

CUSTOMERS RELATIONSHIPS IN THE SWEDISH SAWMILLING SECTOR - Increasing importance for business performance and development

Mårten Hugosson and Denise McCluskey

Relationship research

The Swedish University of Agriculture's (SLU) MIK-research programme has found that the Swedish sawmilling sector is currently developing its relationships with customers. And, cooperative relationships in particular contribute to sawmill business development.

These findings were generated with the help of new theories about industrial marketing: as well as measuring a relationship in terms of financial turnover and profit levels, business relationships can be characterised by activities in the following areas:

- Information exchange
- Operational links
- Legal bonds
- Business norms
- Organisational adaptations

The dimension *Information exchange* addresses how open parties are in sharing sensitive and important information

Operational links assess how much a specific relation affects the daily activities and business processes of firms.



From the nature of a relationship's *legal bonds* it is possible to assess the level of mutual trust and commitment. Similarly, *business norms* reflect the extent of each party's willingness to consider the other party's business goals.

By also assessing organisational adaptations it is possible to judge how a specific relationship influences the overall business and resource structure of respective firms.

To complete the image of a relationship, as well as the above relationships dimensions, the theoretical model also seeks to assess how satisfied parties are with a given relationship. And, whether specific relationships place new demands on sawmilling firm's capabilities. This information is then set in content by looking at *market dynamics* and the *business landscape*.

This model has been transformed into a questionnaire so that people can straightforwardly make a deep, quantitative assessment of customer relationships. Researchers can also use questionnaires' results to assess the sawmilling sector's common view of relationship, market and competence developments.

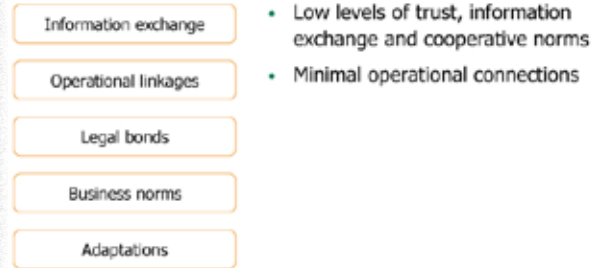


The Swedish sawmilling sector's relationship types

The extent of activities in the above key dimensions can be used to determine characteristic types of relationships. In a study of industry in general, eight general relationship types have been found. In SLU's MIK-project research about the Swedish sawmilling sector's relationships to Scandinavia and international customers, three types of relationship have been found. These are:

Bare bone relationship types

Such a relationship is rudimentary in the sense that the general level of information exchange is low and operational links are only concerned with conducting a given business transaction.



Basic buying and selling relationship types

In such a relation there is more trust and so information exchange and operational links are moderately high.



Cooperative relationship types

This is a deep relationship which significantly influences both parties and their daily activities, so their operational links are high. The parties also have trust and commitment to one another. Therefore information exchange is particularly high and business norms are also highly cooperative.



The contribution of cooperative relationships to the Swedish sawmilling sector's development

Market Segment			
	Wood product manufacturers	DIY-retailers	Builders Merchants
Significance of cooperative relationships for sawmill firms	Information for new product development, with 'known' business risks	Reliable information about future business prognoses and supply chain management	Credible information about future business prognoses and developments in the construction industry

How you can 'measure' your business relationship

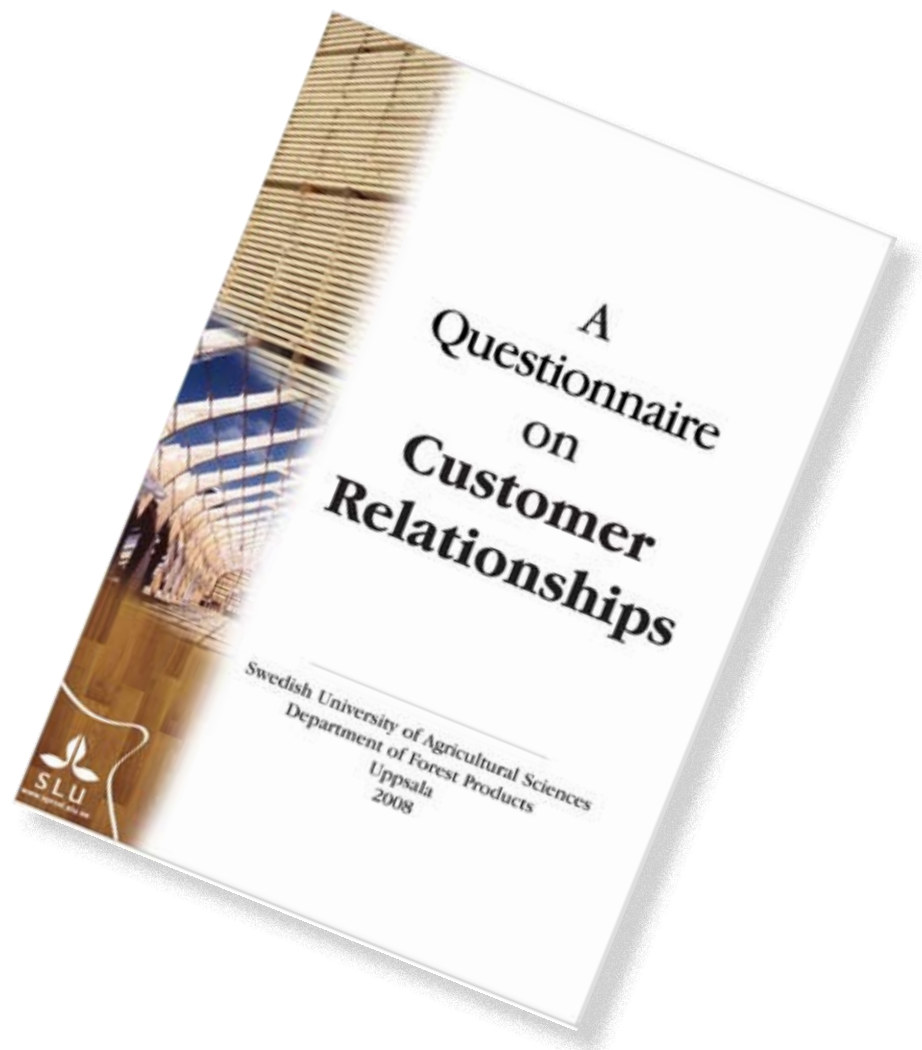
SLU's MIK-programme has developed a questionnaire, which is available on both Swedish and English. This can help you analyse your business relationships, based on the dimensions described above.

The results can give you a deep insight into a given relationship and its significance for your business. The results can also be compared with the sector's typical relationships as a whole.

Benefits

By answering the questionnaire, you can gain insight into a method that enables you to simply assess your business relationships in detail. You will also gain knowledge about how your business relationship compares with the sector as a whole: completed questionnaires will be analysed and returned to you.

By answering the questionnaire, you will also contribute to enhancing formal knowledge of the field as a whole. The research results will be communicated to the sawmilling sector's various stakeholders.



For further information

For your copy of the questionnaire, and further information about the Swedish University of Agricultural Sciences (SLU) business relationship research in the forestry sectors, please contact:

Dr Mårten Hugosson
018-67 17 70, 070-777 49 44

Dr Denise McCluskey
018-67 38 22, 070-965 50 31