the same from all of the interviewees. Another reason to why the authors chose to use many questions is that it can be difficult for interviewees to answer open questions and to think in terms of customer needings.

2.4.2 Secondary Data

The theoretical framework that is presented in chapter 3 describes the secondary data used in this study. At first, the authors found it difficult to know what should be used as secondary data. Professor Bo Edvardsson provided the authors with unpublished and published theories of customer needings. By focusing on this, and reading articles about the area of research, the authors found theories that preceded and formed the basis of customer needings. These theories, along with customer needings, were therefore seen as suitable for the purpose and resultantly included in the authors' theoretical framework.

2.5 Analyzing the Data

The data was analyzed through a three step process that Jacobsen (2002) describes in his book *Vad, hur och varför: Om metodval i företagsekonomi och andra samhällsvetenskapliga ämnen*. The first step is to describe the collected data, which in this case is to re-create the interviews in written text. This re-created data is presented as summaries (appendix 3) of the raw data from the interviews, which originate from recordings and written notes. The next step in the process

is to reduce the large amount of data to make it more lucid and easier to compare. To do this, the data is categorized into subcategories which, according to Bell (1993), can be changed during the process. Ejvegård (1996) stress that to be able to use ‘classification’ or categories, four criteria have to be met. These criteria are that the categories need to be reliable, valid, exhaustive and mutually exclusive. The last step is called ‘combination’ and focuses on finding connections while combining the categories with the interviewees. Citations will be used throughout the analyzing process. Jacobsen (2002) explains the importance of using citations to combine small details with the whole picture. The reader should also be informed that the citations are translated into written language (Trost 2002), which is done by the authors in chapter 4.

2.6 Validity, Reliability and Precision

Because of the limited information that was available to the authors beforehand and the problem background of the thesis, a qualitative method with in-depth interviews was chosen. According to Jacobsen (2002) there is no perfect research. However, a more accurate method can be selected if the amount of existing information is taken into consideration. The authors base the choice of method on existing theories about customer needings rather than on previous studies. According to the authors, the usage of in-depth interviews was the best choice for this specific study since individual stories were desired, which is important to be able to frame the relationship. Jacobsen (2002) further explains that a well selected research method minimizes the ‘research effect’, which means that the research itself creates answers rather than tell an individual story.

To be able to get a good result from the research, it has to be valid and reliable (Ejvegård 1996). The validity of a research is determined by what extent the instrument is able to measure what is supposed to be measured (Carlsson 1991; Bell 1993; Berger & Patchner 1988). Berger and Patchner (1988) explain that the validity of a quantitative research is easier to support than the validity of a qualitative research. They further explain that the qualitative research needs to take the content validity into consideration. Content validity means that the result of a qualitative research is supported by experts to be valid.

The reliability of a research is to what extent the instrument is consistent and gets the same result time after time (Carlsson 1991; Bell 1993; Berger & Patchner 1988). According to Gordon (1970) it is vital to use a technique that

2 Methodology

results in exhaustive and reliable information. To achieve this, he claims that the interview should be designed with the following facts in mind.

1. It is easier to acquire reliable information if the interviewee is aware of the purpose of the interview.
2. It is easier to acquire reliable information if you succeed in creating a bond with the interviewee that is based on trust and without anxiety.
3. The reliability of the information in general will increase if the interviewee gets to answer the questions independently and spontaneously.

Factors that might affect the interviewee's answers must be considered. During the interview in this thesis the interviewed customers might not want to reveal too much information to their supplier or might be afraid to upset them and therefore leave out information or answer untruthfully. Berger and Patchner (1988) further explain that it is important to receive a reliable result of a research repeatedly because of scientific credibility. The interviews followed the previously presented design and, according to the authors, the information is therefore reliable.

According to Wallén (1996) the precision of a research is how it can be graded. A qualitative research is the research method with the smallest amount of precision due to the fact that it is difficult to grade the conducted stories. The collected data can have different levels of precision even in a qualitative research. The level of precision is within how well the interviewer registers the answers (Trost & Hultåker 2007). According to Regnéll (1982) a greater level of precision is received by clearly connecting the different interviews. In this study, the authors are of the belief that their knowledge of interviewing and probing is not sufficient enough to create the best precision. But, due to the limited resources available and the challenge of geographical distances, the authors believe that the best possible precision was reached.

2.7 Limitations and Criticism towards the Methodology

A qualitative method is chosen for this thesis. Criticism can be aimed towards the chosen method since the precision might not be as accurate as that of a quantitative one. The information that was available beforehand was not enough to perform a quantitative research and therefore that specific method was rejected. Some criticism can also be aimed towards the use of in-depth

interviews. The near substitute of the in-depth interview is the so called focus group interview, where a ‘moderator’ is asking a group of interviewees the same questions. By performing a focus group interview, the ‘stories’ from the interviewees will not be heard (Jacobsen 2002). A person with higher position might take the leading role in the group and present group answers rather than individual answers. Further, the moderator plays an important role in this focus group interview and can be critical for the outcome of the interview (Krueger & Casey 2000). The authors of this thesis do not possess these moderating skills which induce that a moderator needs to be hired, something that is not supported by the small budget of this thesis. The use of telephone interviews can be criticized due to the fact that the context effect can be higher than for a face-to-face interview. Though, because of the geographical distances, telephone interviews seem to be the closest alternative to the face-to-face in-depth interviews (De Leeuw 1992). According to De Leeuw and Van der Zouwen (1988), the validity of a telephone interview is not very different from the validity of a face-to-face interview. Analyzing the data through the categories presented by Jacobsen (2002) is, according to the authors, the most exhaustive and accurate way of translating the data into logic information. The closest alternative to the analyzing process presented is the one suggested by Bengtsson and Bengtsson (2003), which includes three steps; premises, deduction and conclusions. This process does not take categories into consideration which is the reason for the rejection. The use of the way of analyzing presented by Jacobsen (2002) created a good combination of the empirical study and the theories on customer needings. The authors are of the belief that by analysing the empirical study through categories, the information could be presented in an accurate way that enabled a clear structure.

Chapter 3 – The Frame of Reference

In the beginning of this chapter, a brief motivation of the chosen theories is presented. The theories that are presented will give the reader a general description of the actual phenomenon. It includes theories on customer needings, industrial interactions and industrial relationships. The chapter ends with the use of the dimensions and a review of the prerequisites that are conducted through the theories.

The content of this frame of reference is considered as equivalent and suitable for the purpose; to investigate how well Rolls Royce in Kristinehamn manages to fulfil their customer needings. By identifying gaps between offerings and needings, the authors will give recommendations on how Rolls Royce can increase their customers' satisfaction by providing them with what they need. Rolls Royce has not previously conducted this kind of research and the authors of this thesis do not possess actual data within this subject. The cornerstone in this frame of reference is the customer needing concept, which also is the core reference throughout this thesis. The ARAI model (model of activities, resources, actors and ideas), service dominant logic and the IMP (industrial marketing and purchasing) interaction model makes up the foundation of the customer needing concept and is therefore included in this frame of reference. The industrial interactions and relationships are of importance when investigating the problem. The interactions are well described in the IMP interaction model and along with the supply chain management and relationship theories form a well defined theoretical framework for this interaction- and relationship based study. Many theories are foremost used to provide a foundation for the understanding of the customer needing concept. These theories will give an insight to how relations and purchasing processes function in general.

3.1 The Framework

3.1.1 Customer Needings

According to empirical studies performed by Strandvik et al. (2009), mismatches in seller offerings and customer demands are common. The customers often have to adapt to what suppliers offer rather than getting what

they originally wanted. Selling companies that aim to establish long-term relationships with their customers and get a competitive advantage towards their competitors, however, need to reconsider the way they design their offers.

Strandvik et al. (2009) have established the expression of customer needs and created a model consistent of three dominant dimensions that affect what the customer needs and stressed the importance of recognizing the dynamics of those needs.

Needing Dimensions and Functions

Each dimension has two functions and by identifying what functions relate to what customer, a selling company can get a better understanding of what a specific customer needs. In this thesis, the purpose is to find gaps between what Rolls Royce offers and what the customers need which will be possible by using the dimensions in the study. The three dimensions; *doing*, *experiencing* and *scheduling* along with their respective functions can be seen in figure 3.1 below.

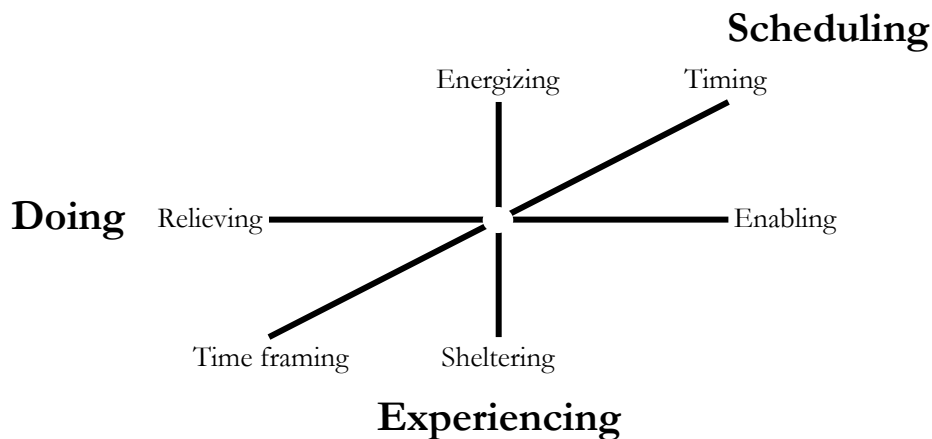


Figure 3.1 — Figure from Strandvik et al. (2008) P. 29

The *doing* dimension refers to activities and resources and is divided into the two functions; *relieving* and *enabling*. Strandvik et al. (2009) has borrowed the functions from Normann and Ramirez (1993). The *relieving* function fits in on a company that requests to be relieved of a certain activity and let the supplier do it for them. The *enabling* function fits in on a company that requests to be provided with tools that will enable them to fulfil their demands by themselves. The *doing* dimension in this thesis will discover if a specific customer of Rolls Royce is being relieved or enabled of a certain activity along with what they desire to be.

The *experiencing* dimension refers to cognitions and emotions and is divided into the two functions; *energizing* and *sheltering*. The *energizing* function fits in on a company which choose suppliers based on the wish to get inspiration and motivation from them. The *sheltering* function fits in on a company which values the possibility to control current and future risks and minimize the possibility of unexpected outcomes. The experiencing dimension will discover if a specific customer of Rolls Royce is being energized or sheltered by finding out if Rolls Royce participates in their value creation process or minimizes their risks.

The *scheduling* dimension, unlike the former dimensions, consists of two functions that are not mutually exclusive. Selling companies need to consider their customers' *time framing* which means their expectations on the duration of the relationship. They also need to understand how certain events can change the needings of their customers i.e. have a good *timing*. The scheduling dimension shows how well Rolls Royce knows the desired duration of the relationship and/or how well Rolls Royce can discover how events change the needs of their customers.

Needing Dynamics

Strandvik et al. (2009) stress the importance of considering changes in customer needings. They identify four sources of change of needings.

- The surrounding business context such as new regulations and standards and ways of doing business.
- Buyer decisions to restructure their business strategies and/or goals.
- Seller influence
- Events in the business relationship

A selling company needs to pay attention to changes in their customers' internal and external environment and try to anticipate how this will affect their needings. This is the key to building a long-term relationship. "*From the marketers' point of view it would be helpful to understand the drivers of changes, the magnitude and pattern of changes as well as the potential to influence change.*" (Strandvik et al. 2009 p. 12)

Flint et al. (2002 referred to in Strandvik et al. 2009) has found that change of expectations occurs in so called tension situations causing customer frustration.

They divide sources of tension into external and internal conditions. A conclusion of their study is that suppliers need to consider what the customers will value in the future more actively.

Dubois et al. (2003), in their study of changes in a manufacturing company's supplier base, observed reasons for change of suppliers. The study concluded that there are three aspects that make a company change the existing supplier base; economical, technical and organizational.

Strandvik et al. (2009) argue that previous scholars have not focused on the underlying mental models in the buying companies and how changes in these lead to changes in their value-perception. Strandvik et al. (2009) further claim that their needing concept will provide a different approach which includes this factor.

Propositions

Strandvik et al. (2009) have through their empirical studies found the following features in needings.

- “Needings are mental constructions held by dominating actors in a company.” This means that people within a company who have power to influence what it does will also represent its needings. Therefore it is important for a selling company to identify these key persons of their customers.
- “Needings precede offerings – they are typically already there when sellers enter the picture.” This means that the seller does not create needings but can simply influence them.
- “Needings represent what the buyer is prepared to pay for.” This suggests that the buyer might want things that they cannot afford. The selling company needs to recognize their customer's economic situation in order to understand which of all their needs they prioritize.
- “Needings are not necessarily talked about explicitly in the buying organization” - The buying company usually compares offerings and chooses the one that best suits what it looks for.
- “It is possible for a seller to detect and diagnose needings.” – However, it does require an effort in the form of techniques, business development skills, customer closeness and listening skills. Being customer-oriented is not enough. Being customer-based is required.

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- “Needings contain emotions” – Emotions could originate from personal relationships between key persons in the companies and affect company relationships.
- “When a needing exists it will primarily be fulfilled not by purchasing an offering, but rather by doing it yourself.” – Selling companies need to understand that their offering usually does not cover a full solution to their customer’s needings but will merely be used by it to reach a solution to a problem as a whole. The selling company needs to ask themselves how their offering should be tailored to best fit into that solution.
- “Needings probably have a hierarchical structure” – Dimensions are divided into functions which in their turn can be divided into clues. These clues or attributes can be analyzed to find which functions accord with which customers.
- “Needings are driving the buyer’s behaviour.”
- “Needings are dynamic” – They might change as a result of internal or external changes.
- There might be similarities and patterns in different companies’ needings which will give sellers clues from previous customer experiences.

The authors see this theory as a tool to identify gaps. By asking comparable questions and filling the identified gaps, higher competitive advantages can be reached. This theory is used to create the questions for the empirical study. The focus is to compare Rolls Royce and their customer in the three dimensions where questions are created for each specific dimension. The doing dimension is used to divide the activities of Rolls Royce and their customers in the two functions; relieving and enabling. Thereafter it can be found how well the activities match each other. Questions designed to discover this were about what the customers of Rolls Royce perceived to be a complete solution. The experiencing dimension is used to find out if the customers want Rolls Royce to minimize their risks or participate in their value creation process. The authors formed the questions on the assumption that the two functions, sheltering and energizing, are mutually exclusive. Clues to what function is desired by the customers will be found by asking question about the level of trust and the resources and competences within the company. The scheduling dimension is used to see the desired duration of the relationship along with the timing of the selling company. Questions have been designed to discover this by creating scenarios and examples of real situations. The theory of customer needings is

also used in the analysis where the dimension is used as categories to identify gaps. The theories that are to come either precede or complement the theory of customer needs.

3.1.2 The ARA-model becomes the ARAI-model

The ARA-model

Håkansson and Snehota (1997) developed a model for an industrial relationship that contains three layers; activity links, resource ties and actor bonds. The scholars further explain that the more you focus on these layers the ‘thicker’ the relationship will be. The activity links focus on how activities between the two parties in a relationship are matched. These activities regard e.g. technical, administrative and commercial aspects. The resource ties refer to the exchange of resources between the two parties to enable the activities. These resources regard e.g. technological, material and knowledgeable aspects. The actor bonds explain how the individuals affect the industrial interaction. The individual relationship within the industrial interaction is built up over time and is based on e.g. trust and degree of commitment. The actor bonds are established when the actors within the companies perceive each other and form identities in their relationship.

The ARAI-model

Welch and Wilkinson (2002), however, claim that a fourth layer should be added to the ARA-model. The scholars stress that the model should be extended with a layer called ‘ideas’ that focus on e.g. meanings, logics, norms, theories, paradigms, schemas and mental maps. Welch and Wilkinson (2002) further explain that this layer takes the perception that organizations have about themselves as well as others in consideration along with a company’s beliefs of how the world is functioning. The layer of ideas is, as well as activities, resources and actors, built up and strengthened throughout the industrial interaction. The following figure 3.2 is a modification of the ARA model, where ideas are taken into consideration.

	Company	Relationship	Network
Activities	Activity structure	Activity links	Activity patterns
Actors	Organisational structure	Actor bonds	Web of actors
Resources	Resource collection	Resource ties	Resource constellation
Ideas	Schema	Schema couplings	Schema configurations

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Figure 3.2 – Structural model from Welch and Wilkinson (2002) P. 33

According to Welch and Wilkinson (2002) the ideas of an organization are jointly created by the mental models of the individuals within it. Companies which are part of the same supply network mutually affect each other's ideas. The ARA-layers and the idea layer also mutually affect each other. This creates a complicated web of factors that continuously make up the co-created ideas of the whole network. Changes in one company's ARA-factors or ideas might have significant influence on the network ideas and ARA-factors of other companies in the network. The figure 3.3 below depicts this relationship.

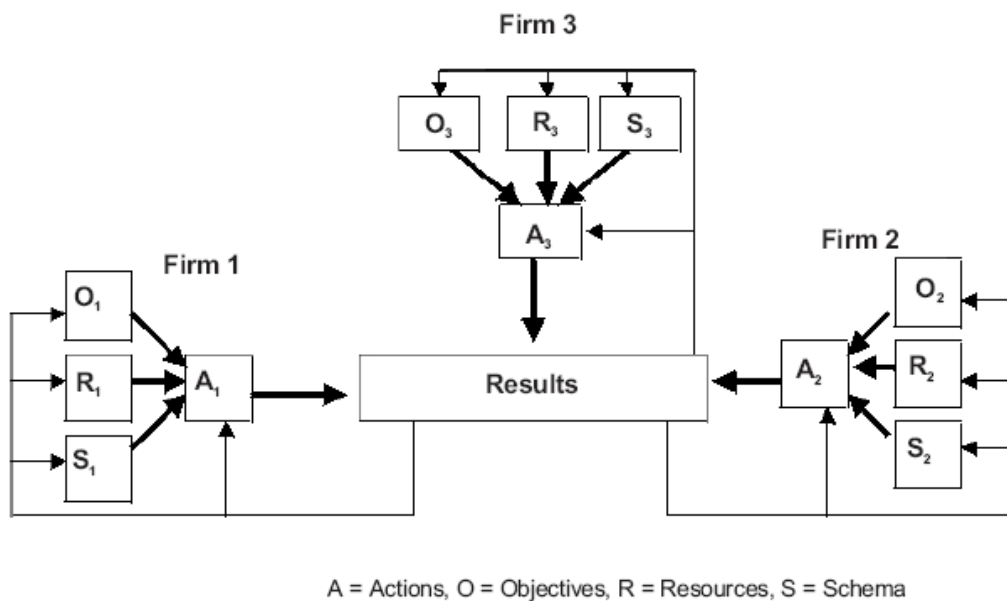


Figure 3.3 – The three actor network by Welch and Wilkinson (2002) P. 34

Welch and Wilkinson (2002) describe this correlation in their case study of the English sugar import 1950-1980. During the Second World War the country had been supplied with sugar by a number of commonwealth countries often sold below production costs. After the war the British Ministry of Food signed a formal agreement ("CSA") with five sugar producing countries later called the "CSEA" (including the countries; Australia, British West Indies, Fiji, South Africa and Mauritius). The scholars call the idea that the agreement was based on "the empire configuration". This is because imperial values bound buyer and sellers. Mutual obligation and solidarity defined the relationship. As the empire started to dissolve however the view of the relationship changed. The British government expressed that the CSA was a model example of development assistance. This affected the mutual idea of the network which in turn changed two of the ARA-functions: actors and resources. Firstly Australia's membership

was questioned since it was not a developing country. Secondly a new price agreement was established which was based on market price rather than the exporting countries' costs.

The ARA-functions are used by the authors to support the needing dimensions; doing and experiencing, which is further used to formulate the questions. The idea function is supporting the understanding of the experiencing dimension. Further, the ideas and cognitive maps form the soft variables within the experiencing dimension rather than questions for this study.

3.1.3 Cognitive Maps

Problems that need to be solved within companies are often very complex. According to Simon (1976), decision makers must make simplified cognitive models when dealing with problems because it is impossible for them to adequately address all variables relevant to a decision. Because of this issue they often use heuristics and biases to make strategic assumptions about their world. These assumptions then form the base for the schemata or frame of reference used when assessing a strategic decision (Schwenk 1988). The availability heuristic, for example, makes the decision makers' base predictions of the future on past events that first come to mind. This might be because the event is frequently reoccurring, very recent or just dramatic and particularly vivid (Schwenk 1988).

Managers can also base their decisions on analogies and metaphors. This means that they consider outcomes of similar past problems or problems unrelated to their own company to understand current problems (Schwenk 1988).

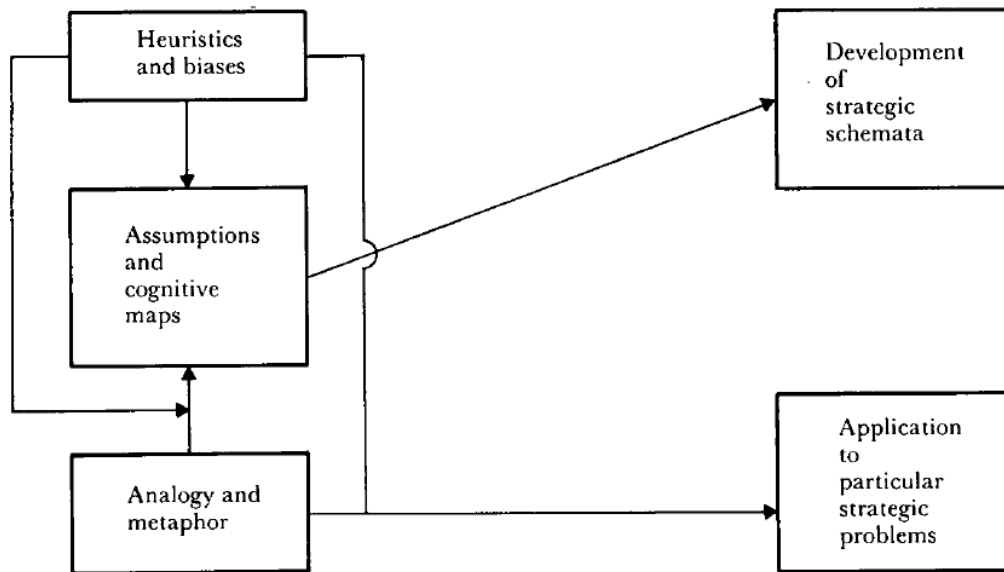


Figure 3.4 – Figure of Strategic Problem Comprehension (Schwenk 1988) P. 49

Schwenk (1988) proposes the integrative model seen above as a guide to the cognitive process that takes place when decision makers face a strategic problem.

Cognitive maps and assumptions are as previously mentioned affected by heuristics and biases as well as analogies and metaphors. For example a manager might use a metaphor to how he or she chooses the players for a football team when working as a coach in the context of hiring employees. However, heuristics and biases also seem to have an impact on which analogies and metaphors that are used. For example the availability heuristic may make a manager use analogies that are available in memory.

The cognitive maps and assumptions (which form schemata) can be created for each unique decision a manager faces. Alternatively, when faced by a familiar decision, analogies and metaphors can also be directly applied to a unique problem without the effort of forming brand new cognitive maps and assumptions. The arrow that leads to “Application to particular strategic problems” illustrates this.

3.1.4 Service Dominant Logic

Vargo and Lusch (2004), in their article *Evolving to a New Dominant Logic for Marketing*, illuminate the change in marketing thought from a goods dominated- to a service dominated view. The service dominated view is to see even tangible

products as the value in use that they provide i.e. as services (Vargo & Lusch 2004; Vargo & Lusch 2008). When using the goods dominant logic, the price that a customer is willing to pay for a product is in the main focus. The service dominant logic on the other hand is based on the given value that a service provides the customer. The primary is the outcome value of the service (Vargo et al. 2008). According to Vargo and Lusch (2006) value is created when the offer is integrated with firms and individuals. More specifically, the value of an offer is generated when it is used by individuals within the company for its main purpose. An example of this value could be a company that buys a drill. The value is not created from the drill itself, but in combination by individuals and its purpose of drilling, the value is generated and a hole is accomplished. In a study conducted by Anderson et al. (2008) the 'value-in-use' differ between customer and the shape of the value is unique. Anderson et al. (2008) further explain that knowledge of the specific customer needs to be conducted to be able to generate customer satisfaction. A company which employs the service dominant view works in the following way:

1. "Identify or develop core competences, the fundamental knowledge and skills of an economic entity that represent potential competitive advantage.
2. Identify other entities (potential customers) that could benefit from these competences.
3. Cultivate relationships that involve the customers in developing customized, competitively compelling value propositions to meet specific needs.
4. Gauge marketplace feedback by analyzing financial performance from exchange to learn how to improve the firm's offering to customers and improves firm performance." (Vargo & Lusch 2004 p. 5)

Strandvik et al. (2009) however argue that a key issue which is not adequately addressed in recent SDL descriptions is who is in control of the co-creation process. According to Strandvik et al. (2009) the way current SDL-research defines services takes the seller's point of view rather than the buyer's.

According to Grönroos (2008) a supplier that adopts service logic will not any longer be restricted to making value propositions but will become a value co-creator. It is not the customers who approach the suppliers to co-create value but rather the other way around. Customers will create their own value

regardless of their suppliers. However, they will use the proposition offered as a tool to do this. Suppliers that embrace the service logic will be able to affect their customers' value creation process. By understanding this process the suppliers will be able to offer a service that creates as much value as possible when utilized and therefore outshine the competition. However, Grönroos (2008) argues that a need is abstract and not always clear for the customer. He gives the microwave oven and the text message-function as examples of products that would never have been produced if voiced customer needs were used as guidance. Therefore, what also need to be understood are customer practices, which along with voiced needs will provide clues to what the customer values.

According to Grönroos (2008) it is a strategic decision for customers whether they should adopt service logic or not. If they buy products and services based on the value they create, a strategy based on service logic is supported. On the other hand if they buy them as resources a strategy based on product logic is preferable.

3.1.5 IMP Interaction Model

Ford (2006) along with the IMP Group state that their view of business processes is based on interaction rather than specific actions. Håkansson and IMP Group (1982) conducted a model of the interaction between two parties. This model is called the industrial marketing and purchasing interaction model and is based on four elements: The interaction process, the interacting parties, the interaction environment and the atmosphere. The IMP interaction model is illustrated in figure 3.5 below.

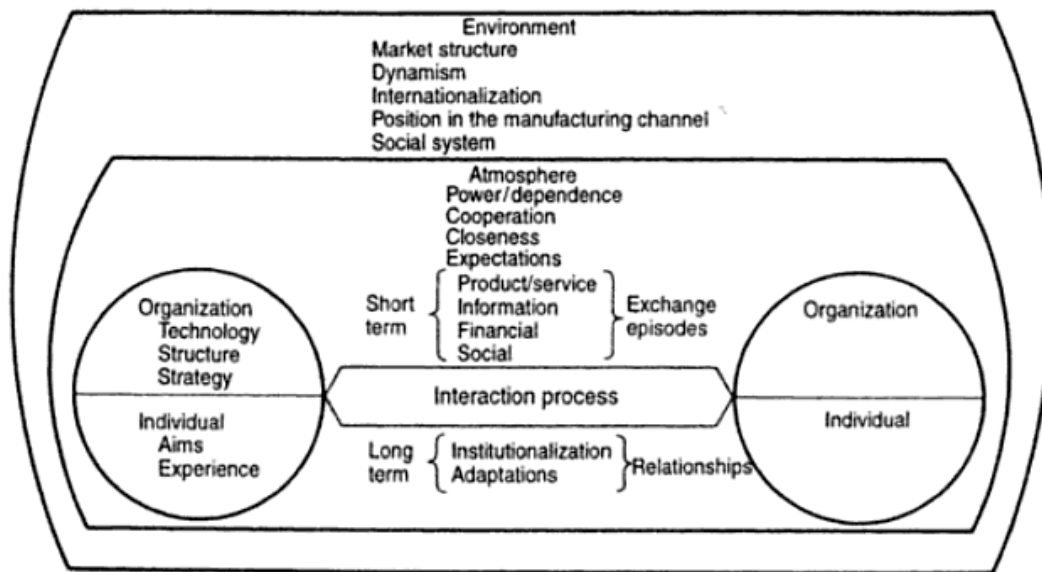


Figure 3.5 – Figure from Håkansson and IMP Group (1982) P. 24

The Interaction Process

The processes are focusing on both specific episodes and elements on how to build a long-term relationship.

- The episodes are the actual exchanges between two parties. The episodes involve product-/service exchange, information exchange, financial exchange and social exchange. The exchange of a product or a service is the cornerstone in this episode where a transaction can vary whether the customer has a specific need or not. The information exchange is focused on questions regarding the technical aspect, economy and organization, which can be either impersonal or personal. The impersonal information is the technical or commercial data while the personal information includes e.g. support and product usage. The financial exchange is in other words the exchange of money between the seller and the buyer. Finally, the social exchange is a very important factor in maintaining a sustainable relationship. According to Håkansson and IMP Group (1982), it takes a long time for two companies to build up mutual trust which then can be transformed into a steady and long-term relationship.
- The relationship can on the one hand be institutionalized, which means that the social exchanges are frequently repeated on a routine based

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level. The relationship is based upon purchasing patterns where the two parties rely on their traditions (Ford 1978). A relationship can on the other hand be based on adaptations. The adaptations can reflect many parts of a company e.g. the products offered, the organization and the transportation. The adaptations are a way of marketing for the selling company, while the purchasing company will consider these adaptations according to price and product requirements. By building a relationship upon adaptations, both parties can e.g. increase their revenue and reduce costs (Håkansson & IMP Group 1982).

The Interacting Parties

A successful and long-term relationship is not only based on the processes involved, but also on the characteristics of the two parties. The organizational size is a dominant factor, which automatically leads to power in the industrial interaction. The organizational experience of similar relationships and general experience outside the relationship may play a critical part in the interaction with the other party. There are also non organizational factors that are critical, namely the individuals. The relationship is based on the previous experience and ability of the representative individuals who interact in the existing relationship. The experience and ability of the individuals can create a sustainable relationship that will last over time.

The Interaction Environment

Håkansson and IMP Group (1982) claim that the environment of the interaction is based on a few aspects. One aspect is the market structure, which consist of two elements. One element is how committed the parties in the relationship are. The other element is how the marketplace is to be viewed, either as national or international. The internationalization aspect of the interaction environment is that, by interacting internationally, the organization has to change and adapt in a few ways. The company will need to have communication skills towards the counter party or it might be in need of sales subsidiaries. Another aspect is that the interacting parties need to know their specific position in the manufacturing channel. The higher party in the supply chain will have marketing effects on many of the lower distribution links. The social system is also a vital part in the interaction environment. If a company is going to establish new relationships abroad, the ability of good communications skills is of importance. The two parties need to be able to understand the rules and the “language” in a specific relationship.

The Atmosphere

The atmosphere is divided into two areas: the economic dimension and the control dimension. The economic dimension focuses on several types of cost reductions. By establishing a close relationship, the two parties can have more effective ways of handling e.g. the distribution and administration. The production process can be more efficient when the two parties know each others' specific needs and by that increase the revenue. The control dimension focuses on the perceived power of the two parties and the mutual knowledge of this power. A close relationship will make it possible to have better control over the other party. These both areas of establishing a close relationship will result in e.g. increased revenue, lower costs and improved control of the organization of the counterparty.

According to Ford and Håkansson (2006) this IMP interaction model is generally accepted but the fact that parties interact independently is not. The interactions should rather be viewed as interdependent interactions. Ford and Håkansson (2006) have discovered some challenges to the existing IMP interaction model. One challenge is that the IMP interaction model distinguishes a customer that enters and then leaves the market for a specific product as an isolated event. The scholars rather see this as an episode in a continuing relationship and not only as a single action. The model states that the marketing by a supplier is independent. Ford and Håkansson (2006) stress this more as an interdependent relationship where both parties can develop and implement the transaction in the relationship.

3.1.6 Relationship Quality and Relationship Value

As presented earlier in chapter 1, a way of creating competitive advantage, nowadays, is by building strong relationships. The existing way of creating these significant long-term relationships is through the relationship quality, containing soft variables. According to Ulaga and Eggert (2006) these models are not complete. The scholars state that a way of making the existing models more accurate is to include 'relationship value' with the 'relationship quality'.

Relationship Quality

The industrial relationship quality is often based on combination of three 'soft' variables; trust, commitment and satisfaction (Ulaga & Eggert 2006). These soft variables are the new way of building important industrial relationships.

Morgan and Hunt (1994) stress the importance of trust in a relationship. Trust is when two parties have confidence in their mutual exchange (Morgan & Hunt 1994; Moorman et al. 1993). Morgan and Hunt (1994) explain that trust and commitment should be seen as the key mediating variable in the relationship quality.

If parties have a well committed relationship, they are unlikely to use other suppliers even though the other suppliers' offers can be of greater value. The term commitment is referred to as the willingness to maintain a sustainable and a valuable relationship (Uлага & Eggert 2006).

The satisfaction variable in the relationship quality is resulted in the customers desire to repurchase (Uлага & Eggert 2006). The comparison between the perceived performance and the expected performance will result in a specific level of satisfaction, which will affect the relationship (Parasuraman et al. 1988).

According to Heskett et al. (1997), Reichheld (1996) and Söderlund (2001; 2000), there is a clear connection between customer loyalty and profit. Loyal customers result in higher profits for the company.

Relationship Value

Uлага and Eggert (2006) explain that values have been a vital part in marketing activities throughout the years. The scholars stress that there are four characteristics of a value. The first characteristic is that *value is a subjective concept*, which state that different customer segments obtain different value from the same product or service. The second characteristic is that *it is conceptualized as a trade-off between benefits and sacrifices* that is perceived by the customer. The third characteristic is that the *benefits and sacrifices can be multi-faceted*, which is combined by e.g. economic, technical, service and social benefits and reflects the combination of price and cost in the relationship (Anderson et al. 1993). The last characteristic is that *value perceptions are relative to competition*, which stress that the value of an offer is in competition with the value of another offer.

A research conducted by Uлага and Eggert (2006) show that the relationship value has the strongest impact on the satisfaction variable. The following figure 3.6 illustrates the findings of this research where the relationship value correlates with the relationship quality. For example, 57 % of the value lead to

satisfaction, 22 % of the value lead directly to expansion and no percentage of the value leads to leave.

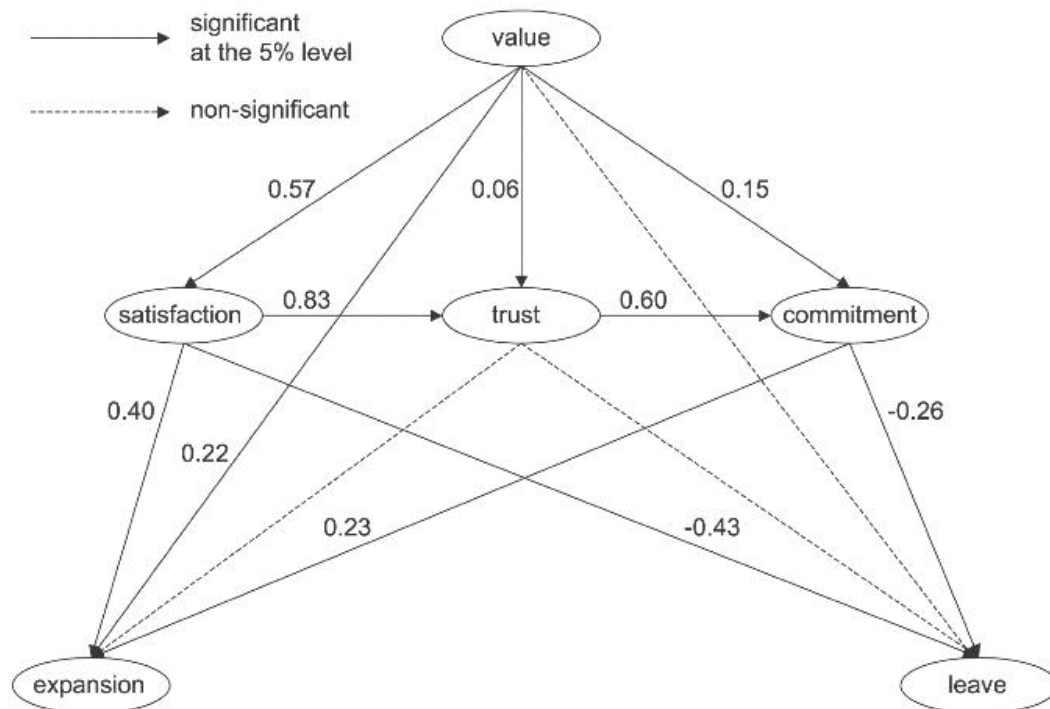


Figure 3.6 – Structural model from Ulaga and Eggert (2006) P. 322

3.1.7 Four Types of Industrial Relationships

According to Wilkinson and Young (1994) there are four types of business-to-business relationships. These types of relationships are based on the cooperative and competitive level of interaction.

Type One: Low Cooperation and Low Competition

In this type of relationship, the two parties (companies) have a limited interdependence and their interaction is not of greater value. One company is in general near the end of its life cycle and is about to liquidate. The low degree of cooperation and competition origin from the fact that the relationship no longer is of importance (Wilkinson & Young 1994). According to Helm et al. (2006) the two parties often choose to discontinue their relationship due to the decline in their interaction. Wilkinson and Young (1994) further explain that neither a success nor a failure for the struggling company will make any difference for the respondent. However, it does not always have to be this kind of extreme cases. The two parties can have low degree of interdependence, but still have a loyal and significant relationship.

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Type Two: Low Cooperation and High Competition

The two parties in this type of relationship are often only interested in their own business. The communication is almost nonexistent and the interaction struggle even though one party often is dependent on the other party. Due to the competition, the nondependent party in this relationship can easily locate new business partners. This problem can be overcome by either reducing the degree of competition or to increase the degree cooperation. A model conducted by Campbell and Cunningham (1983) is illustrated in figure 3.7 below, which explain the different relations between buyer and seller.

Number of buyers	Few	Dependent (Buyer dominated)	Interdependent
	Many	Independent	Dependent (Supplier dominated)
		Many	Few
		Number of suppliers	

Figure 3.7 – Figure from Campbell and Cunningham (1983) P. 284

Type Three: High Cooperation and High Competition

Most of these relationships are functioning well though there is a highly competitive market. The reason to why these two parties can have a good interaction is because of the good cooperation where they find a balance in the amount of cooperation and competition needed. One way to maintain this balance is for the two parties to give and take due to the changes within the two companies and/or the changes to the products offered.

Type Four: High Cooperation and Low Competition

This is the desired way to build up a relationship. The two parties are very interdependent and have often a highly effective, long term relationship. Wilkinson and Young (1994) further explain that these relationships regularly have a bright, long and sometimes indefinite future.

3.1.8 Supply Chain Management

According to Van Weele (2005) supply chain management aims to integrate processes within the company as well as improve relationships with other parties that are involved in the product process. These improvements should necessarily result in lead time reduction in new product development, just-in-time delivery, zero defects on components and a more competitive offer to the end buyer.

Van Weele (2005) describe many suppliers and buying companies today as being opportunistic and not willing to commit to a closer relationship. He claims that purchasers regularly play suppliers off against each other by first getting the lowest price and then taking that price to the rest of the suppliers to start a negotiation that will reduce the price even more. When they are few compared to the purchasing companies, suppliers tend to charge unmotivated prices and neglect to improve their offers, according to Van Weele (2005). Further he claims that cartels are very common in many European economies. This result in a market where suppliers do not need to give customers competitive offers. Finally he describes that suppliers often do not want to improve performance for their clients but rather spend money on ‘customer management programs’. The objective of these programs is to influence the preferences of decision makers in purchasing companies. The methods include seminars, product presentations, personal gifts and presents and sometimes even straightforward bribes. These activities are all aimed to affect preferences of decision makers on ‘soft’ aspects i.e. emotional aspects.

The Purchasing Process

Van Weele (2005) identifies five groups that have influence in the purchasing process and together make up a so called ‘Decision Making Unit’. These are:

- Users, who are the ones that will work with the product
- Influencers, who are able to affect the decision by contributing advice and often some sort of expert
- Buyers, who negotiate terms for contracts and place the orders
- Decision makers, who actually determine the selection of supplier
- Gatekeepers, who control the flow of information between the suppliers and the rest of the ‘Decision Making Unit’

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Van Weele (2005) identifies five steps in a standard purchasing process. The first step is “Determining the purchase order specifications”. This means that the company states the features that the offered service or product has to have and what result it must achieve. It is possible to distinguish between two levels of specifications. A functional specification describes what has to be achieved by the supplier with certain limitations. How they achieve it is up to the supplier itself. A detailed technical specification describes the activities to be performed and what attributes the product or service should have. In other words, it specifies how the supplier must achieve the set standard. The former level is usually preferable because it lets the supplier contribute with its expertise and use technologies that the buyer is not aware of. Also it makes it possible to see which alternative can reach the set standards in the best way.

A purchase order consists of the following specifications:

- Quality - How the product should be delivered and what technical norms and standards it should meet.
- Logistics - The quantity needed and when it must be delivered at the latest.
- Maintenance – How the product should be maintained and serviced by the supplier in the future.
- Legal and environmental requirements – Health, safety and environmental legislation must be followed.
- Target budget – How much the buying company is prepared to pay.

The second step is the supplier selection. The first choice to be made here is whether to outsource to one or several suppliers. The second decision is how to award the work. These decisions form the basis of a process where alternative suppliers are analyzed and compared carefully until one or more are selected for the task.

B2B Behaviour

According to Håkansson et al. (1976) a supplier can strengthen their relationships with customers by clarifying three uncertainties to them. The uncertainties are as follows:

- Need uncertainty. Is the bought product the right one to solve the problem/fulfil the demand?
- Transaction uncertainty. Will the supplier keep what has been agreed?
- Market uncertainty. Is the selected supplier better for us than the alternatives?

3.2 The use of the dimensions in this thesis

The authors feel that it is necessary to complement the theory on the dimensions in the customer needs concept. This will simplify the understanding for the reader of how these can be applied in reality and more specifically within this business.

Before any discussion is held about the relieving and enabling functions, the terms “full package” and “complete solution” must be clarified. It can be discussed what is to be considered as a full solution in this specific business. The authors feel that a scale must be created where different levels of full solutions are described. The authors therefore present six different levels of solutions that can be offered within this business.

- I. The “fullest” solution of all is when a shipyard buys whole ships from companies like Rolls Royce or from other yards. This, however, would add little value to the final customer because that is exactly the same thing that they do and is an extreme form of a relieving need.
- II. A yard is working as an intermediate between suppliers of parts and systems. This means that it merely contracts all the suitable suppliers that are needed to build the boat, arranges meetings between these and finally lets the suppliers co-operate in building the boat for it. In other words joint-ventures are formed for each project. Companies like these probably are administratively focused and contribute value by using its networking and integrating skills.
- III. A yard also has engineers that make more or less detailed blueprints of how the ship should be built. Technical specifications are given for each system. The body may be built by this yard but the systems are still designed within the frames and installed by suppliers.

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- IV. A yard also has skilled assemblers who know how to best install the systems into the boat. It does not need help with assembling and therefore does not need warranty agreements that cover installation. They may also not only provide suppliers with frames and performance targets but rather make numerical specifications for dimensions (van Weele 2005).
- V. A yard does not buy complete systems. For instance, instead of a propeller it buys a shaft, blades and layers from different suppliers and then builds the propeller themselves. The same goes for engine- and gear systems.
- VI. A yard only buys material and then produces the whole boat itself. This is the extreme form of an enabling need.

The regular case is that sheltering and experiencing are two mutually exclusive dimensions. A company that seeks to be sheltered wants to make detailed specifications and then want the supplier to reduce the deviations to that as much as possible. It needs things to turn out exactly as predicted. A company that seeks to be energized usually does not have as much competence in the yard and trust its suppliers to come up with the best solution for things as long as the performance is within the frames. A company like this might also be more understanding if targets are not met (Strandvik et al. 2009).

Strandvik et al. (2009) describe the importance for supplying companies of identifying changes in their customers' needs over time. They need to analyze customers' past reactions to external and internal changes in order to see patterns in customer dynamics. The authors chose to test Rolls Royce's knowledge of reaction patterns for different customers by using scenarios. Rolls Royce was asked how their customers' needs would change given a certain change in two external factors and how this would affect the relationship. The customers were then confronted with the same scenarios. The authors are of the impression that it was difficult for both Rolls Royce and their customers to speculate about the future in this way.

3.3 Prerequisites and Enablers for Matching Customer Needings

First of all, the authors of this thesis want to emphasize that the view of service dominant logic has pervaded the choice of questions along with the analyzing of the empirical data. The products of Rolls Royce do not generate in value until it is used by the end customers.

Three main prerequisites have been compiled through the frame of reference. These prerequisites origin from the customer needing model and are considered as important in developing the further structure of this thesis. There is one theory that is not included in these prerequisites, which is the different type of relationships. This theory aims to show the actual relationship between Rolls Royce and a specific customer in the analysis of this thesis.

The first prerequisite is the doing dimension, which include its own functions; relieving and enabling but also activities and resources. The activities origin from different theories e.g. the ARA-theory, the IMP-theory and the supply chain management theory. The second prerequisite is the experiencing dimension, which include its own functions; sheltering and energizing but also actors, relationship quality, relationship value, uncertainties and ideas. The last prerequisite is the scheduling dimension, which includes the two functions; time framing and timing. The following figure 3.8 shows the prerequisites. The theories in this figure do not have any specific hierarchical order.

Prerequisites	Included theories
Doing	Relieving
	Enabling
	Activities (ARA)
	Activities (Supply chain management)
	Activities (IMP model)
Experiencing	Resources
	Sheltering
	Energizing
	Actors (ARA)
	Actors (IMP model)
	Relationship quality
	Relationship value
	Uncertainties
	Ideas
Scheduling	Time framing
	Timing

Figure 3.8 – Figure of the prerequisites

The presented prerequisites create the structure of the analysis to be able to identify the gaps within each dimension. Further, the prerequisites are used to make it easier for the reader to be able to follow the analysis. As can be seen in figure 3.8 above, theories are presented within each dimension and will be used frequently throughout the analysis. By creating these prerequisites, the authors could more easily discover which theories were connected to what dimension. Further, this classification helped the authors create the questions used for the empirical study. Within the analysing chapter the prerequisites will be presented for each customer alone. These prerequisites will enable a matching of the customer needs i.e. give a clear picture of the gaps between Rolls Royce and a specific customer. The authors define gaps as both differences that the parties are aware of and differences that both parties are not aware of.

Chapter 4 – Empirical Result, Analysis and Findings

The beginning of this chapter divulges the general contracting of Rolls Royce along with the information about the interviewees. The analysis of the empirical result is revealed within each customer alone. The chapter finishes up with the findings and a brief summary of the results from the empirical study.

4.1 General Information about the Industry and Rolls Royce Contracts

The last three years, Rolls Royce has not had a hard time finding customers. The orders have been streaming over their limits. Mr. ten Eicken describes this as follows; *“You could just open the window and orders would fly in. Eventually we had to close the window because we could not handle anymore.”* At the time of the thesis, the situation is different, mostly due to the financial crisis that unavoidably has affected their market. Customer relation managers are used to market Rolls Royce products and to find customer problems and opinions. They do this by visiting both boatyards and shipping companies. According to Mr. ten Eicken, it is always important for Rolls Royce to know what the final product will be used for (i.e. the relationship with the shipping companies are of importance) so that they can maximize the value of their products. This is mostly due to the fact that the customers only set up frames in the contract specifications. This means that they rely on Rolls Royce expertise and know-how. The relationships in this narrow market are often long-term and interdependent.

When a shipping company wants to build a boat, they take contact with a boatyard. Often they specify which particular parts they prefer. For instance, Viking Line can in their specification rank a few propellers from different companies that they rather have on their boat. Depending on the power balance between the boatyard and the shipping company, the boatyard can chose to either ignore or accept the specifications from the shipping company. An example of this situation is when Stena Line had some problems with Rolls Royce propellers. Stena Line puts Rolls Royce in the third place for propeller alternatives when contracting Samsung to build a boat. However, because of their close relationship with Rolls Royce and the degree of power, Samsung chose Rolls Royce even though Stena Line had them on the third place on the propeller list. According to Mr. ten Eicken, this three party scenario can

4 Empirical Result, Analysis and Findings

sometimes be complex and difficult to manage due to the many factors involved. The boatyards often take offence when the shipping companies go directly to Rolls Royce instead of going through the boatyards.

The marine business is, according to Mr. ten Eicken, fairly small where many of the actors know each other. The business is characterized by the high cooperation between a few actors on the market where the companies usually are highly interdependent. Wilkinson and Young (1994) explain this is the forth type of the industrial relationships. The desired way of having a relationship is within a high cooperation market with few competitors where the relationships usually last for a long time, which is the case for Rolls Royce and their customers.

4.2 Qualitative Study

The Interviewees			
Company	Contact person	Position	Time of interview
Rolls Royce	Björn ten Eicken	Contract Manager	178 minutes (total)
	Kicki Grönberg	Contract Manager	71 minutes
Meyer Werft	Dirk Lake	Purchaser	35 minutes
	Heinz-Herman Jungeblut	Machine Design	71 minutes
STX	Raimo Säpyskä	Senior Purchaser	48 minutes
	Jarmo Huttunen	Technical Handler	66 minutes
Damen Schelde	Harm Dekker	Procurements	35 minutes

Figure 4.1 – Figure of the interviewees

Figure 4.1 above illustrate the interviewees from both Rolls Royce and their customers. Mr. ten Eicken has registered interviews for two separate customers. The figure also illustrates the company and the position of the interviewees along with the length of the interviews.

Through the frame of reference, three categories have been designed. These categories are the cornerstones in the customer needing theory which will for the foundation of the analysis of the interviews. The categories are presented below.

- Doing
- Experiencing
- Scheduling

4.2.1 Meyer Werft

Meyer Werft is a privately-owned boatyard from Germany with approximately 2 400 employees. The boatyard is located in the centre of Germany and produce cruise-ships. The company was founded in 1982 and is at the moment a profitable boatyard (Meyer Werft 2009). There is around 40 000 jobs that are reliant on the existence of Meyer Werft³.

Doing

Resources and Competences

The company has skilled engineers who can make very detailed blueprints of what the complete ship and individual systems should look like. They also have skilled assemblers who can install the systems on the ships. They have the flexibility to fulfil special wishes and offer tailor made products and services. They offer energy recovery, excellent support and have a good IT-department. Håkansson and Snehota (1997) describe these as resources ties in the ARA-model that can enable the activities that they offer their customers. Because resources enable activities, they also determine what activities they need to be relieved of and enabled to do.

Enabling

Given Meyer Werft's own resources and competences it needs to be enabled by Rolls Royce to perform the following activities: to deliver on time, to deliver a boat of high quality, to be able to answer questions quickly, to be able to know more specifically what dimensions are needed and the flexibility to make changes while the project is ongoing. Activities like these form the foundation of both the ARA-model described by Håkansson and Snehota (1997) and the IMP model described by Håkansson and IMP Group (1982).

To deliver on time: Rolls Royce can enable Meyer Werft to finish a boat as scheduled if they can deliver the propellers on time. According to Mr. ten Eicken, Rolls Royce has not once succeeded in delivering on time. However so far this has been accepted by Meyer Werft, partly because they are aware of the boom that has been present in the boat industry the last years, which has led to overwhelming orders. Building boats is a complex procedure and if a certain system is delayed then the whole production might have to be set on hold until

³ Some information was collected from the interviews from Meyer Werft.

it arrives. However, according to Mr. ten Eicken, there are things that can be done if the yard knows of the delay in time. Therefore, as expressed by Mr. Lake it is very important for Meyer Werft to be informed of delays in time so that they can make changes in the production plans. In the IMP-model, Håkansson and IMP Group (1982) mentions that the exchange also includes information, which is important if a sustainable relationship is desired. Mr. ten Eicken mentions that it is very common for Rolls Royce to be too optimistic and promise too much when it comes to delivery dates. Also, often they wait until they know for sure that it is impossible to deliver on time before they inform the buying company. This is especially common in contracts with Meyer Werft since they are very demanding and, to quote Mr. ten Eicken, will not accept if a contractor says that *“we will try our best to deliver on time but there is a big chance that there will be a delay,”* which is the standard procedure.

Three ways for Rolls Royce to reduce lead time are mentioned by Meyer Werft:

1. Mr. Lake expressed in the interview that it was easier and quicker to negotiate purchase terms before former KaMeWa was purchased by Rolls Royce. He gives the examples that as it is now it took one and a half year to negotiate a common agreement and then weeks and weeks to negotiate a deviation for the Aida-project. His belief is that this is because of certain mother company policies.
2. Mr. Jungeblut thinks that Rolls Royce could have better control over the sub-suppliers. If they do not deliver material in time then it will be difficult for Rolls Royce to do so. (Sub-supplier control will be discussed more later on.)
3. Mr. Jungeblut described a dilemma that Meyer Werft has in the following way:

At the very beginning of a project we need to know for example dimensions of the propeller shaft line before we can design the whole vessel. However at this stage we have not yet chosen our supplier of propellers. Therefore we cannot tell our hydrodynamic department of the dimensions until we choose a supplier that can calculate the right ones. This wastes a lot of time. In the future we want to have tools so that we can calculate the dimensions ourselves before choosing supplier.

To be able to know more specifically what dimensions are needed: This dilemma describes one of the enabling needs mentioned above. It is also an example of an activity that Meyer Werft today is relieved of but rather wants to be enabled to do themselves. Training offered by Rolls Royce could of course be a solution but the question is if Rolls Royce really would benefit from selling one of their biggest assets: their know-how. This will be discussed further in the recommendations in chapter 5.

Mr. ten Eicken is of the opinion that a mutual technical specification standard could be a great timesaver. As it is today Rolls Royce sends Meyer Werft their blueprints. Meyer Werft then studies these, makes some changes, draws their own blueprint and sends this back to Rolls Royce. Mr. ten Eicken claims that no other company does like that and it wastes a lot of time to send blueprints back and forth. According to him a technical standard could reduce the complexity of each new contract. Also, because important parts are often forgotten in the technical specifications, the possibility to refer to a standard would reduce uncertainties and subsequent time-consuming changes and additions. This standard cannot cover all aspects but some, like how layers are built in, could be included. Mr. Jungeblut agrees that this could be a good idea but Rolls Royce needs to have more knowledge about how Meyer Werft is working before this could be conducted.

To deliver a boat of high quality: Rolls Royce enables Meyer Werft to do this by delivering propulsion systems that are of high quality. Both Meyer Werft and Rolls Royce think that there is no problem with quality in Rolls Royce's value added activities. However, both agree that unsatisfactory products have been delivered because sub-suppliers have provided Rolls Royce with bad materials. Also on this point Meyer Werft feels that Rolls Royce should choose their suppliers more carefully or gain better control over them. Van Weele (2005) stresses the importance of keeping a close relationship to the suppliers to be able to provide the desired product.

Flexibility and to answer questions quickly: Mr. ten Eicken thinks that Meyer Werft is sometimes not aware of the huge effort Rolls Royce puts in to try to fix problems or adjust to changes in the orders. However, Meyer Werft does recognize this effort and Mr. Lake gives the problems with the Aida vessels as an example: "*The reaction of Rolls Royce in Kristinehamn was very, very good.*" Further he says that the quick response and attention they get from Rolls Royce is a

major reason to why Meyer Werft has them as a supplier. However sometimes Mr. Jungeblut finds that his contacts have to ask someone else and then get back to him. Mr. ten Eicken is aware of this and says that it is caused by the fact that the production is parted from the contracting department. Also sometimes questions have to be answered twice or misunderstandings occur because the sales department has failed in transferring information to the contract department. Mr. ten Eicken says:

Sometimes a customer can say: We have already discussed this with you and we came up with a solution. Then he shows me a mail he got from someone in the sales department with agreements that are not in the contract or specification. What do you do then? Well you have to honour the agreement of course.

Relieving

Given the resources and competences that Meyer Werft does not have or that other companies are better at, Meyer Werft needs to be relieved of the following activities: detailed designing of propellers, assembling propellers on the boat, finding and interacting with sub-suppliers. Meyer Werft will of course be relieved from the activity of building the propellers and therefore this statement will not be analyzed in this part.

Detailed designing of propellers: Even if Meyer Werft has competent personnel, these are specialized on ship building and not on propeller making. Mr. Lake mentioned in the interview that Meyer Werft has on occasion made the whole blueprints themselves with just a few minor adjustments made by Rolls Royce. This was when the company was under extreme time pressure and did not have time to wait for the solution from Rolls Royce. Even if it worked out satisfactory that time, Meyer Werft knows that Rolls Royce can always do it better, especially if the requirements are very advanced. As mentioned before, Meyer Werft wants to be able to do more in the yard in the future because of the dilemma of having to find suppliers before they inform their hydrodynamic department of dimensions. However, with the resources the company has today, Meyer Werft wants to be relieved of the complex designing and calculation work and really utilize the know-how of Rolls Royce to its maximum. Mr. ten Eicken describes Meyer Werft as a very demanding customer that perhaps asks more questions than necessary. He describes this in the following way:

They ask if it is possible to do a certain thing. We say yes. They ask: Why is it possible. Show us calculations. We do that. Then they ask us: Is it also possible to go further. We say: But you are not supposed to go further. They say: Yes, but just in case we do.

Mr. ten Eicken thinks that this is tiring and often unnecessary. It takes a lot of time from Rolls Royce's engineers to make calculations that are not needed. He thinks that Meyer Werft should trust Rolls Royce more to do a good job. Yet, he understands that the end-customers are very demanding and that Meyer Werft's policy is to answer all of their questions and to guarantee them that nothing goes wrong. However he has considered forming the contracts so that Meyer Werft buys a certain number of engineer hours and then has to pay extra for each added hour. He thinks that if Meyer Werft realises the extra cost of the time they demand they will also understand that it takes time from more important activities and might cause delays. This might make them choose their requests with more care. Meyer Werft admits that they have to trust their suppliers more often but still emphasises the importance of relieving their own customers of any uncertainties. According to Morgan and Hunt (1994), the relationship quality is generated through a mutual trust where the two companies rely on the qualification of the counterparty.

Assembling propellers on the boat: Meyer Werft thinks that the optimal would be if Rolls Royce installed the propellers on the boats for maximum performance. There are two reasons to why Meyer Werft does not buy installation services from Rolls Royce. Firstly, it is because Rolls Royce is not prepared to take enough part of the risk if something goes wrong. Secondly, Meyer Werft feels that the actual benefit they will get does not motivate the high price. Therefore they only buy commissioning. Mr. ten Eicken is convinced that most of the times Meyer Werft would be better off letting Rolls Royce do the installation. He agrees that it is expensive but he also thinks that Meyer Werft does not use Rolls Royce's installation services because they believe that they have the competence within the company to do it as good or better themselves. Further he says that offering Meyer Werft's assemblers installation-training could be a possibility since they do not use Rolls Royce's installation services anyway.

To summarize, installation is an example of a relieving need of Meyer Werft that Rolls Royce thinks is an enabling need. This can be linked to what was said

in the theory; that companies might have needings that they are not able to prioritize because of limited resources (Strandvik et al. 2009). This is an example of a gap between Rolls Royce and Meyer Werft.

Finding and interacting with sub-suppliers: Meyer Werft does not want to waste time by having to find sub-suppliers. This is of course linked with the activity of producing the propulsion systems. Nonetheless it is an activity that Rolls Royce relieves Meyer Werft of. Mr. Jungeblut says that the reason they use Rolls Royce as a supplier is that they can buy material and then deliver a complete system. If they could not, then Meyer Werft might as well buy the material themselves. The question is if they could produce the system themselves though. Sometimes Meyer Werft puts pressure on the sub-suppliers of Rolls Royce. This makes Mr. ten Eicken feel like Meyer Werft does not trust that Rolls Royce does this, which he thinks can be a bit embarrassing. As described before, however, it might be explained by the fact that sub-supplier deliveries in the past have been unsatisfactory when it comes to time and quality.

Experiencing

Sheltering or Energizing

It is difficult to put Meyer Werft in one of the dimensions; sheltering or energizing. Mr. Lake for instance says that both functions are equally important. Mr. Jungeblut prioritizes energizing if he has to choose between the two. The authors' view of Meyer Werft is that they want to be energized but without this having to jeopardize a successful outcome. They do trust Rolls Royce's expertise but still wants to double check everything. This is probably why they ask questions that Mr. ten Eicken finds unnecessary, control initial blueprints and send back their own changed versions, want calculations for everything and push the sub-suppliers. Mr. ten Eicken thinks that Meyer Werft is rather sheltered than energized. This is not so strange considering the lack of trust that he experiences.

Actors and Relationship Quality

None of the interviewees from Meyer Werft would hesitate to choose another supplier instead of Rolls Royce if it was cheaper or offered a slightly better proposal. Mr. ten Eicken on the other hand would not choose a new customer that paid better or was not as demanding if the opportunity was given. This indicates that either the relationship is not that strong because of problems in the past or that Meyer Werft prefers to choose the best offer for each new

project rather than create strong bonds to a few suppliers. This is described as common behaviour for companies by Van Weele (2005). The answers also hint that the companies seem to have different views of how deep the relationship is. Ulaga and Eggert (2006) would, in their theory of relationship quality, refer the parties as lowly committed. This can therefore be seen as a gap between Rolls Royce and Meyer Werft. Though, according to Söderlund (2001; 2000), loyalty or commitment oftentimes lead to increased profits. The authors are of the belief that even the customer will be better off by having a committed relationship whenever it is possible. Further indications of this are that when asked what was most important in the relationship the parties chose to interpret the question in different ways. Mr. ten Eicken answered what was mutually important and mentioned understanding each other's needs, mutual trust, honesty and openness. Mr. Lake on the other hand answered that the most important factor in a relationship is that the individuals take their time to help. The individual relationships are described by Mr. ten Eicken as formal but friendly. Mr. Lake and Mr. Jungeblut think that the individual relationships are good and that the people at Rolls Royce pay attention to them. The relationship between the individuals in this industrial relationship is correlated to what Håkansson and Snehota (1997) refer to as the actor bonds in the ARA-model. These actor bonds are the interacting individuals in the relationship. Further, Håkansson and IMP Group (1982) describe these individuals in their theory of the IMP-model where these individuals can create a sustainable and long-term relationship based on their previous experiences and ability.

Scheduling

Both companies want the relationship to last under the condition that Rolls Royce can continue to offer what Meyer Werft needs. Both also think that there are possibilities that the relationship can evolve to a new level.

Mr. ten Eicken could not mention anything that would change in Meyer Werft's future demands. However, Mr. Jungeblut mentions that in the near future, Meyer Werft is going to produce three ships a year instead of two. Further, as described before, Mr. Jungeblut said that Meyer Werft in the future wants to do more of the designing and calculations themselves. These are examples of dynamics that Rolls Royce needs to pay attention to and according with what Strandvik et al. (2009) defines as timing, change their value proposition to match.

To test how familiar Rolls Royce is with Meyer Werft's reaction pattern both were asked what would happen if there were numerous delays. Both stated that it would not affect the relationship as long as the delay is motivated. This shows that Rolls Royce, at least for this event, could predict Meyer Werft's reaction.

4.2.2 STX

Aker Yards Oy is a Finnish shipbuilding company that was founded in 1989 and produce cruise-ships. In 2004 Aker Yards Oy was purchased by the South Korean shipbuilding company STX. At the time of this thesis, STX has approximately 3 800 employees in Finland with shipyards in three cities; Helsinki, Turku and Rauma (STX 2009). The actual situation for STX in Finland is that they have had negative results the last years and delay in their production. The reason for this delay is because of delays from their suppliers, among them is Rolls Royce⁴.

Doing

Resources and Competences

STX has very skilled engineers who can define to the suppliers exactly what is needed. However there are only a few of these. They also have assemblers who can install the systems on the boats. Håkansson and Snehota (1997) describe these as resources ties in the ARA-model that can enable the activities that they offer their customers. Because resources enable activities, they also determine what activities they need to be relieved of and enabled to do.

Enabling

STX needs to be enabled to perform the following activities: assembling propellers on the boat, delivering on time, delivering a boat of high quality, answering questions quickly, making changes during a project and making detailed designing work of propellers.

Assembling propellers on the boat: STX feels that they are competent enough to do this satisfactory themselves. However, they need blueprints and commissioning to be able to do that. The commissioning is used so that they can claim a penalty fee if anything goes wrong. Rolls Royce on the other hand does not believe that the activities between the two companies are perfectly matched. Håkansson and Snehota (1997) claim that a relationship will be thicker the more integrated the activities between the companies are. Rolls Royce is of the

⁴ Some information was collected from the interview with STX.

opinion that STX would maximize the performance of the propellers if they let Rolls Royce install them. Mr. ten Eicken explains this in the following way:

By my experience, most customers would pay Rolls Royce to do the installation if they know what they get. By this, they do not need to have employees with that specific knowledge.

The differences in the view of installation signify a gap between the two parties.

Deliver high quality products on time: STX thinks that Rolls Royce could enable them to do this by better controlling their sub-suppliers. According to STX, these are usually the source for bad quality and delays. STX has further received incomplete deliveries where certain parts have been missing. Mr. ten Eicken claims that Rolls Royce cannot put too much pressure on the sub-suppliers since there are a limited number of moulding companies that can do what Rolls Royce demands.

Making changes during a project and to be able to answer questions quickly: STX feels that Rolls Royce sometimes can be slow in their response due to their contact with the sub suppliers. Yet again this proves that activities (commercial) between the companies can be better matched and lead to a thicker relationship (Håkansson & Snehota 1997).

Detailed designing of propellers: Mr. Sápyskä says that STX has skilled engineers but also that it is a problem that there are few with top notch know-how. When there is a lot to do, these engineers might be overcharged with work. Also it might be a future problem when these key-persons quit working for the company. Therefore STX would like for Rolls Royce to educate the engineers of STX about Rolls Royce's system which is described as knowledgeable exchange by Håkansson and Snehota (1997). He is not prepared to pay for this because as he says, the benefit will be mutual. It will increase the chance that STX chooses Rolls Royce's products since they will be trained in designing boats with their systems. This is not fully a gap but something that Rolls Royce did not mention during the interviews even though it could be mutually profitable.

Relieving

Detailed designing of propellers: The technical specification between the companies has resemblance to what Van Weele (2005) describes as a functional

specification. By this, STX relies on the expertise of Rolls Royce and let them design the products based on performance. Mr. Huttunen explains that the speed is the main criterion when it comes to cruise ships. Further he states that Kristinehamn knows how to fulfil that criterion.

Working as an intermediate between suppliers: When asked about what a perfect supplier would be like, Mr. Huttunen would like for the different suppliers of systems (engine, propulsion and gearbox) to be more integrated with each other. By this, STX would be provided a perfect solution where the different services can be combined faultlessly. This does not only concern technical matters but also convenient ones such as reducing times in consulting with different suppliers. For example, STX can let the suppliers interact and solve the problem together without have to act like an intermediary.

Experiencing

Sheltering or Energizing

According to STX, it is not important for Rolls Royce to participate in the development of their value creation. But rather to minimize their risks, which also is a known factor for Rolls Royce. This is something that Strandvik et al. (2009) refer to as sheltering, where a company wants to have control over the actual and future situation. Mr. Huttunen illustrates the importance of this dimension in the following way:

Of course it is important to get the design materials in time and also to receive the products in time.

Even if the interviewees claim that the sheltering function is more important for them, the authors have discovered that they still have a need of using Rolls Royce's expertise. An example is that STX provides Rolls Royce with a performance minimum for speed and then trust Rolls Royce to come up with the best solution, this is what Van Weele (2005) describes as functional specification.

Actors and Relationship Quality

According to Rolls Royce, this relationship is based on trust and respect, something that Morgan and Hunt (1994) stress as important if a good relationship quality is desired. STX on the other hand feels that the most important factors are the mutual experience and individual interactions which,

according to Håkansson and IMP Group (1982) create a sustainable relationship. A combination of the factors mentioned by Rolls Royce and STX forms the foundation of 'the actor bonds' in the ARA-model (Håkansson & Snehota 1997). Mr. ten Eicken feels that Rolls Royce is married with STX which can be seen in the quotation below:

One time when I and the purchasing manager from STX were having a discussion regarding penalty fees, he said to me that we are almost married.

Mr. Säpyskä would correlate the relationship to that of an engaged couple while Mr. Huttunen sees it more as close friends. STX feels that it is of importance that Rolls Royce responds in a quick and satisfying way, which has not always been the case due to their slow communication with the sub suppliers. Rolls Royce would not replace STX with another customer even if they pay somewhat better. This shows that Rolls Royce is well committed to STX and prefers a valuable relationship, something that Ulaga and Eggert (2006) describes in their theory of relationship quality where commitment is the cornerstone. STX on the other hand could replace Rolls Royce with another supplier if the offer were better somewhere else. According to Mr. Säpyskä, the relationship is of great importance for STX in Finland and they aim to create a committed relationship with Rolls Royce. But due to their mother company, this relationship can be ended fairly rapid. These differences signify a gap between the two parties. Håkansson and IMP Group (1982) describe the social exchange as an important factor in creating a sustainable relationship. The interviewees from STX and Rolls Royce take part in such exchanges. Mr. ten Eicken describes this in the following way:

In a meeting there can occur wild discussions where you try to get your way. When you go to lunch, it is a completely different thing where we act as old friends.

Scheduling

The interviewees from STX said that the action would be up to the top management when asked what would happen if there was a significant delay in the delivery of Rolls Royce's products. Mr. Säpyskä describes the influence of a significant delay as follows:

The biggest threat that we can see about this product is a significant delay. The organization of STX would not allow a continuation of a relationship like that.

Rolls Royce thought that STX would look for other suppliers if they could not live up to environmental standards. STX confirmed this and gave the reason that their customers demand the latest technology. Rolls Royce believed that the relationship was so strong that STX would accept a number of late deliveries. However, it seems like Rolls Royce underestimated the influence of the mother company of STX. The interviewees meant that no matter how close the individual relationships were that closeness cannot be measured in numbers. Losses from late deliveries can, and that is what matters to STX's mother company. This is seen as a gap between the two parties.

4.2.3 Damen Schelde

Damen Schelde was formerly known as Royal Schelde, founded in 1875, but was acquired by the Dutch ship-producing company, Damen. Nowadays, Damen Schelde has approximately 8 500 employees and has a turnover of nearly € 1.5 billion (Damen Schelde 2009). The contracts that Ms. Grönberg has been involved in have all concerned fixed propellers for navy ships⁵.

Doing

Resources and Competences

Damen Schelde has enough resources to install the received products from Rolls Royce, but needs the supervision due to warranty issues. Though, they cannot make the design of the total package. Sometimes their know-how is more than enough to handle the products from Rolls Royce. Their expertise overlaps that of Rolls Royce's in a satisfying way. Håkansson and Snehota (1997) describe these as resources ties in the ARA-model that can enable the activities that they offer their customers. Because resources enable activities, they also determine what activities they need to be relieved of and enabled to do.

⁵ Some information was collected from the interview with Damen Schelde.

Enabling

Given Damen Schelde's own resources and competences it needs to be enabled by Rolls Royce to perform the following activities: Assembling propeller on the boat and deliver high quality products on time.

Assembling propellers on the boat: As mentioned previously, the knowledge within Damen Schelde is sufficient to assemble the products from Rolls Royce. The reason to why they are using commissioning is because of the warranty issues that will not be realized if they do not use supervision from Rolls Royce. Ms. Grönberg knows that Damen Schelde has got good technical competences within these projects. She does not know further resources and competences of Damen Schelde but assume that it is sufficient due to their specifications in the contracts.

Deliver high quality products on time: According to Damen Schelde, they are providing their customers with good support and well defined products partly due to the knowledge, described as resources by Håkansson and Snehota (1997), that Rolls Royce in their turn are providing. Mr. Dekker further explains that Rolls Royce should have better control over their sub-suppliers.

That is the biggest issue to work on for Rolls Royce, they have to control their sub contractors because they have chosen to produce as little as possible. We have experienced that delays have been caused by their sub contractors which is the biggest threat for Rolls Royce.

The delays and also the poor quality are often blamed on the sub-suppliers. It is important for Damen Schelde to receive faultless products on time because they have to keep their time schedule and more importantly, the requested quality.

Relieving

Given the resources and competences that Damen Schelde does not have or that other companies are better at, Damen Schelde needs to be relieved of the following activities: Detailed designing of propellers, manufacturing propellers and working as an intermediate between departments of Rolls Royce.

Detailed designing of propellers along with manufacturing propellers: Damen Schelde relies on the expertise of Rolls Royce and provides them only with frames, which by Van Weele (2005) is described as a functional specification. Though, according to Ms. Grönberg, Damen Schelde knows exactly what they want and provide Rolls Royce with a detailed technical specification which Rolls Royce is using to its full extent. In this case, Damen Schelde would like to be relieved of the activity of designing the propellers which signifies a gap between the two parties.

As mentioned previously, Damen Schelde is providing Rolls Royce with frames and relies on their expertise to build a product that is of the desired quality, according to Mr. Dekker. They would because of this, along with the lack of competences and resources, want Rolls Royce to relieve Damen Schelde with the production of the propellers.

Working as an intermediate between departments of Rolls Royce: According to both Ms. Grönberg and Mr. Dekker, a complete solution is used where also the extra services are included. The question is if the offers are perfectly matched between the two companies which are discussed in the activities in the ARA-model, presented by Håkansson and Snehota (1997). According to Mr. Dekker, the solution could involve even more factors. He thinks that Rolls Royce as a whole could be more integrated and provide a more complete solution where all of the different parts of Rolls Royce are included. According to Rolls Royce, Damen Schelde is being relieved of activities. Though, according to Damen Schelde, this relieving function could be more complete if they did not have to compile the different parts from the same supplier themselves.

Propulsion, engine and gearbox should be seen as separate systems by us, it is our strategy. Rolls Royce can do it altogether as well and then we do not have to add anything ourselves.

Experiencing

Sheltering or Energizing

Damen Schelde wants Rolls Royce to minimize their risks which is understood by Ms. Grönberg. Mr. Dekker describes the importance of using the sheltering function in the following way:

Our main goal is to get the ships off the shipyard. Of course, improvements are important but it is even more important that they reduce some risks by delivering the shafts in a convenient way.

The authors are of the belief that Damen Schelde does not see the sheltering function and the energizing function as mutually exclusive even though Mr. Dekker claims that sheltering is more important. The reason to why the authors are of the belief that the energizing functions is of importance for Damen Schelde is because they provide Rolls Royce only with frames in the technical specification. This means that they trust Rolls Royce to come up with the best solution, which Mr. Dekker also explained.

Actors and Relationship Quality

The individuals are starting to form identities between each other which, according to Håkansson and Snehota (1997), can generate in a long-term and interdependent relationship. The individuals have only known each other for a few months, but both parties stress that this relationship already has established mutual understanding where they give quick response. Ms. Grönberg describes the importance of giving a quick reply to the customers in the following way:

I usually respond immediately when I receive the mail and am looking in to it even if I do not have the answer right away.

Mr. Dekker describes the same situation in the following way:

Before Ms. Grönberg joined the project team, we had some difficulties in receiving answers. She responds more quickly and more accurately and seems to have more time to do the job.

Ms. Grönberg has got nine different contacts within Damen Schelde which can cause confusion due to the many projects that are running parallel. When it comes to the relationship quality and commitment, the two companies do not share the same opinion. Damen Schelde could replace Rolls Royce with another supplier if their customers required it. While Rolls Royce prefers the actual relationship and thinks that the relationship contributes to their development. A committed and loyal relationship can lead to profitability (Söderlund 2001). Both of the interviewees correlate this relationship as to associate or close friend depending on the circumstances. The reason for this, according to

Damen Schelde, is because of the soon reply that they are receiving. According to Rolls Royce, the reason is the trust and honesty that are shared by both parties which is something that Morgan and Hunt (1994) stress the importance of to keep a sustainable relationship quality.

Scheduling

According to Damen Schelde, Rolls Royce has discovered needs that Damen Schelde has not reflected over. It is, according to Strandvik et al. (2009), important for a company to identify the needs of their customers over time, which has been the case in this relationship. Mr. Dekker explains this as follows:

Rolls Royce proposed to use bolt propellers instead of the presently used propellers and showed the benefits that these propellers have.

If there would occur late delivery of Rolls Royce's products, Mr. Dekker explained that they would charge a penalty fee but that it would not affect the relationship in the long run. Rolls Royce also thinks that the relationship will not be affected by such an incident if they inform Damen Schelde in a straight and honest way so that they could do something about this delay. When it comes to the environmental scenario, Mr. Dekker explains that this is not a decision maker at the moment and would not affect the relationship. The relationship is desired to last in the future by both parties. Mr. Dekker explains that he would like to include Rolls Royce in the future contract and also believes that the situation within two years will be almost as it is today. According to Ms. Grönberg, the relationship will develop further in the future as long as Rolls Royce is included in the contracting. Mr. Dekker thinks that the most important thing in the relationship is to know each other's difficulties and possibilities.

4.3 Findings

The findings that are being presented derive from the result of empirical study. The findings will be presented by each customer alone. Within each customer, the prerequisites will form the structure of the presentation.

4.3.1 Meyer Werft

Doing: The sub-suppliers of Rolls Royce are often a main cause for the delays in the delivery along with the quality of the products. The relationship between Rolls Royce and their sub-suppliers are today felt as poorly with lack in the

communication. Meyer Werft is not using the installation services from Rolls Royce due to the price and also the high risk that this brings. Rolls Royce is sometimes answering slowly due to the lack of communications between the different departments within Rolls Royce. The optimistic way of viewing delays is not the best way to approach Meyer Werft. The information about a delay has to be brought up as soon as possible due to the changes that this brings. A common agreement in the technical specification could be a suitable tool to minimize e.g. negotiation time, misunderstandings and uncertainties. Meyer Werft expressed the need to be able to calculate dimensions before choosing its suppliers. This would save them a lot of time and effort.

Experiencing: The interviewees of Meyer Werft could not agree on what functions are more important due to the significance of both functions. The trust between the two companies can sometimes be lacking, which is shown by the fact that Meyer Werft prefers to double check the measurements of Rolls Royce. Meyer Werft does not work in a committed way but rather choose the best supplier for every new project.

Scheduling: Both parties see possibilities to evolve the relationship in the future. Though, Meyer Werft is expecting changes in the future that Rolls Royce does not know of. These changes are that Meyer Werft in the future will build three ships instead of two and also that they will design more of the parts themselves. The two parties agree that significant delays will not change the existing relationship. The authors predict a realistic scenario in the future where Meyer Werft does not have the time to ask as many questions due to the fact that they will produce three ships per year. This means that Rolls Royce to a further extent will have to predict what Meyer Werft needs and come up with the best offer.

4.3.2 STX

Doing: STX is of the belief that they can assemble the parts from Rolls Royce in the best way, which Rolls Royce does not agree on. The quality and delay in deliveries of Rolls Royce's products along with slow response on the questions asked are oftentimes blamed on their sub-suppliers. STX would like for Rolls Royce to have better control over the sub-suppliers and deliver faultless products on time. STX has only a few skilled engineers due to this, they would welcome training to overcome this problem. To enable a complete solution, STX would like for the suppliers of systems (engine, propulsion and gearbox)

to be more integrated. This would generate two positive effects. One effect is that the solution will be of better quality where the different parts fit together in a more satisfying way. The other effect is that it will be time saving for both suppliers and the shipyard because STX does not have to be an intermediate between different suppliers.

Experiencing: STX would like for Rolls Royce to minimize their risks. Though, they still want Rolls Royce to come up with the best design for the specifications given. The mother company of STX could easily replace Rolls Royce with another supplier. STX in Finland on the other hand sees the relationship as an important factor to reach a good result.

Scheduling: A significant delay is the biggest threat to this relationship. The mother company of STX can have a hard time overseeing this delay and could therefore replace Rolls Royce with another supplier.

4.3.3 Damen Schelde

Doing: Rolls Royce and Damen Schelde do not define a complete solution offered by Rolls Royce in the same way. Unlike Rolls Royce, Damen Schelde defines this as a package of different systems from the same company. An example of this could be that Rolls Royce delivers one complete solution where the engine, propulsion and gearbox systems are integrated. According to Mr. Dekker, Damen Schelde relies on the expertise of Rolls Royce when it comes to the design of the propellers. Though, Ms. Grönberg is not of the same opinion. She claims that Damen Schelde provides Rolls Royce with exact specifications of what they want. Damen Schelde is not satisfied with the delivery time and quality of the products from the sub-suppliers of Rolls Royce and further thinks that they should have better control over these.

Experiencing: There are more similarities between Rolls Royce and Damen Schelde than dissimilarities within this dimension. The two companies both see the sheltering function as the most important factor. Though, Damen Schelde only provides Rolls Royce with frames for performance and trust Rolls Royce's expertise to come up with the best solution. The individuals in the relationship share the same view of the importance in a relationship. Rolls Royce and Damen Schelde perceive commitment differently, where Damen Schelde easily could replace Rolls Royce with another customer.

Scheduling: The timing of Rolls Royce is of importance for Damen Schelde where the difficulties and possibilities are taken into considerations, which is understood by Rolls Royce. The two companies share the view that neither a problem by reaching environmental standards nor a significant delay would affect the relationship. Both Rolls Royce and Damen Schelde see a continuing future where the two parties are interacting with each other as they do today.

4.4 Summary

The authors predicted that gaps were going to be shown by this comparative research. Most of the answers were as expected but by using this qualitative research, interesting data were shown through the differences between the interviewees. The translation and adjustment of the questions was made differently between the interviewees, which resulted in unique answers and results. This is positive because the individual stories, as defined by Jacobsen (2002), are fully expressed and negative because the answers need to be comparable between Rolls Royce and the customer. The reason to why Meyer Werft has got larger part in this analysis is because their answers were most differentiated from the answers of Rolls Royce in comparison to the other customers. Rolls Royce has not so far been focusing on the presented dimensions of the customers. From this empirical study along with the analysis, the authors believe that the market is changing and focus will be put on how to fulfil the dimensions.

Chapter 5 – Recommendation, Discussion and Further Studies

In the beginning of this chapter, the recommendations that divulges from the empirical study will be presented. Further, a discussion about the thesis will be presented along with what the authors would do if this thesis was to be rewritten. The chapter ends with a discussion of further studies along with a proposal of further evaluations of the customers of Rolls Royce.

The purpose of this thesis is to investigate to what extent Rolls Royce in Kristinehamn manages to fulfil their customer needings. By identifying gaps between offerings and needings, the authors will give recommendations on how Rolls Royce can increase their customers' satisfaction by providing them with what they need.

The gaps that are presented in this chapter derive from differences discovered within the three dimensions. The gaps within the doing dimension show how well Rolls Royce knows which of the activities the customers want to be relieved of and which they want to be enabled to perform. The gaps within the experiencing dimension show how well Rolls Royce knows what their customers prioritize when it comes to energizing and sheltering. Gaps are also found when comparing the view on the relationship quality and individual interactions. The gaps within the scheduling dimension show how well Rolls Royce knows how long the customers want the relationship to be and also how their needs change over time.

The prerequisites, which were founded by the theory in chapter 3, are presented below.

Prerequisites	Included theories
Doing	Relieving
	Enabling
	Activities (ARA)
	Activities (Supply chain management)
	Activities (IMP model)
Experiencing	Resources
	Sheltering
	Energizing
	Actors (ARA)
	Actors (IMP model)
	Relationship quality
	Relationship value
	Uncertainties
	Ideas
Scheduling	Time framing
	Timing

The relevant results are shown when making a comparison between the answers of Rolls Royce and their customers. This is because the questions were asked in a comparative way which shows gaps in the results. As stated in the purpose, the recommendations in this chapter will be based on the relationship gaps that were found in the empirical study.

5.1 Recommendations

In this section, recommendations will be presented for the specific customers alone. Though, due to the frequency within some answers of all of the interviewees, general recommendations will be presented that, to some extent, could represent the business in which Rolls Royce is interacting. The recommendations derive from gaps that were found between the offerings of Rolls Royce and the needs of their customers. These recommendations aim to fill these gaps which will lead to fulfilled needs of the customers. This, in turn, leads to a stronger and more committed relationship. The recommendation derives from the findings that are presented in chapter 4.

5.1.1 *Meyer Werft*

- Rolls Royce has to have better control over their sub-suppliers. The quality of the propellers needs to constantly be tested and defaults have to be discovered. The delay in the delivery of Rolls Royce products are often caused by their sub-suppliers. These two things can, according to the authors, lower the valuable brand of Rolls Royce in the future if they do not put more pressure on their suppliers. The authors further believe that by strengthening the relationship and also putting more pressure on the sub-suppliers, Rolls Royce can make Meyer Werft more committed to them because they know that they will receive faultless products on time.
- To enable the customers to use the installations service, Rolls Royce has to either lower the price or take a bigger risk. Today it is not valuable enough for the customers to use this service, though, the end products will be of better quality if Rolls Royce does the installation.
- Rolls Royce has to improve the internal interactions between the departments of Rolls Royce in Kristinehamn. One solution to overcome this is by creating a project group instead of working only in processes. By doing this, the involved parties of Rolls Royce in Kristinehamn have better access to each other.
- Rolls Royce has to inform Meyer Werft of a delay as soon as it is discovered due to the changes that Meyer Werft has to make in their production schedule.
- A common agreement for the technical specification was suggested by Mr. ten Eicken to reduce negotiation time, misunderstandings and uncertainties. Mr. Jungeblut agreed that this agreement could be a good idea. The authors of this thesis therefore suggest that a common agreement should be negotiated.
- Rolls Royce could educate the employees of Meyer Werft so that they could calculate the dimensions before choosing their supplier. Of course this would mean that they leave out vital parts of their know-how and that Meyer Werft would not have to use this service from Rolls Royce in

the future. However, given Meyer Werft's strong need for this know-how, they would probably acquire it anyway. On the other hand, Rolls Royce could educate the employees of Meyer Werft in a way that would ease the use of Rolls Royce products when calculating. Also, the trust and commitment bonds between the companies would doubtlessly increase.

- Today, Rolls Royce has to both energize and shelter Meyer Werft which takes a lot of time and resources. However, if Rolls Royce was to take higher risk by agreeing on higher warranty fees the sheltering function would lose some of its importance. Meyer Werft would not have to ask as many questions and make second calculations and Rolls Royce could therefore focus on energizing Meyer Werft instead.
- Given the probable increase of production at Meyer Werft, Rolls Royce should to a further extent predict their needs and work proactively.
- To further meet the future needs of Meyer Werft where they will be able to make more of the designs themselves, Rolls Royce could act in two ways. Either by focusing on sheltering Meyer Werft by delivering faultless products on time or by increasing their know-how and find even better solutions.
- To reduce time in forming the correct designs, Rolls Royce could provide Meyer Werft with their blueprints in CAD format instead of sending them in PDF format. This will enable Meyer Werft to make small changes themselves instead of using Rolls Royce for every modification.

5.1.2 STX

- Rolls Royce has to have better control over their sub-suppliers. The quality of the propeller needs to constantly be tested and defaults have to be discovered. The delay in the delivery of Rolls Royce products are often caused by their sub-suppliers.
- To better improve the know-how of the employees of STX, Rolls Royce could provide free training in Rolls Royce products. This will create a

win-win situation where the probability that STX will use Rolls Royce products increases along with the know-how of STX's engineers.

- Rolls Royce could integrate better with providers of other systems to relieve STX fully of the solution of engine, propulsion and gearbox. This could be achieved by either integrating with the other suppliers on a regular basis or by participating in a project group which consists of representatives for each system. This will make it difficult for STX to replace one or more of the suppliers for the next project which create competitive advantages for involved parties.
- Today, Rolls Royce has to both energize and shelter STX which takes a lot of time and resources. However, if Rolls Royce was to take higher risk by agreeing on higher warranty fees the sheltering function would lose some of its importance. Rolls Royce could therefore focus more on energizing STX instead.
- Rolls Royce should not stare themselves blind on the valuable relationship in Finland because the mother company of STX might at anytime disrupt the relationship by not contracting Rolls Royce in future projects. The recommendations to satisfy the mother company is to deliver on time, provide faultless products, offer competitive prices and have valid reasons for delays.

5.1.3 Damen Schelde

- Rolls Royce has to have better control over their sub-suppliers. The quality of the propeller needs to constantly be tested and defaults have to be discovered. The delay in the delivery of Rolls Royce products are often caused by their sub-suppliers.
- To satisfy Damen Schelde in the matter of a complete solution, Rolls Royce needs to act unified. The interaction between departments within the marine part of Rolls Royce Company has to improve, where they cannot act like individual companies. One solution to this problem could be that representatives from different departments create a project group who interact on a regular basis. This could generate in a complete Rolls Royce solution of engine, propulsion and gearbox.

- Today, Rolls Royce is only focusing on sheltering because they believe that Damen Schelde only needs this. However, Mr. Dekker expresses the need of having Rolls Royce to participate in their value creation process. Rolls Royce should therefore give advice of improvements within the given frames.

5.1.4 General Recommendations

Some general recommendations have been conducted from the customer specific recommendations. These recommendations could be applicable on most of the customers of Rolls Royce due to their general importance. Figure 5.1 below illustrate the recommendations for the specific customers of Rolls Royce.

Customer	Recommendations to Rolls Royce
Meyer Werft	<ul style="list-style-type: none"> • To increase the control over the sub-suppliers • Enable installation by lower price/take more risk • Interact better with the departments within Rolls Royce • Inform about delays in time • Form a common agreement for the technical specification • Educate employees of Meyer Werft • Increase trust by agreeing on higher penalty fees for the risk • Be proactive by predicting future needs of Meyer Werft • Meet future needs by; sheltering or further development • Sending blueprints in CAD format
STX	<ul style="list-style-type: none"> • To increase the control over the sub-suppliers • Train the employees of STX about Rolls Royce products • Integrate with suppliers of complementary systems • Increase trust by agreeing on higher penalty fees for the risk • Focus on sheltering STX to satisfy the mother company
Damen Schelde	<ul style="list-style-type: none"> • To increase the control over the sub-suppliers • Act as a unified Rolls Royce and provide a complete solution • Participate in the development of their value creation process

Figure 5.1 — Figure of the Recommendations

5 Recommendation, Discussion and Further Studies

From the customer specific recommendations, following general recommendations have been found:

- To obtain better control over the sub-suppliers concerning delays and product quality is something that has to be improved for every customer. Rolls Royce therefore has to push their sub-suppliers to reach better results that are delivered on time. By letting the sub-suppliers act unsatisfactory, the brand of Rolls Royce will, according to the authors, be spattered which can lead to lack of trust and commitment between Rolls Royce and their industrial customers.
- By training the customers' employees about the products of Rolls Royce, the customers will automatically be more committed to them because it is then easier for the customers to work with Rolls Royce's products. The knowledge will also lead to a better assembling of Rolls Royce's products which in the long run can improve the reputation of the brand within the business.
- If Rolls Royce agrees on higher penalty fees, the customers will increase their trust because they know that if something goes wrong, Rolls Royce will cover it. This will reduce the incoming questions and Rolls Royce could focus on improving their offerings.
- To keep track of the customer's needs, Rolls Royce could use a database. By keeping track of these needs, it is easier to satisfy the customers and also if a contract manager is replaced, information about the customers is available.

The presented recommendations have different degrees of possibility to be implemented. Some of the recommendations do not need a lot of effort or cost, while some recommendations are more difficult to implement in a satisfying way. The authors of this thesis have left the possibility to implement the recommendations open, due to the limited knowledge about both Rolls Royce as a company as well as for the business.

5.2 Discussion

The concept of customer needings can, according to the authors, be well implemented to the business where Rolls Royce is interacting. Though, the theory of customer needings has had to be adjusted to suit the specific customer. In this case, the mutually exclusiveness between sheltering and energizing is an example of this.

The business where Rolls Royce is interacting is unique and complex due to the size and numbers of customers. This made it difficult for the authors to grasp the structure and mechanism of the market which in its turn lead to difficulties with applying the existing theory to reach the purpose. The concept of customer needings is fairly new which made it difficult for the authors to find the right theoretical framework for the purpose. Another effect caused by this was that customers of Rolls Royce had problems to think in the way that the authors needed them to do. An example of this is that, since they have always just chosen the best offer, they cannot imagine what a perfect supplier would be like. They cannot reflect over their own needings but rather give clues to what is needed. Therefore, the more interviews that were conducted, the authors tried to use a better probing technique and not focus directly on the core question. The authors had, in the beginning, problems in finding a company to study. This caused a lack of time to conduct the interviews. Because of this, the questions had to be designed quickly and the authors could not reflect on the answers from Rolls Royce to the desired extent. Despite these obstacles, the authors think that the result was satisfactory with applicable recommendations.

An observation made by the authors throughout the thesis is that all of the customers are lowly committed because they could easily replace Rolls Royce with another supplier with a slightly better offer. This could be because they do not see the profit by having this committed relationship, a view that is not shared by Söderlund (2001; 2000) who sees a strong connection between commitment and profitability. A reason to why the customers easily could replace Rolls Royce with another supplier is that they might prefer different suppliers' products for different kinds of ships.

Damen Schelde expressed the need of a complete solution where Rolls Royce offers gearbox-, propulsion- and engine systems. In one of Rolls Royce's brochures (2005), they refer to this as concept of system solution which is to

offer a complete solution. The question is why the other two customers do not mention such a possibility. According to the authors, there are three possible reasons for this. The first reason is that the customer might not realize the advantage of having one supplier that can integrate all the systems. Another reason is that the customer believes that they can integrate different systems in a good way themselves i.e. they want to provide more to the value chain themselves. The last reason is that the customer wants to find the best possible systems from different suppliers.

Even if the authors think that the chosen interviewees were the most relevant ones, better results could probably have been reached if the authors were to interview people of additional positions within each company. Example of additional positions could be executives or controllers. The number of customers that were interviewed was, according to the authors, sufficient to represent the business in which Rolls Royce is interacting. Though, by interviewing smaller customers that do not have the same level of competences, a more diversified image about the business could be accomplished. Because smaller companies do not have the bargaining power to influence Rolls Royce, the authors felt that it was irrelevant to include them in this specific study.

Soft variables like cognitive maps and ideas were, according to the authors, hard to transform into relevant questions. For example, cognitive maps within companies are formed jointly by all of the decision makers, past experiences, analogies and metaphors which are difficult to reflect over during a short telephone interview. The authors tried to scratch on the surface, but a desired result was not reached.

If this thesis was to be rewritten today, there are number of thing that the authors would do differently. Firstly, more focus would be on the concept of customer needings. This means that less attention would be paid towards additional theories like cognitive maps and ideas in the ARA-model. Another reason to why the cognitive maps and ideas would not be included is due to its complexity and the authors are of the opinion that to reach a satisfactory result the purpose would have had to be aimed towards these two factors alone. More effort could then have been put on finding better questions to reach deeper into the thoughts and knowledge of the interviewees. Some of the questions should also be rephrased so that the interviewees easier could relate to them. An example of this could be the question about how the customers create

value, which was not understood by the majority of the interviewees probably due to the economical terms used. Further, the authors would also base the questions to the customers on the answers from Rolls Royce to better discover gaps.

5.3 Further Studies

As mentioned earlier, the customer needing concept is newly developed and the theories within the field are fairly limited. The authors suggest that further studies should be made within this field due to its importance for many companies. By making further studies, tools of how to simply implement the customer needing concept in companies could be found. The authors have during this study discovered a challenge in using the customer needing concept. This challenge is that sheltering and energizing within the experiencing dimension might not be mutually exclusive. The customers of Rolls Royce had a need of both functions and the authors found it difficult to find the dominating function. When doing further research, it should be kept in mind that sheltering and energizing might not always be mutually exclusive. The authors conclude that in a business with few actors where the suppliers have great know-how and that the customers are highly demanding, both functions are desired. The authors see a connection between the energizing function, the relieving function and what Van Weele (2005) refers to as functional specifications.

The authors' stress that Rolls Royce should implement continuous evaluations after every contract is finished. These evaluations should only cover a few relevant questions. This could be used to accomplish a customer database, something that Ms. Grönberg stresses the importance of. Through the empirical study of this thesis, the authors have come up with the most resulting questions that could be suitable for such an evaluation:

- Why did you choose Rolls Royce for this contract?
- What do you think of Rolls Royce's performance?
- What could Rolls Royce improve to the next contract?
- Why would you choose Rolls Royce for future contracts?
- If you had the resources and competences to do the job yourselves; would you have done anything differently?
- Other thoughts

- Grade, on a scale of 1-10, how well the following activities were performed to suit your needs.
 - Deliver on time
 - Performance of the product
 - Answer questions

By doing this short evaluation, Rolls Royce get the chance to view the thoughts of their customers after each contract. This makes both the evaluation easier along with the improvement that is necessary to fulfil the needs of the customers in the best way. A finished version of this evaluation can be seen in appendix 4.

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Appendix

Appendix 1 – Questions Towards Rolls Royce

- Give a brief presentation of the specific customer.
- What does this specific contract look like?
- Describe the specific relationship
- What do you consider as important in this relationship?
- What of the following metaphors would best describe your relationship with Rolls Royce? Stranger, associated, close friend, family, married
- How does your customer create value?
- How do you create value for this customer?
 - Do you live up to or exceed their expectations?
- Do you provide your customer with a complete solution or do you provide them with tools so that they can solve the problems themselves?
 - If the customer is provided with tools, do you think that they would be better off with a complete solution?
- Do you know the resources and competences of this customer?
 - Do you design your offers due to this?
- The role of the individuals in the relationship?
- What of the following statements do you think that is most important for your customers? That you participate in the development of their value creation or to reduce their risks?
- Could you replace this customer with another customer that is not a demanding and/or pays slightly better? (commitment)
- How long does your customer want this relationship to last?
- How would the customer react if a significant delay occurs in the delivery of Rolls Royce products? (How would the relationship change?)
- How would the needs of your customers change if the standards of boat production would be more environmentally friendly where your products do not reach the standards?
- How does the needs of this customer's look like in two years?

Appendix 2 – Questions Towards the Customers

During the interviews, the authors found and added new relevant questions which mean that all of the questions were not asked to all of the customers. The questions that were added are within brackets. Some questions were asked due to the probing technique and some were based on what the authors found out from interviewees at Rolls Royce.

- How does your supplier contact work? How do you search for suppliers?
- Have your previous relationships affected the current relationship with Rolls Royce in Kristinehamn? In what way?
- What do you consider to be important in this relationship?
- Is there anything that Rolls Royce in Kristinehamn could do to improve your relationship/better satisfy your needs?
- Which of the following metaphors would best describe your relationship with Rolls Royce? Stranger, associate, close friend, family, married
- How do you as a company create value?
- How does Rolls Royce help you with your value creation process?
- (What does the perfect provider look like to you?)
- Do you use complete solutions from Rolls Royce or do you use their tools to solve a problem yourself? If they provide you with tools, would it then be better with a complete solution?
- Are your own resources and competences sufficient when you use Rolls Royce products? Are there resources and competences that you have but don't get to use for some reason?
 - Does the Rolls Royce offering result in the maximization of your resources?
- The role of the individuals in the relationship?
- What of the following are more important for you? That Rolls Royce participates in the development of your value creation (give you inspiration/suggestions) or that they minimize your risks (lead time etc.)?
- Could you replace Rolls Royce with another supplier that is has a slightly better offer and/or is less expensive? commitment
- For how long would you like your relationship with Rolls Royce in Kristinehamn to last?

- How would you react if there is a significant delay in the delivery of Rolls Royce products? (How would that affect your relationship?)
- How would your needs change if the standard of boat production became more environmental friendly where the products from Rolls Royce does not reach the standards?
- Have Rolls Royce discovered a change in your need that has not been reflected by you before? Is it important that Rolls Royce acts like that?
- What will your demand be like in two years? The relationship?

Appendix 3 – Summary of the Interviews

Björn ten Eicken (Rolls Royce) about STX

Mr. ten Eicken is a contract manager that have got contact with many of Rolls Royce customers, among them STX and Meyer Werft. Mr. ten Eicken explains that neither the product nor the production is included in the contracts that are conducted with the customers. The contracts include e.g. lead-time and warranty. In this specific contract, the lead-time is of importance for STX. Afterwards a discussion between the two parties takes place where the final shape of the contract is made. Mr. ten Eicken further explains that they have a long and interdependent relationship where the representative individuals play an important role. These individuals from both parties have been included in the relationship for many years and Mr. ten Eicken would correlate this relationship as to a married couple with big mutual respect. The reason to why Mr. ten Eicken uses 'marriage' as a metaphor is because that the individuals can have meetings where the discussion is very tense but over dinner, they have a pleasant and private talk. The cornerstones in this relationship are the respect and trust towards each other. Mr. ten Eicken further explain that you always have to be there for the customer and help them to solve a problem, because it is often the end customer that has a specific need that has to be fulfilled. According to Mr. ten Eicken, STX is mostly represented by their lead-time and quality. The price is also an important issue, but in comparison with their competitors, the price is, for STX, not a way of reaching competitive advantages. Rolls Royce represents quality and support towards STX. Nowadays they focus more on the lead-time as well. Rolls Royce provides STX what they want and does not focus on added value due to the extra cost that this brings. It could in some cases be wrong to focus on added value, because this value could have a negative effect on the production for the customer. The supply chain in this business is not very big and Rolls Royce mostly knows the end customers. STX buys a complete solution from Rolls Royce that does not include installation. According to Mr. ten Eicken, STX would pay more and also have big use of add on services like installation. Rolls Royce knows some of the customers' resources and competences. They know how their boatyard is working and also how the organization is constructed. Mr. ten Eicken further explains that STX would like for Rolls Royce to minimize their risk, mostly by reducing lead-time, rather than having Rolls Royce to participate in their development. The relationship between Rolls Royce and STX is very strong and Rolls Royce would not replace this customer with another customer for a

slightly better price. According to Mr. ten Eicken, STX would want to have this relationship further in to the future, but due to the holding company with cost reduction in the main focus, this relationship could be hard to remain. Mr. ten Eicken thinks that STX would keep the relationship towards Rolls Royce even though a significant delay would take place in the delivery of the product. The environmental questions are very sensitive and in this case it is usually the end customer that is focusing on these questions. STX has to follow the end customers' needs and then Rolls Royce has to change their production to be able to keep STX as a customer.

Björn ten Eicken (Rolls Royce) about Meyer Werft

According to Mr. ten Eicken, Rolls Royce and Meyer Werft have had a long relationship where the exchange of products includes more than just propellers. Meyer Werft is one of the bigger customers of Rolls Royce and the two companies have had yearly contracts since 2005. A general contract has been carried out about the lead-times, price and warranty. This simplifies the situation when a new contract is being accomplished because of the already existing frames. Though, the specifications (including weight, rotation speed etc.) need to be added in a specific document. According to Mr. ten Eicken, the important factors in this relationship are that they understand each other's needs, their mutual trust, honesty and openness. The metaphor that Mr. ten Eicken would relate this relationship with is 'associated' or as 'close friends', depending on the situation. The relationship is still polite where they address each other with Mister. Mr. ten Eicken further explains that Meyer Werft really knows what they want and that they want calculations on every new factor that is added to the contract. The communication between these two parties has been absent from time to time. One example of this is when Meyer Werft placed an order without specifications. Rolls Royce used their specifications and conducted a contract, which then was send to Meyer Werft. When Meyer Werft started to analyze this contract, they found that the specifications did not collaborate with their specifications even though the two companies have had a relationship for many years. In this relationship, Rolls Royce does not always know the shipping company (the end customer in the industrial relationship). According to Mr. ten Eicken, Meyer Werft is associated with a high quality product delivered in time where the customers are in focus, which is very important. Rolls Royce has had some problems in delivering their products in time due to lack of communication within the company. Mr. ten Eicken further explains that Rolls Royce really is trying to correct this delay in the delivery of

the products. Meyer Werft is a company that constantly pushes their suppliers to deliver the products as quickly as possible. By this, it is hard for Rolls Royce to exceed the expectations, and sometimes even live up to the expectations. Mr. ten Eicken does not believe that Rolls Royce exceed the expectations of Meyer Werft because of the many problems that have been caused by the entire Rolls Royce company. Meyer Werft is using a complete solution from Rolls Royce, but Mr. ten Eicken does not think that the customer see this the same way. This is mostly because the contract is conducted through a long process of negotiations mostly without special services. Mr. ten Eicken further explains that he does not believe that Meyer Werft would pay extra for services due to their expertise or their believed expertise within the field. According to Mr. ten Eicken, Meyer Werft would in the long run be better off by including Rolls Royce in the assembling stage of the process. By offering education to the employee of Meyer Werft, this problem could be overcome. Mr. ten Eicken knows their resources due to the close relationship with many of the employees. Meyer Werft rather sees Rolls Royce to minimize their risk than being included in their value creation process. Rolls Royce would not replace Meyer Werft with another customer mostly because Meyer Werft is a big customer and are associated with high quality. Mr. ten Eicken further explains that Meyer Werft would like to have a long-term relationship with Rolls Royce to further develop their mutual knowledge.

Kicki Grönberg (Rolls Royce) about Damen Schelde

Ms. Grönberg manages the relation with Damen Schelde. She has been responsible for the contract department's interaction with the Dutch company for approximately four months. Formerly she worked within the purchasing department at Rolls Royce in Kristinehamn. She has a background as a quality engineer. At the moment Ms. Grönberg handles two contracts with the company: One with the Dutch navy as the end customer and one with the Moroccan navy as the end customer. Damen Schelde specifies closely what they want in the contract specification rather than supply Rolls Royce with frames. Even though there are usually lots of complex standards involved when building navy ships, Damen Schelde, according to Ms. Grönberg tends to take comparably lightly on these. Rolls Royce and Damen Schelde have a good relationship that seems to be improving. There have occurred late delivery and complaints in the past but they have not made the customers look elsewhere for suppliers. The words that signify the relationship are trust and honesty. Ms. Grönberg always tells the company when it will be difficult to grant their

demands but still tells them that Rolls Royce will do its uttermost to see to it. She also finds it important to assure the contact persons at Damen Schelde that they have her attention. Further, Ms. Grönberg would describe Damen Schelde as an 'associated' but thinks that they are about to become a 'close friend' as the companies have more interaction with each other. Damen Schelde creates value for their customers by offering a quality product that will perform as requested. Service is also something that they provide their customers with. Ms. Grönberg does not think that Rolls Royce exceed Damen Schelde's expectations but thinks that they match them. She thinks that the customer demands more attention than it gets and that they do not want to repeat issues discussed with the sales people to the contract people. In Ms. Grönberg's opinion, the information exchange between the sales- and the contract department is lacking sometimes. According to Ms. Grönberg, Rolls Royce supplies Damen Schelde with a full solution. The contracts include spare parts, engineer hours for installation and testing as well as training for Damen Schelde's engineers. Damen Schelde relies on the expertise of Rolls Royce when it comes to installation. Even though Rolls Royce charge a rather high premium for aftermarket services Damen Schelde obviously thinks it is worth it. This could be explained by the great importance for the end-customers (the navy) that performance will be maximized and that nothing will break. Ms. Grönberg knows who the end-customers are for each contract and what the final products will be used for. The relations to these are not well developed. Damen Schelde does not appreciate when their customers interact with their suppliers without using them as an intermediary. Ms. Grönberg knows a bit about Damen Schelde's competences but does not pay much attention to these. She assumes that Damen Schelde form their demands in the contracts according to what they can do. She thinks that they expects Rolls Royce to know about their competencies and demands without them having to express those. Nine persons are involved in the contact with Ms. Grönberg. This is an unusually large number in these circumstances. It causes some confusion when there are several ongoing projects at the same time. Ms. Grönberg claims that before she overtook the customer contact she heard "horror stories" about how difficult it was to satisfy certain persons within Damen Schelde. However once she met them she discovered the rumours were exaggerated and she felt that ties that were based on mutual understanding were established almost immediately. People from Damen Schelde that she has been in contact with have also expressed their satisfaction with what she does. Ms. Grönberg thinks that it is more important for Damen Schelde that Rolls Royce minimizes their risks

rather than give them inspiration. Ms. Grönberg would not exchange this customer for another one that would be less demanding and/or pay a somewhat higher price. She thinks that the inspiration that Damen Schelde gives Rolls Royce by demanding better solutions is important and contributes to the development of Rolls Royce. Ms. Grönberg hopes that Damen Schelde wants the relationship to last a long time. She also thinks that it will evolve into a really close one and that they will contract Rolls Royce even in the future. In fact the companies are currently negotiating a new contract. As long as Rolls Royce makes clear that they are doing everything they can to avoid a late delivery and tell ahead that it might be difficult to deliver in time, Ms. Grönberg thinks that Damen Schelde will understand if it occurs. Ms. Grönberg thinks that Damen Schelde, in the case that the Rolls Royce products are not adequately environmentally friendly, will first push Rolls Royce to improve and if that does not work they will choose a supplier that will reach the standard. Ms. Grönberg does not know what the needs of Damen Schelde will be like in the future but she hopes that Rolls Royce will be able to fulfil them.

Raimo Säpyskä (STX)

Mr. Säpyskä is working as a senior purchaser and has been working for STX for more than 30 years. The most important of the relationship with Rolls Royce in Kristinehamn is continuation of the contacts. They understand each other on a good level. Another important issue in their relationship is that Rolls Royce knows what STX wants and needs and vice versa. Mr. Säpyskä says that Rolls Royce knows the limits of STX when it comes to, for example, price. He further explains that there have occurred some problems with the stainless steel propellers mostly due to the quality of the propellers. Rolls Royce has also had some problems in delivering the products in time the previous years, but STX knows that it is because of the boom that has been on ship production. Mr. Säpyskä further explains that nowadays Rolls Royce delivers the products on time and this is not a problem anymore. Mr. Säpyskä would use the metaphor 'engaged' to describe their relationship with Rolls Royce because of the mutual understanding between the representative individuals. STX creates value through their up to date ships that always has got the latest technology. Mr. Säpyskä further explains that they have very demanding customers that have good know-how. This, along with the know-how from STX and its suppliers generate a good concept. Rolls Royce helps STX in their value creation process by supplying well defined products and also through their quick and good feedback during the whole process. Mr. Säpyskä feels that STX is served in the

best way by Rolls Royce. He further explains that STX does not need help with the installation apart from a few times when they have received a non-complete delivery where parts have been missing. Rolls Royce also has to participate in the sea trial, which is also contracted. According to Mr. Säpyskä, STX is using a complete solution from Rolls Royce where their expertise is used for the design of the propellers. STX are just providing Rolls Royce with some brief criteria and then Rolls Royce has free hands to design the perfect product. Mr. Säpyskä further explains that the ideal supplier would provide them with a good product that is delivered on time. He thinks that the resources of STX are enough to handle the products of Rolls Royce. Sometimes STX's know-how exceeds their work, but the know-how is concentrated on a few employees which can make the situation critical in the future. Mr. Säpyskä further explains that he would like for Rolls Royce to educate the employees of STX in what Rolls Royce are offering and the correct handling of these products. Though, this is nothing that STX would consider paying extra for. The individuals are very important because they are the decision makers. They expect Rolls Royce to reply quickly on email. STX would like for Rolls Royce to minimize their risks and have better control over the lead times. Mr. Säpyskä further explains that STX could replace Rolls Royce with another supplier due to cost reduction from the mother company. The mother company tries to build as cheap products as possible to be able to compete with other ship builders from Asia. Personally Mr. Säpyskä would not like to replace Rolls Royce due to the well functioning relationship. He further explains that he would like for the relationship with Rolls Royce to last for a long time and these two companies have had a relationship for approximately 50 years. If there would be a significant delay in the delivery of Rolls Royce products, STX would have to change their schedule which would be devastating. They would also charge a penalty fee and if the delay has not got a valid reason, the mother company could end this relationship. Mr. Säpyskä further explains that Rolls Royce have to be able to reach the standards if they want the relationship to last because that STX provide their customers with up to date products. In the future, STX would include Rolls Royce if they still are providing good products.

Jarmo Huttunen (STX)

Mr. Huttunen has been working at STX for 28 years and is a technical handler. Mr. Huttunen explains that their relationship with Rolls Royce is functioning well where they know the individuals personally. Mostly Rolls Royce gives a quick reply to their emails and is doing what their promise. Mr. Huttunen

further explains that there have been problems in receiving the designs from Rolls Royce. When there is a problem with one of the propellers, it takes a long time to get it fixed by Rolls Royce due to their warranty that could be improved. The metaphor that Mr. Huttunen would use to describe this relationship is 'close friends'. STX is creating value through their quality, lead times and price. Rolls Royce helps STX in their value creation process by providing good design materials that sometimes have been hard to receive on time. It is also important that Rolls Royce deliver their products on time so that STX can keep their tight schedule. Mr. Huttunen explains that there have been some problems with the products of Rolls Royce. They have not always delivered the preferred quality. Mr. Huttunen thinks that Rolls Royce should improve their lead times of contracting. It takes a long time for Rolls Royce to deliver to STX due to their contacts with their sub-suppliers. Mr. Huttunen explains that it can be difficult to combine products from different suppliers. One example of this is when they use propellers from Rolls Royce and engines from Wärtsilä where the two products not always fit perfectly. Mr. Huttunen further explains that in this case, it would be very good for the different suppliers to discuss and find a solution together to minimize problems. According to Mr. Huttunen, STX uses complete solutions from Rolls Royce even though they do not use installation due to their knowledge. It has happened that there have been parts missing in the delivery of Rolls Royce products, which has made the installation a bit more difficult. It is more important for Rolls Royce to minimize the risks of STX than participate in their development due to the importance of receiving the products on time. If there is a delay from Rolls Royce, STX will charge a penalty fee, but that fee does not cover the cost that a delay brings. According to Mr. Huttunen, STX could replace Rolls Royce with another supplier if it is necessary, but a lot of calculations will be accomplished before the replacement. He further thinks that this relationship will continue in the future as long as they have production in Finland. If Rolls Royce does not reach the standards, STX Company would replace them with another supplier due to their customers' needs. Mr. Huttunen explains that Rolls Royce always tries to improve their products along with the solution from STX which is good because then they can keep a high standard. Mr. Huttunen would not like for Rolls Royce to go directly to the end customers without talking to STX first. This is because if Rolls Royce and the end customer agree on something it can cause problems for STX. They do not have any new orders, but would include Rolls Royce if there is any order coming in.

Dirk Lake (Meyer Werft)

Mr. Lake is the person at the purchasing department who is responsible for the interaction with Rolls Royce. He has got three contacts at Rolls Royce in Kristinehamn, among them, Mr. ten Eicken. The relationships between these parties are functioning well and Mr. Lake feels that he always gets a quick and expected answer. According to Mr. Lake, Meyer Werft has got a suppliers list where they list suppliers for each part of the boat. By having such a list, they do not have to search for new suppliers on every project. By having this relationship with Rolls Royce, the offers can be better along with the price and payment, which is of importance. Mr. Lake further thinks that Rolls Royce in Kristinehamn was easier to deal with as KaMeWa before they were acquired by Rolls Royce. This is because as a part of Rolls Royce they have to follow certain regulations which results in long and slow negotiations. Another problem is that nowadays, it is difficult to find the responsible person within a specific area in Rolls Royce. Mr. Lake would choose 'close friends' as the metaphor for this relationship, where questions are answered frequently if problems occur. According to Mr. Lake, Meyer Werft creates value for their customers through quality. They also offer reliability by delivering in time and also due to the fact that it is family owned. Mr. Lake further explains that Meyer Werft do not use complete solutions from Rolls Royce. This is because they have the necessary competence within the company and also because Rolls Royce charge a large sum of money for the added services. According to Mr. Lake, Meyer Werft has got the resources that are needed to handle the products from Rolls Royce. The individuals play a big role in the relationship, where the friendliness is of importance. Mr. Lake rather sees Rolls Royce to participate in their value creation process than minimize their risk. This is mostly because Rolls Royce is experts within this field and they want to use as much of their expertise as possible where Rolls Royce specify the best solution for a specific boat. Further, Mr. Lake explains that they could replace Rolls Royce with another supplier if it is necessary. As long as Rolls Royce have reasonable prices and accept the purchasing terms of Meyer Werft, the relationship will continue. The reaction to a significant delay from Rolls Royce would be the following; they would open an account where all of their additional costs will be collected, then a department from Meyer Werft would visit Rolls Royce. Finally a penalty fee will be discussed with, for example Mr. ten Eicken. The relationship however would not be affected by this. They, along with other shipbuilding companies, have difficulties getting new contracts. Mr. Lake would like for Rolls Royce to

participate in their cost reduction program. According to him, this could only be done by technical negotiation by finding cheaper materials and so on. Mr. Lake thinks that it is impossible to have a standardized technical specification with Rolls Royce due to the uniqueness of each new boat to be built. According to Mr. Lake there have not been any errors in the technical specifications with Rolls Royce so far.

Heinz-Hermann Jungeblut (Meyer Werft)

Mr. Jungeblut is in charge for the propulsion system for the AIDA project. He explains that Meyer Werft has got a suppliers list, where the suppliers for main equipment are listed. Mr. Jungeblut says that Meyer Werft wants to have a few suppliers that have got a lot of different components. For example that Rolls Royce delivers the whole propulsion system. He explains that he would like for Rolls Royce to deliver in time more often. Further, he thinks that Rolls Royce trust that their sub supplier's quality is good enough because sometimes Meyer Werft get products that does not reach the standards, mostly due to the material. Mr. Jungeblut thinks that Rolls Royce should have more control over their sub-suppliers. The metaphor that Mr. Jungeblut would associate this relationship with is as 'close friends' because that they have good contact. Though, sometimes it can be difficult to get the answer they are looking for straight away. They create value for their customers through quality, by answering their customers right away and also their knowledge in building boats with specific needs. Mr. Jungeblut explains that Rolls Royce help Meyer Werft in their value creation process by delivering complete propulsion systems along with their knowledge and experience. He further explains that they would like to buy a complete solution with installation and other services from Rolls Royce in the future which they have been using in the past. Nowadays, Meyer Werft use tools and install these themselves mostly because that Rolls Royce are not prepared to take the risk if something were to go wrong. If it were not for this, a whole package including installation would be the best solution for Meyer Werft. Mr. Jungeblut think that Meyer Werft and Rolls Royce will find a solution to this problem by for example share the risk. He further explains that Meyer Werft sometimes have been doing some calculations for a project beforehand and then chosen the correct supplier. By doing this, the chosen supplier gets a calculation draft that has to be completed by them. Mr. Jungeblut further explains that the design of Rolls Royce products suits their resources in the matter of installing and handling these products, though, sometimes Rolls Royce do have better knowledge in doing these services.

Meyer Werft does sometimes have to trust their suppliers more due to their knowledge particularly when it comes to special propellers according to Mr. Jungeblut. He further explains that Meyer Werft has got enough competence to create the whole blueprint by them which means that Meyer Werft has got excess resources that are not utilized every time the supplier does the blueprinting. As an example, Mr. Jungeblut mentions a particular case where Meyer Werft did not have time to wait for the solution from Rolls Royce so they had to do it themselves. Afterwards, Rolls Royce added some small adjustments which worked satisfactory. Mr. Jungeblut feels he has a good relationship with Mr. ten Eicken. The only problem is that Mr. ten Eicken has to go higher up sometimes and Mr. Jungeblut can sometimes be frustrated as he feels that the exchanges between the companies would go smoother and be more efficient if Mr. ten Eicken was empowered to make more decisions on his own. Mr. Jungeblut said that he could not choose between having Rolls Royce to participate in their value creation process or to minimize their risk because of the great importance in both statements. He further explains that they could change Rolls Royce with another supplier mostly due to their long-term relationships with the other suppliers. Sometimes Meyer Werft use Rolls Royce for one boat and another supplier for another boat that is build parallel. Mr. Jungeblut wants the relationship to last for a long time because they can improve a lot of things over time. Further Mr. Jungeblut explains that if there would occur a significant delay from Rolls Royce he would first claim it and discuss penalties. Afterwards he would find ways to solve this problem as quickly and good as possible. Though this delay can cause big problems and cost a lot of money but it would not affect the relationship very much. Mr. Jungeblut would like for Rolls Royce to discover extra needs from Meyer Werft. He further explains that this is a good way to improve and learn from the experience of Rolls Royce. Meyer Werft is in the near future going to produce three ships per year instead of two, which put pressure on their suppliers as well as themselves. The most important parts that Rolls Royce has to do are to have better control over their sub-suppliers and their quality. They also have to focus on really deliver the products in time. Mr. Jungeblut thinks that it would be possible to make a standardized technical specification, but Rolls Royce need to have more knowledge and experience in how Meyer Werft is working.

Harm Dekker (Damen Schelde)

Mr. Dekker is working with the procurements and said that a total of 70 % of all the equipment on their boats comes from suppliers. He also has a technical

background which can be very helpful when handling the procurements. Damen Schelde uses a makers list and often uses the same suppliers if they have had good experiences from the particular supplier. If they were to change a supplier, they do a research about the specific supplier or get recommendations from previous suppliers. Mr. Dekker further explains that he has got several contacts at Rolls Royce in Kristinehamn and is nowadays very satisfied with those representatives. They answer quickly and accurate, and if there is a problem that cannot be solved directly, they reply as soon as the answer is given to them. The relationship with Rolls Royce has sometimes been difficult due to the sub-suppliers of Rolls Royce. These sub-suppliers often create the delays for Rolls Royce and have many times had poor quality. Mr. Dekker would like for Rolls Royce to have better contact with their suppliers and also to check the quality more often. The most important factor in the relationship between Damen Schelde and Rolls Royce is the continuous communications which has not been the case just a year ago. Before Ms. Grönberg overtook the responsibility for the relationship with Damen Schelde, the communication was poor and the response was slow. The metaphor that Mr. Dekker would choose for this relationship is somewhere between 'associate' and 'close friends' mostly due to their distance. He further explains that they create value for the customers by adding expertise when building their ships. He claims that Damen Schelde is fairly unique because they can come up with new solutions to their customer's problems through their highly educated employees. This is possible partly because suppliers like Rolls Royce contribute with their knowledge and expertise and combine it with Damen Schelde's. According to Mr. Dekker, Damen Schelde uses complete solutions from Rolls Royce in Kristinehamn, including calculations, propeller design and production along with supervision of the installation. He further explains that Rolls Royce as a whole could provide a complete solution with the three systems used by Damen Schelde. Mr. Dekker says that they have the resources to install the products from Rolls Royce, but due to warranty issues, they let Rolls Royce supervise this installation. He further claims that it is important to have good contact with the contract managers of the suppliers and feels that he has that with Rolls Royce. According to Mr. Dekker, Damen Schelde could replace Rolls Royce with another supplier if it is necessary. He further explains that it is not just the price that decides the supplier, but also the service and quality. Mr. Dekker would like for this relationship to last as long as they have the contact that they do have today. If there would be a significant delay in the delivery of Rolls Royce products, Mr. Dekker would first point at the agreement and

penalties and then try to push Rolls Royce to deliver as quickly as possible. This would not affect the relationship very much if they were told in advance. There have been a few cases where Rolls Royce has found better solutions that Damen Schelde had not considered before. He thinks that it is important for Rolls Royce to do this because then Damen Schelde can change and improve their products. Mr. Dekker thinks that their demand in the future will be similar to what they have today where Rolls Royce are included. Damen Schelde trust that Rolls Royce whit their expertise will come up with the best solution for their problem.

Appendix 4 – Evaluation

Why did you choose Rolls Royce for this contract?

What do you think of Rolls Royce's performance?

What could Rolls Royce improve to the next contract?

Why would you choose Rolls Royce for future contracts?

If you had the resources and competences to do the job yourselves; would you have done anything differently?

Other thoughts

Mark how well the following activities were performed to suit your needs:

- Deliver on time 1, 2, 3, 4, 5, 6, 7, 8, 9, 10
- Performance of the product 1, 2, 3, 4, 5, 6, 7, 8, 9, 10
- Answer questions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10