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Abstract

A social, economic, and political perspective on customer-supplier relationships and internal marketing within the corporation[1] when discussed as a management approach can add value to management as organising.

The concept of partnering is applied to the inner market by adopting a relational market model which differs from the economic market model which assumes price-mediated relationships.

A framework of interactive planning is proposed which can be operationalised in the corporate working environment to foster co-operative long-term relationships which generate wealth and well-being through value-creating productivity. Community, membership, belonging, and participation result.

[1] the corporation is an organised collective of people working in a dynamic system

Introduction

Internal marketing has become a familiar phrase in human resource management circles as well as in service marketing and service management circles. Much of the discussion about form and fitness for purpose has been premised upon a view of what constitutes internal marketing which is too narrow. The principles of applying the market concept which were developed primarily in the mass consumer markets of mid-century North America are not directly transferable to the ‘internal’ or ‘inner’ market of the corporation’s organising and working practices.

A broader perspective of marketing is necessary to enlighten thinking about the application of marketing in the workplace and this requires a focus on working relationships and corporate policy on reward and individual and business system learning. Thus, marketing-oriented human resource management and humanistic management can be closely allied by centring attention on the value-added of co-operative working which values communication as dialogue and as sense-making, rather than only as information transmission.

Internal marketing is a communicative system meta-structure which requires processes and working practices to create interaction amongst workers with interdependent roles and a superordinate goal.

Internal Marketing as a Social Process

Whilst the notion of an internal market is attractive (Collins and Payne, 1991), the discussion does make some major assumptions about the nature and appropriateness of the ‘market’ paradigm. Much of the literature to date has taken the view that internal marketing is a management technology which can be applied inside the firm to manage economic exchanges in internal markets. This, it is supposed, can help to overcome the problems of the organisation as a 'planned economy' (Gummesson, 1987). The implicit assumptions are essentially economic in nature (see various writers in Fisk, 1986) and it is necessary to consider the social, i.e. non-economic, values which influence and determine the manager's ability to act on plans to achieve essentially economic objectives. Whilst the economic objectives of the business are not to be ignored, other supporting and often conflicting values should be recognised in any holistic model of a system's operations. A macro-marketing (social) perspective takes account of the network (i.e. the co-operating community), of which the enterprise is a part (Sweeney, 1972), as the society. Marketing management (a micro-marketing perspective) can be operated within a macro-marketing perspective. Thus is seems feasible to manage internal marketing within the organisation which is viewed as its ‘societal context’ and environment. Bartels (1970) would support this since he saw marketing as a social process, as well as a managerial and economic process.

A market, in the economic sense, is a form of regulating and disciplining system of overseeing (Heilbroner, 1988). The ‘market’ is the venue for the voluntary integrative process by which a society marshals and co-ordinates the activities required for its provisioning. This is carried out principally by exchanges which are freely entered into during the interaction of self-interested individuals competitively seeking access to the workplace or to the purchasing power of the public in order to maximise their own well-being (p. 14-16). The market is an alternative to *tradition* and *command* economies. The economist’s view is that ‘pure’ exchange requires impersonality (i.e. only rational decisions which ignore emotion and subjectivity of the individual) and equality of value exchanged. But, Heilbroner points out, for this to be a realistic description of what actually occurs, it is necessary to add consideration of the well-being of others (altruism and self-interest in combination), and behaviour which maximises psychological well-being, rather than only pecuniary well-being. A further criticism of the implicit ‘theory-in-use’ (derived from unrealistic economic theory) is the assumption that equal-valued exchange can occur in a capitalist society which accumulates profits - a situation that leads naturally to competition.

A further issue which has been raised previously is that of the special contractual nature of the relationship between employee and employer which affects the way any ‘customer-supplier’ relationship might operate (du Gay and Salaman, 1992). The employment relationship provides access to a wage-labour contract, but there is an asymmetric property claim since the product of contractual labour becomes the property of the employer. However, if Kotler's view of what constitutes a *marketer* is adopted, it becomes clear that, at least in principle, marketing can indeed take place between people within organisations:

> "the marketer is someone seeking a resource from someone else and willing to offer something of value in exchange" (Kotler, 1994, p. 12).

But this does not appear to require all of the elements which are usually supposed to be required for marketing: exchange, choice, and competition. Alternatively, the exchanges may not have purely economic value and may be more like transactions than exchanges (Boddewyn in Fisk, 1986, p. 47). In addition, this defining statement allows the marketing role to be taken on either by the supplier (producer) or customer (consumer) for a particular resource. Within the organisation, resources valued by service providers and support staff might include time, training (new skills), equipment, systems, procedural guidance, freedom to make discretionary decisions, information, involvement, clear goals, a sense of belonging, trust, and other technical or rational factors of service production and delivery.

We should also recognise that people do not only derive or seek purely economic benefits from their work in an organisation. From the organisation's perspective, the need is for a collection of people to achieve more than a single worker and saleable value in excess of cost, whilst from an employee's point of view, s/he will pursue social needs such as security, belonging, friendship, achievement, etc. (i.e. Torbert’s (1976) view of organisation as a 'developing community'). Torbert believed that:

> "An organisation is invisible - events over time as differentially patterned by persons who observe and participate in 'it' through their own differing patterns of thought, feeling, and behaviour" (Torbert, 1976, p. 166).

MacStravic (1985) suggested that internal marketing strives to create a corporate culture of satisfying positive relationships. Foreman and Woodruffe (1991) also pointed out that seeing people as employees and work tools and the means for getting things done is too short-sighted. The real opportunity is the development of human potential so that the individual's goals and the organisation's goals can be simultaneously achieved. Dawson's (1969) "human concept" gives the role of the enterprise as a developer of human resources within the organisation.

Piercy and Morgan (1991) identified the political and power dimensions to carrying out work in and between organisations. Ackoff (in Halal et al, 1993, p. 26) distinguished 'power over' as authority to command, from 'power to' which is the ability to implement (some intended action). The social aspects of the working environment and system go well beyond purely rational decisions and planning. Foreman and Money (1995) suggest that an assumption is made by promoters of the internal marketing concept as a management technology, that each organisation can be considered as a market, based on micro-economic theory, but that this disregards the organisation's particular nature and the relationships with its employees (p. 303).

Internal Marketing and the Individual

Boyer (1990) developed a philosophical rationale for incorporating a pervasive, multi-disciplined approach to employee development. This 'proactive internal marketing of ennobling' is seen by Boyer as the principal paradigm for corporate education as it encompasses all value exchange within the micro-marketing environment (i.e. the organisation to which the individual is a contributor):

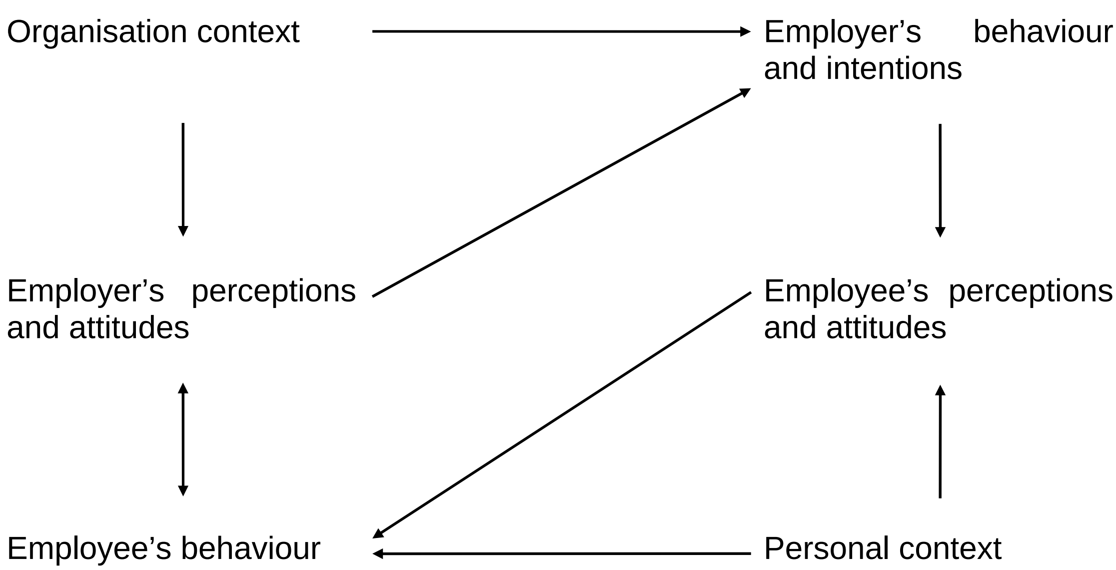
> "Proactive internal marketing is the key business scope, process, and competencies which optimises internal employee performance: the employee/customer-as-authentic person (as-producer, as-product, and as-qualitative link) is the profit-resource within the business entity and the foundation of the marketing universe..... Internal marketing is that essential internal activity whereby all other business concerns are oriented through the employees' competencies to react, transact, transform (the entire marketing universe) by way of synergy, initiative, and a superordinate goal - this is optimisation in an environment of capricious change" (op cit., p. 262).

Whilst Boyer has a habit of employing somewhat flamboyant language which could be greatly simplified and clarified, his philosophical rationale is valuable in the development of an internal marketing theory which recognises the individual and the value of the total workforce and its potential positive impact on the effectiveness of the marketing enterprise. The individual is no longer to be persuaded through selling to act only on the requirements of others in the dominant coalition, but is worthy of recognition as a valuable contributor who can develop admirable and excellent character and ideals in a positive achievement-oriented environment. The individual is firstly a person and citizen, and secondly a customer and consumer.

Mohan-Neill (1991) urges the adoption of marketing strategies which can deal with the emerging realities of society, the labour market, etc. Thus the marketing manager must be able to meet different expectations of key groups: the workforce; society; customers; and, managers. This is possible if internal marketing is based on the theory of social exchanges (Bagozzi, 1979; Kotler, 1972).

Mohan-Neill (1991) has provided a behavioural framework for internal marketing which captures the need to balance individual and collective perspectives. This is shown in Figure 1.

Figure 1: A Behavioural Framework for Internal Marketing



A pluralist perspective on industrial relations recognises differing views and interests between groups within the organisation. Consensus management holds that successful operation of the enterprise requires that all groups work together in harmony. Internal marketing, then, is a *dynamic two-way communication process* which builds relationships founded on understanding, trust and acceptance (but not necessarily agreement) between groups with different power relations and needs.

According to Torbert (1976):

> “an organisation member will feel less tension and contradiction as he or she increasingly succeeds in formulating a single aim which

> interpenetrates an organisation's activities, giving them meaning in relation to one another rather than simply as means to some external end" (p. 81), and

> "an organisation member will feel less contradiction in an organisation's activity as he or she increasingly has a sense of developing community ..... persons without the sense of developing community would tend to be less aware of a possible complex, internal, developmental logic confirming the organisation's responsiveness to the outside world despite its apparent contradiction of it" (p. 82).

Organisations as Political Systems

Everyday experience tells us that the world of human existence does not work by rational decision-making alone. Indeed rationality may be the least important aspect of co-operative and competitive enterprise. Piercy and Morgan (1991), for example, in proposing a model of internal marketing, identify rational, political, and power dimensions of social forces which, in any given situation, go beyond the rationality of the purely economic exchange. There are power-oriented and politically motivated behaviours in the decision-making process in resource allocation and planning. Rational analysis, which emphasises techniques and systems (so popular in MBA courses) can only take place within the 'cultural web' (Johnson and Scholes, 1993) of power and politics (i.e. the culture and relationships of the organisation) which emphasise status and authority, and information and influence, respectively. Much of the behaviour is covert. Piercy and Morgan make some attempt to recognise the non-economic undercurrents of political and personal power in the organisation, some of which are to be found within the marketing planning and other marketing activities themselves.

The political dimension of organisation and management (how expectations of individuals and groups influence, as inputs to decisions, the purposes of the enterprise) has been widely recognised (Tedeschi et al, 1973; Etzioni, 1975; Lindblom, 1977; Kotler, 1986; Arndt, 1979, 1983; MacMillan and Jones, 1986; Wilkinson and Witcher, 1993; Morgan, 1994). A particularly notable contribution to this important consideration has come from Egan (1993a) who coined the phrase "*the shadow side of management*" to describe the organisational politics of the workplace which can substantially and consistently affect the productivity and quality of the working life of an enterprise. Egan describes these as the 'arationalities' and 'covert culture' of the organisation. He has defined six categories of interrelated 'shadow-side realities':

- **Organisational stupidities** - the common mistakes that many organisations make, recognise, and then repeat - with little learning. For example, an excellent strategy is formulated but there is no strategic management system in place to drive it into the heart of the organisation, or restructuring has no clear business improvement outcome, or there are managers who are not trained in distinct managerial skills;

- **Organisational messiness** - the manager's role is more about making sense out of chaos than ensuring control ("chaotic action is better than orderly inaction" (Egan, 1993a, p. 38)), and informal networks of co-operation can cut across bureaucratic formal structure to get things done or sabotage plans and oppose change;
- **The idiosyncrasies of individuals** - entrepreneurial behaviour, individual egos, ethical principles - can be either enhancing or limiting;
- **Vagaries of the social system** - each unit within an organisation is a social system with social relationships. In-groups, out-groups, social conspiracies and arrangements, networks of information and intrigue, with rumours, gossip, and grapevine are the shadow-side realities - teams, regulations, policies, and information sharing are rational alternatives to social behaviour. Power is the mechanism through which stakeholders influence the organisation's strategies, which emerge through bargaining, negotiation, and trade-off of political interests;
- **Organisational politics** - some people enjoy the use of power, individuals and units vie for scarce resources, stakeholders protect their territory, and individuals with different personal ideologies and values want theirs to prevail. All organisations are thus political - the question is how destructive are the politics? Do they enhance or limit the organisation's performance? Are they the costly politics of self-interest or the value-adding positive politics? The latter brings out open debate on key issues which can to some extent override self-interests. Cross-functional teams can be an effective way to manage the politics of self-interest;
- **Culture** - overt and covert beliefs, values, and norms, and resulting assumptions influence organisation and enterprise behaviour by setting down 'the way we do things around here' for the social system - the kind of politics allowed and the way to play the political game are defined. Flawed beliefs and questionable values can interact to produce dysfunctional norms that drive costly behaviour which subtracts value from the enterprise by producing waste. Egan claims that the 'shadow-side' may be responsible for 75% of quality programme failures.

Egan concludes that managers do not generally have the communication skills needed to deal effectively with 'shadow-side' issues. They need the ability to:

- really listen;
- appreciate and learn from another's point of view;
- deal with emotional, as well as 'factual', detail;
- give both corrective and confirmative feedback;
- challenge others forcefully but tactfully, and even have them like it, to find alternative solutions to problems;
- engage in problem-solving dialogue and innovation-focused debate;
- manage conflict (Egan's research shows that managers spend 50-80% of their time handling conflicts);
- negotiate.

These are the skills of the market-oriented manager who is able to plan an implementation of a strategy within the political context of the organisation.

Pfeffer (1992) argues that the problem of change management and innovation is not the making of a decision or development of a new idea - it is how to implement the decision or the idea - and that this is fundamentally about power. Pfeffer's definition of power is the ability to influence behaviour, to change the course of events, to overcome resistance, or to get people to do things they otherwise would not have done. Innovation and change management require more than technical problem-solving and analytical skills. They require politics and influence as the tools of power. The emphasis needs to be on managing the consequences of decisions rather than on making the decisions. Two potential problems of relying on a shared vision are that corporate culture takes time to develop and a focus on one dominant view of the world may ignore other, new ideas. At the same time, changing social norms and greater interdependence in organisations have made formal authority less effective (Mroczek, 1996; Cohen and Bradford, 1991; Nisbet, 1976; Fletcher, 1991), and developing a common vision is more difficult in increasingly heterogeneous organisation constituencies. Power and influence are required over those on whom there is dependency if goals are to be accomplished. Persico (1991, p. 60) sees power as the ability to get things done, to influence people to do what you want, or to withhold from people what they want. According to Hughes (1991) authority is legitimated power.

Morgan (1994) asserts that personal interests, conflict, and power can be appropriately dealt with by thinking of the organisation as a political system. Organisations, then, are intrinsically political. Ways must be found to create order and direction among people with potentially diverse and conflicting interests. Many hold the view that organisations are supposed to be rational enterprises in which members seek common goals, and this tends to discourage discussion or attribution of political motive. Morgan, on the other hand, asserts that politics and politicking may be essential to organisational life, and not necessarily optional or dysfunctional. Morgan reminds us that the original meaning of 'politics' was the provision of a means for allowing individuals to reconcile their differences through consultation and negotiation. This non-coercive form of social order did not try to hide or ignore divergent interests, but sought recognition of them and the interplay of competing interests (Morgan, 1994, p. 142).

Empowerment

Deming argued that the role of a manager should be to help people do a better job (Deming, 1982). Empowerment can be defined as the taking away of demotivators and barriers in the system, through shared leadership (Persico, 1991). Deming (1982) points out that (most) people are actually naturally motivated and want to do a good job. The manager often is a barrier to achievement (Peters, 1992) by devaluing, subduing, or deflecting natural motivations. Deming (1982) estimated that in over 90% of instances the management system is to blame for problems. Managers are then required to change the system rather than try to instil their own motivates or otherwise to change employees' thinking and behaviour. Actions taken to remove such barriers effect the 'empowerment' of employees (Persico, 1991, p. 61). Empowerment is having a strong sense of "can do", a feeling of control and choice in events (Cuming, 1981, quoted in Persico, 1991). True empowerment also requires that employees are given the power and authority to make some of the changes themselves.

Egan (1993b, p. 40) thinks that managers need to tap into the 'inner wisdom' of people to mobilise the power-to-achieve that they already have. This is consistent with Stewart's (1993) notion of the team-oriented, power sharing, participatory management style.

Gilmore and Carson (1995, p. 301) provide an empowerment perspective on internal marketing when they suggest that internal marketing might include:

> "the creation of an internal environment where all functions of the organisation proactively communicate, understand and inform each other in relation to all marketing activity, so that all activity can be performed in an integrated and co-ordinated way ..... joint responsibility is taken by all functional departments, with key people from each function leading from the front".

Notably, this view does not require the use of the managerialist model of marketing (as simply the manipulation of product, price, place , and promotion), and can be applied to other management issues of the enterprise, such as understanding change, improving insight into strategy and policy, confirming company philosophy (desired culture), and explaining company objectives (Bekkers and van Haarstrecht, 1993, p. 155). In this respect, internal marketing differs from organisational communications by emphasising marketing (exchange) rather than selling. Shimp (1993) has distinguished between the marketing concept and the promotion concept, and argues that both are required for exchange relationships.

Persico (1991) urges that organisations should introduce education and training to help people break out of their undesirable behaviour patterns which are based on increasingly inappropriate assumptions about other people. An ongoing programme open to all should be used as a vehicle for developing action plans to change the organisation and the learned attitudes, beliefs, habits, and assumptions of the old hierarchical approach. Deming's (1992) 'profound knowledge' would be a major part of the programme of new learning. Persico's suggestion that this be managed by a 'Department of Leadership and Communications' - his call for a system for identifying, characterising and controlling all processes in the organisation, and his call for a system that will continually empower more and more employees - are a hint at the basis for a *proactive internal marketing system*.

A New Industrial Relations?

The shift towards individualistic lifestyles, with greater social mobility and a less concentrated power distribution, and the concomitant expectations for the quality of the work experience, may well provide the opportunity for further institutionalisation of the manifest conflict between employer and employee (Hyman and Brough, 1975; Hill, 1981).

The personal identity and purpose derived from work, as well as the means for economic participation in a market-driven society, makes the working environment different from an external market. Further, the employment relationship is not simply an agreement to work, but also defines the duties of the employer and employee to each other in the employment relationship in a way that is absent from external market relationships.

When the internal market paradigm of Halal et al (1993) is adopted, employees become intrapreneurs with pay-for-performance in autonomous work teams. Rather than receiving pay for holding a position, people are not provided with a job by the management system, but with an opportunity to earn a return on their creative efforts for the benefit of the enterprise. Associated with this are the freedom, accountability, self-control, risks, and rewards which replace power-for-control. This supersedes the old employment relationship and is already being manifested in interim management, 'temps', self-employed contractors, executive leasing, and freelance consultants working on projects (see Handy's portfolio work, 1989, for example).

An internal labour market is created which allows employees to select their jobs and roles within self-managed units that contract for work. Fixed job descriptions are abolished, and roles are adapted to meet the extant business conditions of the time. In this context, the leader's role is one of transforming a collection of individuals into a problem-solving system which manufactures knowledge in a 'guided market'. Organisational learning takes place in a cohesive corporate community which is not imitable and thus represents a source of competitive advantage.

A Relational Perspective

Relationship marketing has received considerable attention in recent years (see Christopher et al, 1991; McKenna, 1991, for example), and is seen by many writers as a change of emphasis from managing discrete transactions with customers to the creation of longer-term relationships. Others see relationship marketing as an application for database management and lifestyle and consumption pattern analysis.

Instrumental relationships can be examined from a human communication perspective (Varey, 1997). Essentially, a relational bond is sought which recognises that in an enterprise context the notion of individuals is of little value. An organisation and a market are both (relatively) large-scale networks of relationships for different purposes. A customer-supplier relationship is a particular form of (instrumental) relationship, with its characteristic features.

For example, the author may have a relationship through an employee contract with his University, a variety of relationships with direct and indirect colleagues and students in various roles within the University (Director of a research Unit, lecturer, dissertation supervisor, co-writer, mentor, etc.), and relationships with a variety of external people as a representative of the University and The Management School.

Individuation has each individual as one of two entities, whereas mutuality has each person as part of the whole (Hosking et al, 1995). Just as an army needs a war to enact its role, an internal market is dependent upon the existence of an external market, and management is requisite for the role of manager. That is the nature of dependency.

Doyle (1994) has recognised the role of marketing within the total stakeholder 'web'. Products and services that customers value are to be created and delivered in a way that satisfies the organisation's other stakeholders and enhances the organisation's capability to engage in mutually beneficial exchanges (op cit., p. 38).

The Internal Relationship Management System

In-depth literature review revealed a pervasive perspective on internal marketing which is narrow and observably unhelpful due to its lack of clarity and poor fit with the realities of the organisation facets of management. This research quest started as one of searching for evidence of practice in the field and became channelled towards the broadening of the concept of internal marketing, due to a recognition that conceptual development would be a greater contribution at this point in the evolution of the field of organisational communication management.

With this goal in mind, it no longer makes sense to treat internal marketing as a specialist functional approach. It really represents the convergence of a number of previously separate management technologies, such as human resource development, employee relations, strategic management, quality management, continuous improvement, corporate communications, and macro-marketing. It is increasingly recognised that managing a business effectively requires the close integration of these many functional specialisms, and that management is a continual and complex process and cannot be seen as a sequence of discrete steps or a set of discrete functions. Indeed, as far back as Mintzberg (1973), it was recognised that the work of the manager is not compartmentalised into different areas but is a portfolio of skills which are not functionally distinguishable and cut across the traditional functions - the manager as negotiator, resource allocator, information disseminator, etc.

It is proposed that the basic ideas which have led to the proliferation of writing on internal marketing are fundamentally sound. However, it is suggested that in order to take into account the real problems of achieving customer orientation, be it through marketing-orientation, or TQM, or some other managerial approach, there is a need for managers to develop generalist skills and competencies based on the application of sound macro-marketing principles throughout the organisation. A form of internal marketing can provide the mechanism for the major re-orientation to humane market responsiveness needed in so many organisations. However, the view that internal marketing is solely the domain of marketing or human resource specialists applying a micro-marketing concept and associated tools is too narrow and does not take into account the needs of all internal stakeholders. In this respect, the current interpretations of the internal marketing concept are too 'product' orientated, being based on the traditional marketing concept, rather than being marketing orientated, and marketers must put their own house in order on this matter before they can hope to demonstrate the true worth of the internal marketing concept as a business management paradigm.

Major change programmes and plans clearly present problems and Mastenbroek (1991, p. 243) has suggested that continual internal and external marketing are more effective in bringing about organisational change than any short-lived programme of attention. This is supported by Johnson and Scholes (1989, p. 314) who argue that the consolidation of acceptance of significant change is vital and is achieved through communication:

> "...it is the political and cultural barriers to change that may well provide the major stumbling blocks to the implementation of strategic change" (1989, p. 46).

The role of internal marketing in achieving evolutionary or transformational change was been suggested to the author:

> "One of the best ways to overcome barriers to plan implementation is to involve many levels and departments in development of the plan. One of the best ways to do this is to conduct internal research using professionals in order to develop a sense of the current mission and to gather the insights and dream agenda of your executives and staff" (Bill Weylock, private e-mail communication, 1992).

Thomson (1990) has identified people issues and organisation issues within the context of the culture of the organisation. The former are concerned with maximising relationships within the organisation where individuals, teams, managers, and leaders are seen as internal 'target' customers with needs which can be satisfied through the generation of internal 'products and services'. The latter includes practices, plans, structure, vision, mission, and values, and is concerned with maximising (the effective utilisation of) resources.

The terminology is yet to develop fully to the point where a single clear understanding of the underlying principles of internal marketing is widespread among managers. Some strong resistance to the use of the term 'internal marketing' has been experienced amongst academics and practitioners, as it suggests that the mechanism of change management being described is the exclusive property of marketers, or there is a narrow perspective on the purpose and form of ‘marketing’. The terms '*Internal Relationship Marketing*', ‘*Internal Relationship Management*’, or '*Internal Social Process Management*' are proposed as a development of other terms used by the writers discussed.

These new terms recognise the applicability of the marketing concept through the identification of (intra-organisational) exchanges in working relationships and between the organisation and its customers, since "All employees are customers of managers who wish to carry out the firm's objectives" (Harrell and Fors, 1992). It also recognises differing goals of the parties to these exchanges, within the overall organisational goal of achieving profitable long-run customer satisfaction and loyalty through demonstrated customer orientation. This is pursued in a planned manner by all organisation members as a means to achieving differentiation of the organisation for the purposes of attaining sustainable competitive advantage. Ulrich (1989) has argued that customer satisfaction is not sufficient and that competitive advantage must be sought in the conscious development of customer commitment, i.e. loyalty and devotion which transcends short-term 'feel good' relationships by building interdependencies, shared values, and mutually beneficial strategies. This perspective can perhaps be applied to corporate working relationships.

As yet there is little empirical basis for the required theory of internal marketing as a change management concept, whilst at the same time there is empirical data to show that internal marketing, in various forms, is being practised as a viable response by managers to the real problems of achieving the objectives required by strategic decision-making. Internal marketing cannot be viewed as simply the application of marketing concepts within the organisation, nor is it the use of modified human resource management principles. It is a conceptually separate phenomenon which warrants further investigation and development. Further, much of the literature disregards the difficulty of the political processes, i.e. differing ideas, beliefs, and values held by managers, supervisors and front-line service providers (Dawson, 1994). This literature is too prescriptive and too narrow in trying to apply the marketing concept as it has developed as a response to (external) market relationships (Mudie, 1987 and private communication, 1992). It was thus a "reform ambition" (Strauss and Corbin, 1990) which motivated the reported research (Varey, 1996) to develop a more appropriate theory of internal marketing which takes a wider view than that of the traditional economics-based marketing concept (see for example, a recent popular textbook, Dibb et al, 1994).

Developments in the field of (external) marketing, that is marketing between the corporation as supplier and other corporations as customers, are moving thinking much more towards *relationship marketing* or *partnering* (Andersen and Narus, 1991; Crittenden, 1991; George, 1990; Wilson and Wilson, 1994), in which the strategic aim is to move relationships with selected customers away from transactional to relational orientation. The shift is significantly away from one party attempting to sell a given product or service to someone else (essentially adversarial), towards a partnership which is (Wilson and Wilson, 1994):

- long-term
- focused on solving important business problems
- value-driven - with high levels of disclosure, trust, truth, and support

- interdependent with a variety of connecting points and a blurring of organisational boundaries.

The relationship management system outlined in this paper is an application of this partnering thinking in that those performing the work in conducting the business of the corporation may be treated as internal customers, i.e. partners, and this requires the establishment of positive intention and creativity, aligned with a bottom-line benefit for the partners, as well as a positive and growing relationship (Wilson and Wilson, 1994).

A "strategic partnering process" helps to gather, sort, and enhance information leading to the discovery of value-added opportunities which, when acted upon, create significantly enhanced relationships with customers (Wilson and Wilson, 1994). It is proposed that this process can be applied to *the relationships among the workforce* of the corporation. Focusing on the working relationship - how are we treating each other? how open is the relationship? - requires that we see the benefits of purposive communication as dialogue, requiring relationships in which disclosure, discourse, and discovery are intended and sought. Fundamentally, co-operation must be seen as a viable value-creating business strategy.

> *"I get what I want by helping you to get what you want"* is a very different mindset to *"I get what I want by making sure you don't get it" or "I get what I want by making sure you want it too".*

A Framework for Capability Enhancement

Wilson and Wilson (1994) describe a six-step process which depends upon the establishment of trust: by immediate attendance to points of dissatisfaction; frequent contact; honest communication; and "high and wide" relationships (i.e. not constrained to functional specialist groups or peer level/status). Their steps are:

1. Situation analysis - where are we now?
2. Critical issues and implications - what's important to the customer and to us?
3. Future perfect scenario - what's possible and desirable ?
4. Strategies - what do we need to do?
5. Tactics - who? what? when? how?
6. Measurement - how will we know when we're there?

Of course, this is an archetypal planning process, based on review and learning.

A similar process framework was proposed (Varey, 1994) for a systematic planned programme of positive change for enhanced capability for the development of a sustainable competitive advantage. The framework for capability enhancement has sequenced, logically connected and related steps at which a business question is asked and one or more activities initiated to provide answers for management decision-making and workgroup action. Essentially Figure 2 prescribes a research-driven *interactive planning* (Ackoff, 1981) and renewal process (Beatty and Ulrich, 1991) which can turn the organisation into *a market-responsive system* (Masiello, 1988). Once operating, both the first market (the value-creators) and the second market (the customers for the added-value) can become partners. Partnership amongst the former may well be major source of attraction for the latter, if this leads to a responsive partnership for those who desire this type of relationship. Competitive advantage may then stem from the way people work together, rather than from the adoption of electronic gadgets which mediate or replace honest and committed relationships - people want co-operation and facilitation in meeting their needs and not someone trying to sell them something.

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Figure 2: A Communicative System Framework for Capability Enhancement

STEP	**Key Management Question**	**Key Activity**
1.	Are we sure of long-run success through continuous learning?	*Demonstrate top-down commitment to improvement by personal change, resource allocation & time allowance decisions which demonstrate desire for change - initial briefing to raise awareness throughout organisation*
2.	Where will we go in the future?	*Measure cost of doing the wrong things and doing things wrong*
3.	To what extent do organisation members value customer service?	*Personal selling of the service concept by managers, and training in service and marketing*
4.	What do customers require?	*Market scanning & customer analysis - establish 'market focus' improvement steering team - initial review & diagnostic*
5.	Which customer needs can we hope to satisfy best?	*Marketing review and group discussions to develop and set a shared statement of where the organisation should go in the future - training in marketing principles*
6.	Which customers should we aim to do business with?	*Group discussions to define market segments - planning workshops to relate corporate objectives & improve customer awareness*
7.	What factors do these customers use to assess the attractiveness of the products & services they require and to choose a supplier?	*Customer survey by those staff who interact with customers*
8.	How do we rate relative to our competitors?	*Customer satisfaction survey by those staff who don't generally interact with customers*
9.	To what extent do our staff know and understand customers' expectations, as raised by our promotional communications and other suppliers' offers, from the customer's perspective? To what extent do they know & understand the customer's perception of delivered product & service quality?	*Take time out of reacting to demands to meet and talk with customers about their expectations and perceptions of the product & service actually delivered - where gaps are identified, problem-solve to improve performance and reduce gaps between expectations raised & perceived quality. Selection, induction, and training to build marketing awareness and customer-conscious behaviour*
10.	Specifically, in what ways do we fail to satisfy our internal and external customers?	*Staff working 'climate' monitoring - communicate facts & consequences to all staff to highlight dissatisfaction - seek causes & prevent - avoid 'scapegoating' or 'witchhunting'*
11.	What can we do better than our competitors?	*Group discussions to define realistic basis for Sustainable Competitive Advantage*
12.	How can this be done?	*Suggestions - brainstorming & training sessions - all staff develop and agree means of their own contributions to Key Success Factors i.e. working group operational plans*
13.	What are our '***Key Success Factors***'?	*Company-wide staff survey & interactive communication - personal selling of change rationale*
14.	What processes contribute to the achievement of these key success factors i.e. customer satisfaction?	*Functional and Process review & analysis. Establishment of internal customer-supplier chains with explicit agreed expectations of each other. Audit to eliminate whatever does not add value*

15.	Who contributes to these processes and what is their role?	*Organisation audit by stakeholders & basic quality improvement and marketing training - job competencies and skills audit. Recruitment & rewards which recognise all employees as marketing resources*
16.	To what extent do employees understand the 'service concept' of the enterprise and how products & services appeal to customers?	*Internal promotion prior to external promotion of products & services*
17.	How capable is each process of satisfying every customer?	*Process capability audits*
18.	Specifically, what stops us from satisfying customers?	*Suggestions and training sessions & co-ordinated small research teams - climate & structures review - barriers identified and removed - associated negative experiences removed. Internal market research to identify & understand individual needs, attitudes, and 'best practice' and gaps between how employees think the organisation should be run and how they perceive it is run - segment the 'internal market'. Remove blockages*
19.	How can each value-adding process be improved?	*Management support for company-wide service quality improvement. Design, brief & initiate action-oriented team-based problem solving for job/role and process improvement, including perceived costs and benefits of changes to specific workgroups - successful improvements widely publicised and rewarded*
20.	How supportive is the environment for achieving the Key Success Factors?	*Investigate ways of making the structure & procedures more flexible and responsive to customer needs - actively increase change potential. Design a management response strategy for each discrete market segment*
21.	What evidence is available to managers and staff on individual contribution to overall performance?	*Annual appraisal meeting to agree a personal development plan linked to organisation's overall goals*
22.	What performance measures will clearly tell us how well we are doing in satisfying our customers?	*Establish targets and bases for measuring improvements*
23.	How does our current actual performance rate against our best competitors?	*Benchmarking survey - publicise results widely*
24.	What progress has been made in enhancing ability to satisfy customers better than competitors?	*Review & Audit - results and new questions publicised. Company-wide reflection on lessons learned. Personal and team rewards should encourage change of organisation for the better*
25.	What failures are identified?	*Establish next stage improvement projects - prevention and corrective action implemented*
26.	What next?	*DO IT ALL AGAIN!*