**RELATIONSHIP MANAGEMENT AND THE MANAGEMENT OF PROJECTS**

*Relationship Management and the Management of Projects* is a guide to successfully building and managing relationships as a project manager and in the project business.

Relationship management is a core skill for any project business to develop capabilities and manage the interface with projects, providing guidance to project managers as they negotiate with business partners and coordinate between business functions. Whatever the structures and procedures an organization has and whatever the project management tools and techniques, they are only as good as the hands they are in. Yet relationship management, though a well-established discipline, is rarely applied to the process-driven world of project management.

This book is a much-needed guide to the process of enhancing these skills to boost firm performance, team performance and develop collaborative practices. Hedley Smyth guides you through the processes of relationship management examining the theory and practice. This book highlights the range of options available to further develop current practices to ensure a successful relationship management in all stages of a project’s lifecycle.

*Relationship Management and the Management of Projects* is valuable reading for all students and specialists in project management, as well as project managers in business, management, the built environment, or indeed any industry.

**Hedley Smyth** is Director of Research for the Bartlett School of Construction and Project Management, University College London. He has worked extensively in industry and academia and has been published in many leading journals and authored a wide range of books.
This is a comprehensive work that shows how productivity and effectiveness in projects can be improved by mobilising the under-utilised asset of social relations. This book provides a guide on how to structure the project in a robust task-oriented way that engenders the outwards orientation and trust that underlies all value-creation in projects.

Magnus Gustafsson, PBI Research Institute, Finland

Projects are not islands and neither is the management of projects. As this book argues, we need to consider projects and project management in light of relationship management. This book is an excellent contribution to the theory of the management of projects and to our understanding of how projects and project business are formed in a relational context. It offers fresh ideas for both theorists as well as practitioners. It tackles a host of important topics, including trust building in project business, social capital in projects, moral issues in project business, and the development of long-term and short-term relationships for better projects and more successful project business.

Jonas Söderlund, Professor, BI Norwegian Business School, Norway
RELATIONSHIP MANAGEMENT AND THE MANAGEMENT OF PROJECTS

Hedley Smyth
This book is dedicated to Nikki, Claire and Phoebe
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I first became interested in relationship management through relationship marketing, which I had largely been intuitively applying in practice, coming back into academia as the paradigm was beginning to gain traction. Relationship management was seen early on as a crucial part of embedding the function across operations. From this, Nick Thompson, a former PhD student, now an academic, kindled an interest in trust as a key component of any relationship. In parallel, the relational contracting was being adopted by many clients for many projects through partnering and supply chain management. Relationships had become currency and trust became a byword for good collaborative working. If industry were saying that relationships and trust in particular were important, there was scope to test whether they were proverbially ‘putting their money where their corporate mouth is’. So I began over a decade of research work to examine the extent to which relationships in general and trust in particular have been taken seriously.

One or two people who view ‘soft’ management issues as remote see some of this work as somewhat normative, but that rather misses the point. There is nothing normative about investigating on the basis of saying: ‘this is what the theory says, this is what you are doing, here is the issue, now how seriously are you taking this in practice?’ Reflecting on the extent of dissonance between theory and practice, and seeing the current trends in projects in terms of client demands and their complexity, does raise some normative issues, which relationship management can contribute to filling. This is where the conceptual connection between relationship management and the management of projects resides. Project businesses and the project multi-organizational project teams are increasingly going to need more diverse and richer sets of capabilities in order to successfully complete projects (assuming the failure rate merely stays constant). They cannot stand still and probably will not survive on so doing. Too many project businesses have relied upon clients taking initiatives and driving through change. That arguably is an unrealistic assumption
on which to rely in the next phase of maturity. This book therefore aims to distill some of the issues that will help equip project businesses as well as examine the state of current play in managing relationships across project businesses.

Relationships are foundational to individual development and social development. Communication or voice is the barometer of any relationship, but relationships are more than this. Yet where there is a loss of voice, a loss of relationship follows. People are social beings and provide the basis for the creation of value. This begs the question as to why relationships are paid little direct attention, especially in project management. The attention relationships do receive tends to be indirect in research and practice. There is a reluctance to deal with these issues. Some are socially and psychologically uncomfortable and have ethical implications too. However, aggregated abstinence results in falling short in relation to clients and other stakeholders, letting staff down by keeping job satisfaction amongst the lowest common denominator and at a sectoral level run the risk of market failure. There are ethical factors at play here too.

This book is one of a pair, the other being Market Management and Project Business Development, which has a narrower remit but shares a common set of influences in its gestation with some useful topic interplay between the two for those that wish to explore. They are both standalone works.

The book builds upon this body of research in relationship management and poses a number of challenges for research and practice, asking to what extent are relationships managed by project businesses, in what ways are relationships managed at an operational level through systems in teams and by teams, and what is the extent of the issue between the theoretical principles applied in practice and the theory? Answering these questions is intrinsically interesting, but of greater significance is to examine the implications and consequences of the answers for performance. Performance is meant in a twofold sense – the bearing on the project business and the performance of the project in delivering benefits to the client and other stakeholders.

The book is written to provide a challenge in ways that will help inform future research, have an impact through teaching, and perhaps persuade the reflective practitioner in order to have both a direct and indirect impact upon future practice.

H.S.
London, UK
I would like to thank The Bartlett School of Construction and Project Management at University College London for supporting this endeavor, especially for the sabbatical. Peter Morris encouraged me to write this book. Subsequent support came from Andrew Edkins. My colleagues have carried the burden of my absence during my sabbatical, especially for administrative duties, exam marking and supervision. I particularly single out Satu Teerikangas, Stephen Pryke, John Kelsey and Illona Kusuma for their support. I wish to thank colleagues at PBI in Finland, who hosted me during some of the writing period, especially Kim Wikström and Magnus Gustafsson. I would also like to thank the BI Norwegian Business School, who also accommodated me for a few days during writing, especially Jonas Söderlund and Anne Live Vaagaasar. I have been fortunate to work with other scholars on publications that have underpinned parts of this work. They are cited in the book, and I thank them for their help and insight. I thank Peter Morris, Anne Live Vaagaasar and Magnus Gustafsson for their valuable comments and feedback on an earlier draft of the book.
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ABBREVIATIONS

30Rs  thirty types of relationship
B2B  business-to-business
BATNA  best alternative to a negotiated agreement
BIM  building information modelling
BU  business unit
CAT  climate assessment tool
CLV  customer or client lifetime value
CRM  customer relationship management
DMU  decision-making unit
ECG  emotionally competent group
ECI  emotional competence inventory
EQ-i  emotional quotient inventory
ERP  enterprise resource planning
FTM  full-time marketer
GDP  gross domestic product
H&S  health and safety
HRM  human resource management
IQ  intelligence quotient
IT  information technology
KPI  key performance indicator
MoP  management of projects
MSCEIT  Mayer–Salovey–Caruso emotional intelligence test
P3M  project, programme and portfolio management
PBI  Project-Based Institute
PFI  project finance initiative
PMBoK®  Project Management Body of Knowledge
PMI  Project Management Institute
Abbreviations

PMO  project management office
PPP  public private partnerships
PTM  part-time marketer
ROI  return on investment
SI   substantive issue
T5   Terminal 5, London Heathrow Airport
TCA  transaction cost analysis
TEIQue trait emotional intelligence questionnaire
TMO  temporary multi-organizational project team
UK   United Kingdom
Introduction

This book is about relationships and their management. It is located in the *social space of conduct* for project businesses and projects. Therefore, it forms part of organizational behaviour, which is how the features of the organization affect the way people work. It also resides at the interface between organizational behaviour and systems integration, where systems are high-level processes drawing together activities to deliver value to customers profitably. Collaboration, integrated teams and forms of relational contracting, for example partnering and supply chain management, have all received a great deal of attention in the management of projects over the last two or more decades. Teamwork, learning, social and psychological contracts and other aspects of organizational behaviour have also received attention. The relationships between people, through which value is created, have been overlooked in comparison to their significance in the performance of projects and their benefits. Success in project management is based more on human factors than on tools and techniques (e.g. Slevin and Pinto, 1986; Pinto and Slevin, 1988; Morris and Pinto, 2004; Pryke and Smyth, 2006). It is the relationships that articulate project teams; the tools and techniques of project management are means. It is the relationships that articulate the interface with the project business, supported by systems with specific procedures. It is the relationships that articulate the interaction with customers and other network organizations.

Most project businesses are unaware of the totality stored in the capabilities of their staff. Directors will say ‘people are our biggest asset’ and then fail to support them and hardly invest in their collective development. Employers worry that the best staff will be enticed to another employer, hence the reticence to invest in their development. It has been found that only 3 per cent of companies effectively develop and progress their staff: *Developing and exploiting creative capabilities calls for*
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a systematic strategy (Robinson, 2001: 3). Managers leave much to individual responsibility, in ways that are unsupported and without authority or sufficient empowerment. Staff remain unaware of their full creative capacities, and taking initiatives can have adverse consequences that look risky to individuals. One of the most creative means is the interaction between people. Interactions are enriched by their frequency, how well these are organized and how well people get on working together. These serial interactions are called interpersonal relationships, and where groups of actors, especially key decision-makers, represent their employer, these form the basis of inter-organizational relationships. The management of interpersonal and inter-organizational relationships is relationship management. Relationship management is more than effective interpersonal relationships. Relationship management is the systematic approach to managing intra-organizational and inter-organizational relationships articulated by procedures and behavioural codes. It has gradually been becoming part of the management of projects (MoP) through systematic strategies and action, albeit largely partial at present.

The moves towards relationship management have been tentative and incremental in both research and practice. There are two main reasons. The first is that relationships are always located in context. People behave differently because individuals and groups are simply different, which is the human agency issue where will and choice lead to unpredictable action and behaviour (e.g. Hartshorn, 1997). Both behaviour and action are influenced by the organization of the project business, the project organization and its goals. They are influenced by the project content and task conduct. Relationships are also located in the broader context of market, regulatory, political and other institutional factors. Yet that is precisely why they need managing. The diversity of influences and forces render unmanaged relationships high risk (Nooteboom et al., 1997; Das and Teng, 2001), yet central to excellent performance of project businesses and the performance of projects for customers and other stakeholders (Pryke and Smyth, 2006). Thus, context does not exclude systematic guidance to relationship formation and behaviour.

Relationships cannot be structured in deterministic fashion by management. Human agency counters this outcome, but they can be guided. Systematic guidance and behavioural procedures exert some control and are designed to do just that, yet do not exclude human agency. They provide potential consistency through compliance and room for individuals and teams to shine and, in so doing, try to reinforce what is ‘good’ and squeeze out much of the ‘bad’. Hence, there is explicit or implicit structuring in relationships that guide relationship formation and development (cf. Giddens, 1979, 1981). There is a delicate balance between facilitation and control. Dictatorial measures to control behaviour and action are inefficient and ineffective, demotivating the people from whom management are trying to get the best. Draconian measures are also morally inappropriate. Yet, relationships cannot be left to individual responsibility alone. Facilitation is one of the management tasks in practice.

The second reason is that researchers and management seem to be somewhat uncomfortable addressing relationships directly. Context is one factor, the concern
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for being too dictatorial is rightly another concern, but the third is that it requires time, effort and investment from management. This is compounded by market factors that encourage project businesses to keep investment, overheads, indeed all transaction costs to a minimum (e.g. Linder, 1994; Gruneberg and Ive, 2000). This is effective short-term, but long-term, it adds to administrative and legal costs, reduces effective cash flow management and can render the project business a liability to the customer or client rather than an asset. Project businesses have been described as hollowed-out firms (Green et al., 2008) with insufficient attention being given to human issues (Leading Edge, 1994; cf. Bredin and Söderlund, 2006). Investment can lead to opportunities to develop capabilities to add value and save costs.

Relationships have been providing an increasing focus. Zou et al. state: A relatively new management approach – relationship management (RM) has gained increasing attention from both researchers and practitioners (2014: 266). Reliance upon contractual relations requires support from ‘established relationships’ prior to any project (Cheung et al., 2006); hence, a relationship management approach is expanding its field of application (e.g. Teicher et al., 2006; Cheung and Rowlinson, 2011; Zou et al., 2014; cf. Zineldin, 2004). There is a close link with other areas of management in project management research and practice. Governance especially through authority and trust, systems integration, teamworking and leadership are obvious examples. External ‘drivers’ arising from relational contracting initiatives such as partnering and supply chain management have advocated collaborative and cooperative working, where cooperation concerns coordination and integration, arising from interdependencies between organizations or their members (e.g. Lawrence and Lorsch, 1967a; 1967b) and collaboration develops out of cooperation at a more sophisticated level to integrate the contributions of differentiated functions under conditions of high complexity and uncertainty (e.g. Anvuur and Kumaraswamy, 2008). Systems draw together at a ‘high level’ activities from other functions and their subsystems internally and externally with the aim of integrating the totality. Integration comes about through sets of procedures, which are called coordinating mechanisms as mid-level procedures. They are defined as dynamic social practices comprising prescribed standards, defined processes, behavioural programmes and other procedures that are relatively stable and guide practice (Jarzabkowski et al., 2012: 907). Some procedures are routines, which can be lower level ‘how-to-do’ activities (Parmigiani and Howard-Grenville, 2011) that include specified actions, codes of conduct that induce and are defined as regular and predictable patterns of behaviour (Nelson and Winter, 1982: 14). Relationships feed into these systems and have both coordinating and routinized roles. To the extent that the systems, their coordinating mechanisms and routines are effective as inputs, they yield capabilities and support competencies as organizational outputs in project businesses and teams that can be decisive in the marketplace for delivering value and realizing profit.

Relationship management provides the focus for the book, and the evidence will be presented to support the case outlined. Relationships are therefore essentially
practice based due to context, yet there are theories and concepts that can be mobilized to guide the structuring of relationships, giving room for manoeuvre for individuals and groups to develop their strengths in behaviour and action. Where effectively developed relationships are dynamic, whether initially driven by interpersonal behaviour, market drivers, internal initiative and supported by systems that cascade to the level of behavioural programmes and codes of conduct, meeting bottom-up influences of individual action, behavioural influences, norms and organizational culture as interactive and iterative forces of relationship development. Where there is will to develop effective relations and systems to support their development relationship management feeds project management functions and nurtures positive action. This gives rise to a consistent service delivery on a project and across projects via the programme management, which bundle projects together to expend resource on coordinated project management methodologies and capability development to improve performance, provide continuity and consistent service provision. It offers increased opportunity to add value for the customer or client and may yield higher job satisfaction for those involved, thus further enhancing motivation and performance.

Relationships are thus contingent upon what has gone before. There are organizational path dependencies in terms of context and in themselves; thus a contingent and recursive trajectory for development exists, which is far from mechanistic, yet limits the options. Therefore, relationship management put in place systems and procedures to favour certain sorts of options that suit the project business and the market in which it positioned.

Relationship management draws upon a disparate set of concepts within the management literature, for example from governance, systems integration, relationship marketing, group emotional intelligence and organizational culture, as well as being connected in ways to be examined later with relational contracting in transaction cost economics. It is closely related with other functional project management methods and tools as these implicitly embody relations in their operation. There is a conceptual management case for pulling these threads together. Effective relationship management requires investment to spread, embed and coordinate across the project business organization. Projects and their teams are frequently socially and spatially dislocated from the rest of the project business, hence the ‘corporate centre’, which means that relationship management cannot be assumed to be automatically transferred from the ‘corporate centre’ into the project and the temporary multi-organizational (TMO) project team (Cherns and Bryant, 1984). Projects are temporal, and their organization is temporary, and therefore, more enduring processes are needed to span projects at the corporate or programme management levels, that is, managed by the project business (cf. Jones and Lichenstein, 2008).

Relationships are founded upon trust. Good relationships build commitment, which provides a key relationship indicator (Wilson, 1995; Jones et al., 2011). Strong relationships, sometimes referred to in terms of relationship ties and bonds, help solicit personal and social identification with a goal, purpose and with an
In the beginning there are relationships

organization. Much of the significant content of relationships and their management falls between the interpersonal level in socio-psychology and organizational behaviour in management research, and it is this middle ground that has received scant attention in research and a great deal of practice. In research, Kreiner (1976, 1995) probably comes closer than anyone, but then backs off as others seem to do. Pryke (2012) looks at relationships, including those between people, but not relationship dynamics and how they function.

The long-term trend in practice has been towards flatter organizational structures, and decentralized management creates scope for relationship development linked directly to performance (Mayer et al., 1995; Jones and George, 1998), implying a greater reliance upon relationships and their management. The long-term trend is towards increased outsourcing to specialist providers emphasizing the need for effective internal relationships to help coordinate and integrate inter-organizational working. Outsourcing links forward to supply chains, their management and industrial networks, which are considered during the book. The increasing complexity of projects brings relationship management increasingly into focus as project management tools and techniques need subtle application and articulation, especially from the perspective of the project business occupying the role of systems integrator (Davies et al., 2007; Smyth, 2015). Techniques predicated upon simple cause-effect outcomes and linear models for managing projects are insufficient for purpose and relationships provide important mediation, enabling and leverage of appropriate outcomes. Effective relationship management at the project level requires management at the level of the project business to achieve these ends.

Relationships provide a basis of social coordination mechanisms (Jones et al., 1997; Martinsuo and Ahola, 2010). Kumaraswamy et al. (2005) identified the most important relational project team building factors as the capabilities and competencies the project business has built, the learning and training policy, considerable care taken in the selection of project partners and responsibility delegation, previous interactions and trust building, and finally compatible organizational culture and long term focus. All five factors have been shown to have beneficial relational outcomes. As relationships are central to value creation, it would be expected that all five factors are indirectly influenced through relationships, but the last three are dependent upon firm and inter-organizational relational inputs. This echoes the work of Davies with others (Davies and Brady, 2000; Hartmann et al., 2010; Artto et al., 2011). In inter-organizational relationships, three stages of bonding have been proposed: cooperation, collaboration and coalescence (Thompson and Sanders, 1998). Other stages have been proposed (e.g. Boddy et al., 2000; Donaldson and O’Toole, 2001). Dwyer et al. (1987) point to the iterative nature and therefore development is not mechanistic, nor linear. Relationships are contingent, iterative and recursive in development. Consistent effectiveness can lead to depth of relationship development and maintenance to the extent these become embedded, but this is typically not automatic, management intervention needed to achieve embeddedness. Nor is the embedded nature of relationships necessarily ‘good’ as
biased and corrupt practices can become embedded and managed accordingly. Generally management seeks to enhance what is seen as ‘good’ as there is a business case where short-term and individualistic agendas are not too dominant or where the firm is used to bestow individual power in a broader social domain.

Inter-organizational bonds in the form of economic exchanges or governance structures are embedded in interpersonal and social relationships (Heide and John, 1990; Young-Ybarra and Wiersma, 1999). Schakett et al. (2011) found social bonds or ties account for 44 per cent of service quality variance, whereas governance accounts for 36 per cent and economic bonds account for 27 per cent of service quality variance. Relationships are about performance as a factor and facilitator of effective and efficient performance. An important driver is the alignment between internal relational capabilities (Ritter et al., 2004) in order to help achieve successful outcomes (Meyer et al., 1993; Miller, 1996). Yet scarce resources limit investment and there is no single way to manage relationships. Focus is a management matter, drawing from different theoretical and applied approaches. Project governance is said to structure relationships in project management (Müller, 2011). This view lends a great deal of influence to governance as a structuring mechanism of coordination. How actor relationships are conducted on the ground may be misaligned in practice with structuring from the ‘corporate centre’ of the project business. It lacks sufficient detailed management of relationships to configure project services and performance. Relationships are interactive and the actions of one affect others who act back to moderate relationship development across a group, team or network. The evolution can lead to inconsistent behaviour. While behaviour cannot be standardized, it can be regularized to a degree. Relationship management across departmental boundaries and teams, and especially organizational boundaries and in networks are subject to emergent behaviour and instability, yet need relatively stability and consistency for effective performance. Relationship management practices and systems established at the corporate level and applied in projects provide a more robust frame of guidance and specificity for detailed action. The relationship management system interfaces with other systems and helps integration of these other project business systems and project management practices. The choice of relationship management theory and application feeds into the business model, which is defined as configurations of interrelated capabilities, their governance and processes to align them and articulate output (Storbacka and Nenonen, 2009). How the capabilities are configured within the business model begin to scope and shape the services provided (Romme, 2003) of which relationship management is one.

Outsourcing is common across most sectors; therefore, configuration includes integration of supply chains and across industrial networks. Relationships articulate networks (Dubois and Gadde, 2000; Pryke, 2012). Research on inter-organizational relationships shows there has been a high failure rate for such relationships due to their complexity (Barringer and Harrison, 2000). Project businesses outsource non-core activities as part of risk management, but spreading risks raises coordination issues. Coordination and control arising from the division of project
work and responsibilities across organizations cause a *plethora of highly visible project failures and challenges* (Hui et al., 2008: 7). Governance of the exchange is procurement and contract driven and is therefore insufficient. A proactive approach to relationship management emanates from firms prior to market exchanges. Therefore inter-organizational relationship management is also an important feature for consideration.

This book is therefore about *relationship management in project businesses and projects*. Relationship management is located in the social space of conduct, specifically in organizational behaviour. Organizational behaviour is a substantial field of knowledge. It has been given proportionately less research attention in the project business domain and arguably not as much attention at the project management level, although there is a redress of balance underway. Integration and a systems approach is well established, yet still a growing part of, the project literature (Morris et al., 2011). The interface between organizational behaviour and systems integration in project businesses is certainly underdeveloped. Relationships and their management provide important coordinating mechanisms and routines to support other activities as well as relationship management requiring its own system and specific sets of procedures, that is, coordination mechanisms and routines.

The term *project businesses* distinguishes firms with projects as the core business, or project-based suppliers, P-form organizations and main contractors which are some of the other terms used for organizations undertaking projects from other firms that conduct projects as part of their broader set of core operational activities. The term project-based organization (e.g. Hobday, 2000; Artto et al., 2011) is closest to project businesses, but includes firms that source in-house. P-form and project business arise from the Scandinavian school, which tend to stress the internal management logic (e.g. Söderlund and Tell, 2009; Wikström et al., 2009). *Project businesses* are specialist producers and service providers that undertake projects as the primary mode of organizing and can be divided into systems integrators, systems advisors on and providers of integrated solutions (Davies et al., 2007). *Project business* is the term used in this book signifying these independent firms where the core business is undertaking projects. Project businesses solicit contracts in the marketplace. They operate in sectors from industrial construction (e.g. Eccles, 1981), shipbuilding (e.g. Martinsuo and Ahola, 2010), oil and gas (e.g. Merrow, 2011), and IT (e.g. Sauer and Reich, 2009) to sectors such as fashion (Uzzi, 1997), film (e.g. DeFilippi and Arthur, 1998; Bechky, 2006), media (e.g. Miles and Snow, 1986; Windeler and Sydow, 2001) and events management (Pitsis et al., 2003). The link between the ‘corporate centre’ and the project is the project management office (PMO) (Lycett et al., 2004; Crawford, 2006; Aubry et al., 2008). For project businesses a finer grain of analysis is preferred based around the ‘corporate centre’ managing at portfolio, programme and project levels (P3M).

*Projects* are time bound and thus temporary activities conducted by temporary multi-organizational project teams (TMOs) delivering non-standard content (Cherns and Bryant, 1984; Packendorff, 1995). The organizations behind the
projects, especially firms for which projects are the core business, are relatively stable as are many or most client organizations (Winch, 2013). Projects are ‘skill containers’ for execution (Winch, 2013) involving at least two ‘permanent’ and one temporary organization. Projects are a significant constituent of gross domestic product (GDP) in most economies. Industrial project business is one the largest sectors worldwide (Hadjikhani, 1996; Miller and Lessard, 2000) and continues to grow (Wikström et al., 2010; Liinamaa, 2012). The overall contribution of projects to an economy varies, but a range of 25–35 per cent contribution to GDP has been estimated (McKeeman, 2002; EURAM SIG, 2012). Estimates depend upon definitions applied. Some recent adapted usage of ‘project’ include:

- **Projectization** involves taking organizational profit centres and turning them into temporary dedicated teams (Peters, 1992);
- **Projectification** involves turning some organizational functions into project activities as distinct and ‘separate’ project functions, for example new product development (Midler, 1995);
- **Projectivization** is more sociological in seeing certain societal activities as projects (Eksted et al., 1999);
- **Project intensification** involves using the project form of organization to accelerate delivery of activities (Bredin and Söderlund, 2006).

Projects are about producing outcomes in the temporary organization, supported by project business processes. Traditional execution has its focus as efficiency with outputs as the primary objective, yet efficiency in time, cost and scope does not necessarily lead to project success in terms of delivering benefits in use to the sponsor or owner. It may not even yield benefits for the provider or other external stakeholders. Front-end project definition has a focus upon effectiveness within a budget (e.g. Morris, 2010; 2013). Yet the range of management functions does not necessarily lead to delivering benefits from the viewpoint of the sponsor; nor is value necessarily added through project management (Pryke and Smyth, 2006). The traditional execution places prime emphasis upon tools and techniques. The front-end MoP places primary emphasis upon functions, such as systems and contingencies. These are important, yet largely overlooked, relationships. There is some attention given to people, particularly leadership, teamwork and collaborative practices. Yet how relationships work and how they are managed and can be managed remain largely overlooked in research and practice. And projects continue to fail. Estimates state 65 per cent of industrial projects exceeding US$1bn failed to meet business objectives (Porter, 2011; cf. Morris and Hough, 1987). Relationships are one of the current frontiers for management.

Project relationships can be temporary and lack continuity and consistency of organizational setting: new encounters and relationships take place whenever a new project is started (Prencipe and Tell, 2001: 1374). It is what Grabher (2004) refers to as an action locality. This can induce ambiguity about norms and routines, and conflicts surface around protocols and processes for using available systems
In the beginning there are relationships (Bredin and Söderlund, 2011). Some project businesses retain a core of project staff, hiring in others for specific roles according to demand (Whitley, 2006). This is efficient in transactional terms, hence efficiency in controlling resource inputs, but not necessarily effective as project management methodologies, capabilities and consistency of service provision is compromised due to loss of continuity and systematic coordination. It also affects competence development long-term (Engwall, 2003). People working on projects may move from their current project to a new project on an individual basis, with other team members, or may move organizations for their next project. The discontinuity of working with others can lead to tensions in relation to operational effectiveness.

The book begins to unpack and develop issues of relationship management in the project context in theory and practice. Yet is the issue about a lack of theory or applied practice – a thorny issue and one that cannot easily be resolved? Researchers have made successive calls for theory building (Ghoshal, 2005; Suddaby et al., 2011), but there has been far more theory developed than has been adequately applied. Research and application in social science faces the challenge that the object of our study changes as it is studied and as application begins because of the research undertaken and iterations in practice (e.g. Kaplan, 1964; Ghoshal, 2005). Theory helps us to scope and construct the project management field that is perceived to be necessary to undertake projects. Some commentators argue a coherent theorization of project management already exists or can be induced (e.g. Lundin and Söderholm, 1995; Shenhar, 2001; Andersen, 2006; Turner, 2006). It is more generally accepted that project management and the broader conception of MoP does not constitute a domain defined by a single theory or discrete theoretical propositions (e.g. Shenhar, 2001; Cicmil and Hodgson, 2006; Jacobsson and Söderholm, 2011; Söderlund, 2011a). It is necessary to draw on multiple disciplines and apply the results. Relationship management spans several disciplines, for example psychology, sociology and management, and the ethnographic approach of anthropology.

Rationalist approaches to examination, particularly positivism, have dominated the study of project management and inform the bodies of knowledge (Smyth and Morris, 2007), for example PMI’s PMBoK® (2013). In recent years, an increasing number of academics have addressed action and behaviour through a sociological approach (e.g. Morris and Geraldi, 2011; Morris et al., 2011; Morris, 2013) and a critical perspective comparing how project management is rationally presented, and how it is conducted on the ground (e.g. Hodgson and Cicmil, 2007; Bresnen and Marshall, 2011). Traditional approaches of focusing upon rationality and objectivity, tools, techniques and task have made significant contributions yet have fallen short of resolving all the main problems in project management on their own terms. Other approaches using observation, theorization and critical perspectives can be added to enrich theory and practice. Some are implicitly used as criticism of the market system and attendant bureaucracy for projects. However, projects take place in the market and organizational context and the immediate objective is to make the most of the situation. This is a work in progress and addressing relationships remains an under-researched area.
There are coordination and control issues within the project business from a rationalist perspective. Cicmil and Marshall (2005) found that structural intervention, such as contractual arrangements, is insufficient to balance project performance and control on the one hand and the processes of cooperation, collaboration and learning on the other due to the complexity of projects. They propose the project as essentially to be a process of becoming in order to capture complexity with the inherent uncertainties, ambiguities and paradoxes in content and in the power relations via influence and deference. This echoes the approach of Kreiner (1995, 2012). The rational planning of projects is a function of general experience and client demands around time–cost–quality rather than a function of actual events and frequently content at a detailed level. The project plan or map precedes the territory whereby the map is limited in its ability to answer the key issues as it tries to impose convergence rather than face the tendencies for divergence in practice (Lowe et al., 2010; cf. Schumacher, 1977). Relationships can be part of convergent or divergent trends; there is no mechanistic approach to rational or interpretative multi-layered analysis (cf. Burns and Stalker, 1961). The issues faced are therefore more than a function of project content or type. There are broader issues in the institutional levels of policies, markets and organizations through the project business and project. These are the variables that encapsulate the reality of what actually affects behaviour on projects (Bresnen, 1991).

Yet relationships are not a panacea. Just because they are managed does not make them intrinsically good. They can be dysfunctional if badly managed and they will serve whatever goals are in place (cf. Baier, 1994), for example corrupt practices (Gummesson, 2000). However, where they are well managed, the benefits are considerable and arguably increasingly necessary. This implies a strong normative trajectory. There is no more normative content presented here than in most management research. It is industry that has been advocating collaborative practices and thus presents the agenda to take stock of the substantive issues of theory and practice. Project demands and the challenges faced are arguably growing, posing substantive challenges between theory and practice. Projects are growing in complexity. The ‘easy projects’ have been done, for example as oil and gas exploration becomes more difficult, urban renewal and infrastructure megaprojects provision challenging and client demands increase across the board. This means that projects are not only technically demanding, but also increasingly demanding in service content and delivery. Effective relationships are necessary to meet the plethora and complexity of project goals. Dysfunction and high levels of project failure will probably not be eradicated, but the (lack of) relationship management need not be the source and is a means of mitigation and improvement. However, the path is more than a rational, objective and cognitive one. Emotions, intuitively informed behaviour and judgments will continue to aid sense making and decision-making. Researchers try to abstract the rational economic factors from emotional and moral factors. In relationships, they are bound together on the ground. Indeed, it is a case for all human endeavour and social constructions (Berger and Luckmann, 1967), whether they are project plans or markets. Markets are not pre-given but
In the beginning there are relationships (Polanyi, 1944; Abolafia, 1996), which can dysfunction on grounds of ineffective relationships and immoral action. The market is not simply economic or financial; there is a moral economy that is necessary for the financially driven economy to survive. This is not an argument on moral grounds *per se*, but on the basis that (i) markets need sufficient moral behaviour at an aggregate and thus macro-level to merely survive, (ii) relationships are harbingers of morality levels and (iii) relationships and attendant morality are part of social capital that appreciates with use (cf. Nahapet and Ghoshal, 1998). Morality is distinguished from moralism and legalism, which are typically dysfunctional. Morality adds to the asset base; moralism and legalism add to the cost base of a project business. Projects have shared reputations for being adversarial, harbouring opportunism with guile and incurring on-costs, even if short-term transaction costs appear lower.

Theory is practical on application. Project businesses continue to endeavour to meet the challenges placed before them by clients, and some are proactive in anticipating challenges and developing capabilities to be competitive and future demands. Theory helps with this, informing types of strategic action and relationship management provides a theoretical and conceptual way forward. Practice also develops on the ground, identifying ways forward through reflective practice and learning which induces new conceptual means and opportunities to apply practice in strategic ways or 'strategy as practice' to coordinate activities (Jarzabkowski et al., 2012; cf. Whittington, 1996).

This book shares a concern for general patterns and particular issues of significance in relationship management and MoP. It acknowledges objectivity and subjectivity in practice and research, finding neither preference for one or another, but examines what forces seem to be at play for actual and possible events (Smyth and Morris, 2007).

**Aims and objectives**

**Aims**

The *main aim* of the book is to set out how theoretical developments and developments in practice for relationship management apply. An overarching *aim* is to develop a systematic and operational focus for *relationship management* in projects. Relationships are anchored in projects and in project businesses. Relationships are dynamic and subject to change on an interpersonal level and thus offer a challenging topic for examination. Put these in not one organizational setting, the project business, but in a nexus of organizations of the TMO, suppliers and other stakeholders and relational complexity abounds. Relationships mitigate risk even though they are also a source of risk too and hence need managing. It is the act of management that reduces complexity through developing formal and harnessing informal routines. The purpose is not only to reduce risk but also to provide a *consistent* service to clients and *add value* through the relationships into the project content and for the service experience. These in turn add capability and reputational value to the project business. There is evidence to support this from different relationship management
In the beginning there are relationships theories, yet for some concepts the evidence examined is purely based in the theoretical logic and potential that scopes the substantive issues of theory and practice, and thus is awaiting empirical evidence through application in the field.

A specific aim is to focus upon the detailed conceptual and applied content of relationship management, especially as the content relates back to a systematic approach. Systems necessarily imply constraints. The more closed they are, the more constraints there are. Relationship management needs to be reasonably open. This is not only because the market and project environments in which they are located are subject to change, but more significantly because a balance is needed to achieve a consistent service on the one hand and scope on the other hand for creative problem solving and innovation levered through the experience and skill sets of the personal actors. In other words, relationship management facilitates getting the best from people rather than shutting them down. This is far from easy, especially as much current management thinking and practices are still locked into a linear flow-line production-orientated mindset.

This book builds upon this body of research in relationship management and poses a number of important questions that challenge the project domain as a discipline and in practice:

1. **To what extent are relationships managed by project businesses?** Relationships are powerful and firms cannot determine how they operate, but they can influence how they are conducted. There is no overall pattern to this and practices are still emerging in research and practice. Many project businesses only indirectly manage relationships and leave a great deal of behaviour and action to individual responsibility. Sometimes, there is a lack of support to individuals and for managing risk (Smyth, 2013a) that have the effect of constraining actors in taking responsibility and being creative (cf. Robinson, 2001).

2. **In what ways are relationships managed at an operational level through systems in teams and by teams?** There are two main dimensions. The first is the project business–project interface. Relationship management requires resource commitment and needs coordinating at the ‘corporate centre’ to be in place for every project. These are portfolio management and programme management functions, and thus relationship management operates at all three levels of P3M. The second main dimension is along the project lifecycle to provide a consistent service on any one project. The link with programme management is again made at the need of each project where internal and external relationships need to be maintained. This is especially so where there is a client programme of work (cf. Hadjikhani, 1996) or where the project business has its own programme of work where continuity and consistency of service are needed (Smyth, 2015).

3. **What is the extent of the issues between the theoretical principles applied in practice and the theory?** The partial and tentative adoption of direct relationship management constrains the ability to mobilize direct data. Indirect management of relations is more prevalent, especially in response to market and procurement drivers, for example, through supply chain management, partnering and
other collaborative or alliance practices. To a large extent, the theory–practice domain is the frontier for exploration. The book attempts to contribute to the discussion on the theoretical side, and the extent of the issue with practice is for businesses to map so realistic assessments can be made in the future. Practices are emerging, and so some terrain is already mapped and is reported upon.

The answers provided in theory and practice have significant implications for clients, owners and society at large. Beginning to address these questions in this chapter requires the following:

A. A theoretical and applied focus upon measures (and changes) that can be made – the internal functions that are under management guidance and control.
B. Theory and concepts are highly practical, yet application can be challenging: if it was all easy it would have been done long ago. Yet application can have profound effects upon business performance.
C. Positive effects on business performance require other functions and processes to be aligned and, where necessary, mutually adjusted and configured for effective performance, including satisfying work for staff.

Above all, the aim is to improve performance. This is the litmus test. Where relationship management is perceived to improve performance, then the justification is evident. Short-term return on investment (ROI) calculations cannot always attribute effects to specific investment causes in terms of financial, management and personnel investment, which renders such assessments problematic. If investment is clearly not yielding returns, then there are three possible reasons. First, the payback is long-term and perhaps indirect, which begs the question as to whether to proceed or exit on an affordable loss basis. Second, the relationship management principles may have been poorly applied and managed, which again questions whether to proceed with further adjustments or to withdraw. Third, the theory may simply be wrong or perhaps inappropriate for the particular project business or for the particular project market. Performance improvement, if any, is seen at a more detailed level. Hence, some specific objectives are also required in relation to MoP and project businesses.

Objectives

Four objectives have been set for a relationship approach to MoP:

(1) Exploring interpersonal and inter-firm relationships at the project interface: client–project, team–contractor, stakeholders and supply chain relations.
(2) Examining different concepts for understanding and for the inception, development and management of relationships.
(3) Analysing the formation and development of relationships in ways that can aid project delivery for contractors and project success for clients.
In the beginning there are relationships

(4) Highlighting some of the key issues that require development, theoretically, through applied research and in practice.

(Pryke and Smyth, 2006: 5)

What is needed is a structured approach to relationship management. Relationships perforate organizational boundaries, supported by communications and relationship management. Organizational structures facilitate or constrain relationship management top-down and bottom-up and for cross-functional working to support integration. Formal routines based upon relationships are part of an integrated ‘hard’ and ‘soft’ system with management and human resource policies that can encourage and incentivize relationship development. These are frequently partial, emerging from existing practice and harnessed by management as part of a broader set of capabilities (Parmigiani and Howard-Grenville, 2011). Informal routines can support an ethical nurturing of people to help mobilize trust, emotional intelligence and other reflective practice. These processes occur implicitly and misaligned if left unmanaged. Thus, a lack of relationship management is likely to constrain relationship development and reduce value delivered to clients whether value is defined in terms of quality or functionality in use in relation to cost or perceived value that includes interpretative and emotional factors among client decision-makers and users.

Therefore, the objectives are to explore relationships at the three levels of managing projects suggested by Morris et al. (2011) – project management, MoP and institutional management. It is MoP level that is pivotal for relationship management for projects and how this relates to the project business where the appropriate systems are embedded.

There are three important issues that project management will need to further address in academia and practice, namely value, context and impact (Morris, 2013). Value means the benefits configured at the front-end and delivered during execution. In terms of relationship management, value is not something that is out there and has to be captured for the project. Value is configured here in and through relationships. To put it conceptually, value is not objective and external, but is intrinsically embedded and levered through the social capital in which project businesses have invested. Context is meant as all the specific features for the project and in its environment that influence how the project strategy is formed at the front-end and implemented during execution. In terms of relationship management, context is both something to be managed through relationships and recognizing relationships as part of the context. Impact is meant in terms of the usefulness of any project for the client, stakeholders and society. Impact flows from the benefits delivered, and shifts the focus from project management as the means towards the usefulness of projects. In terms of relationship management, impact includes the value embodied in the project as it is put to use and the service experience received throughout.

Flowing from the above, the following additional objectives are identified:

1. Improve understanding of relationships and their management in project businesses from the viewpoint of academe in research and learning and from the viewpoint in practice;
2. Improve selection of the most appropriate theories and concepts for relationship management, their application and detailed implementation from theory to practice;
3. Improve understanding of the implications of relationship management for the overall management of project businesses.

There are a number of theories of relationship management and theoretical lenses through which relationship management can be viewed, which are covered in separate chapters:

1. **Relational contracting**: the transactional approach emanating from market drivers, procurement routes and contracts,
2. **Relationship management**: a systematic approach to organizational behaviour, which has its roots in relationship marketing,
3. **Emotional intelligence**: an emergent and albeit contentious behavioural conceptualization with its roots in interpersonal skills,
4. **Trust theory and development**: an operational and behavioural approach to develop relationships and create value,
5. **Organizational culture**: a social container in which organizations and relationships develop.

These are evaluated in the context of organizational behaviour, systems integration and decision-making. Each of these theories and their concepts are highly practical on application. Their mobilization in practice takes the conceptual principles and processes in order to generate particular capabilities. Such capabilities are over and above those required to deliver projects at the threshold level, whether it is MoP in film, oil and gas, IT, property development or any other sphere. The threshold level can be seen as meeting minimum requirements. Being able to consistently deliver above that level requires what are termed *dynamic capabilities* (e.g. Helfat, 1997; Teece et al., 1997; Eisenhardt and Martin, 2000; Helfat and Peteraf, 2003) or *core competencies* (e.g. Prahalad and Hamel, 1990; Hamel and Prahalad, 1996). Core competencies are developed, owned and managed by the firm through structuring and processes derived from conceptual principles associated with a theoretical choice of relationship management. It is a moot point as to where core competencies end and dynamic capabilities begin. Dynamic capabilities are processes between functions that help to improve effectiveness of operations. Relationships management can comprise a dynamic capability where the relationship enhances effectiveness and is the medium for adding value. There is overlap between the two concepts and a lack of complete clarity of definition across the literature. The shared attribute is that whether they are developed top-down or emerge bottom-up, they both need investment to develop, especially to spread and embed the concept across the organization. For ease of purpose they will be referred to as the *relationship management capabilities* henceforth, and thus, whether and how resources are allocated to develop and support, this capability can be theoretically located in the resource-based view (RBV) of
the firm. RBV is a theory of competitive advantage that states how resources are allocated and sets the competitive ground upon which the firm competes (Wernerfelt, 1984; Barney, 1991).

Relationship management capabilities can take two forms. Relationship management can be an organizational capability (Davies and Brady, 2000), systems and procedures developed and embedded for rolling out at programme level and operationalized for each project. Relationship management can also be a project capability (Brady and Davies, 2004), procedures and behaviours developed at project level in response to the procurement drivers of relational contracting or in response to other project demands. A project-based relational capability can be harnessed to develop into an organizational capability of relationship management.

Market competition theoretically drives improvement, so it could be expected that capabilities of advantage in the current market will eventually become standard requirements in certain segments. Implementation of a relationship management capability is likely to be incrementally refined and developed on its own terms and in conjunction with other activities, and thus project business can develop the next stage as competitors either emulate or develop their own form of relationship management.

Defining the scope

Establishing the definition of terms used is difficult because relationship management has different meanings through each theoretical lens. Yet definitions are needed in order to provide a common reference point for the overall analysis and discussion.

Definition and scope of terms

Relationship management

Söderlund (2012) draws attention to the importance of relationships through the work of Sayles and Chandler (1971) who identified three types of relationship:

1. Organizations and users;
2. Sequential relationships, pertinent to programme and project lifecycles;
3. Integrated relationships.

Management on a functional basis per se is only one facet, especially where complex sets of requirements, complex technology and complex industrial networks of suppliers are involved. Wasserman and Faust discuss relationships as:

A collection of ties of a specific kind among members of a group is called a relation. For example . . . the set of formal diplomatic ties maintained by pairs of nations in the world, are ties that define relations.

(1994: 20)
There has been a considerable research attention given to formal relationships and relational routines (Bayliss et al., 2004; Bygballe et al., 2010), but less attention has been given to informal aspects (Bresnen and Marshall, 2002; Kadeffors, 2004; cf. Parmigiani and Howard-Grenville, 2011). Kreiner consistently analyzed people, behaviour and their relationships on projects (Christensen and Kreiner, 1991, cited in Hällgren et al., 2012; Kreiner, 2012). Even as far back as the Banwell Report (1964) in the United Kingdom, the importance of long-term relationships was being stressed. Yet, it was only recently that a relationship approach was seriously considered as a conceptual lens for project management (Pryke and Smyth, 2006). As Pryke has stated:

The quality of relationships is a key element in the success of a project. The quality may be the product of a range of factors and therefore a consequence of a whole series of dynamic issues. In this way a project team is the recipient of those relationships and how they develop, both within the project team and with those who are externally feeding into the project. However, relationships are also managed. (2012: 51, emphasis in original)

Interactions between people provide the basis for relationship formation. Interactions can be communication or economic exchanges, but relationships describe a deeper connection between people. Frequency of interaction is usually a precondition, but an emotional connection is necessary to form interpersonal relationships. In organizations, such as project businesses, the emotional connection is coupled with a functional one, for example business development, procurement, bid management and project management. The organization of effective relationships between groups of actors, especially key decision-makers, is necessary for the formation of inter-organizational relationships. Relationships and their management encompass both internal interpersonal and inter-organizational relationships. Relationship management has been scoped in this way:

Relationship management involves analysis, investment in relationships and a clear view of the wider value that can be gained from each relationship and which extends beyond the straightforward features of the product that is exchanged.

(2012: 5)

In the business setting, a commercial purpose is linked to the functions undertaken:

The emphasis is on people and adding value. This is achieved through servicing, gaining competitive advantage through more effective working
In the beginning there are relationships rooted firmly in a systematic context, and through delivering effective value. The outcome of the relationship is profit. (Smyth, 2000: 192)

Relationships are therefore formed through communication and interaction, going beyond these surface phenomena to be initiated around aligned purpose, shared understanding and trust to form ties or bonds, and they can lead to enhanced personal and social identification. Ties or bonds are often the terms used to convey the emotional–functional–commercial linkage, which embody the subjective and non-cognitive aspects alongside the objective and rational content and assessment of relationships. Relationships can be equality based, yet are also embedded in power and authority. With more power comes more responsibility, which has moral connotations. Whatever way business is structured and organizational behaviour conducted: All business is based on relationships. The firm only has to make them visible and meaningful (Grönroos, 2000: 20).

Internal relationship management provides the foundation for developing strong external relationships with clients, suppliers and other stakeholders. But strong project business ties with clients or suppliers do not automatically lead to strong ties in the TMO project team or coalition. It depends upon the interface between each team and the ‘corporate centre’ and the interface between the organizations represented in the TMO. Strong interpersonal ties can develop, but these may be relatively independent of each organization. Rapid formation of teams can lead to sets of functional and dysfunctional relationships with separate cultural and relationship norms being established in comparison to the ‘corporate centre’. Relationship management structures relations systematically to induce alignment and functionality. A relationship approach has been defined in terms of: . . . project performance and client satisfaction achieved through an understanding of the way in which a range of relationships between people, between people and firms, between firms as project actors operate and can be managed (Pryke and Smyth, 2006: 4).

Inter-organizational relationships can be formalized and structured through transactions. They start as informal at the front-end prior to a transaction within an industrial network of suppliers or as a community of practice around other shared interests, such as knowledge domains and disciplines (Wenger, 1998). They can be formalized at the front-end as teams are allocated during the bid stage, but this presents the first challenge of service consistency. Without relationships management a change of team may change the service experience for the client and their representatives, whereas relationship management provides a frame of reference so that the base service line remains consistent throughout, enhanced by the interpersonal, and group relationship skills over and above meeting the requirements of the system and procedures.

Risk management is a central concern to project businesses and to project management operations. Risk has traditionally been a prime focus and
In the beginning there are relationships certainly has been elevated higher than relationships in management thinking. Yet, relationships comprise an important part of risk management. Relationships occupy a paradoxical position. Relationships are a major source of risk, human risk factors, inducing uncertainty (Thevendran and Mawdesley, 2004), yet are also a significant source of mitigating risks (Smyth and Thompson, 2005; Pryke and Smyth, 2006). Effective relationships mitigate risks because they have affirmative effects upon other actors, reducing the possibility of opportunistic behaviour among others. Relationships mitigate other risks by enabling creativity, problem solving and innovation to overcome project risks. Effective relationships are a financial asset to the project business and client, whereas poor or adversarial relationships are a financial liability to both the client and supplier (Gustafsson et al., 2010; Smyth et al., 2010; cf. Porath et al., 2011).

The management of projects

Projects are social activities conducted by individuals, their actions and through interaction (Winter and Szcepanek, 2009). Project management applies tools and techniques that are socially constructed artifacts (cf. Berger and Luckmann, 1967), for example, work breakdown methods, critical path analysis or last planner, method statements, and project management methodologies such as Waterfall or SCRUM. Once applied in context, they tend to be used as the ‘natural order’ to determine action, for example, the exclusion of emergent requirements as deviations (Smyth, 2013b), or can be used politically to legitimize a project and secure organizational resources (e.g. Flyvbjerg et al., 2003). Engwall (2012) draws attention to the decoupling of the rhetoric to use PERT on Polaris and the action on the ground, thereby illustrating how tools and techniques for application are also tools of legitimation. In application, the tools and techniques serve the purpose of those managing the project rather than the project per se. Research and practice have arguably for too long focused upon the tools and the techniques, functions and attendant systems rather than what is at the heart of projects: people and content. It is people and the relationships between people that work well or badly, pursue self-interests from the personal through to institutional levels. The tools and techniques are only as good as the hands they are in. The functions are as good as the systems and their integration. But all rely upon effective relationships. Organizational relationships start prior to the project front-end through stable interactions formed during business development and in organizational networks. Leadership is a further factor, but leadership can be over-emphasized. Only so much is done because of leadership and only so much can be done despite the leadership. Most management theorization has tried to focus upon what is good leadership rather than research the good and the bad, the two sides of the functional/dysfunctional coin among many leaders and managers.
The track record of projects remains poor despite the considerable attention given to project management over the decades (Morris and Hough, 1987; Miller and Lessard, 2000; Flyvbjerg et al., 2003). The project, including its tools and techniques, is not the end in itself. The project is the means to an end. Quality content releases the potential to derive quality impact in use. However, the end in terms of benefits and impact is more difficult to assess during execution and often impossible to measure. Opting for the measurable, meeting requirements within time–cost–quality/scope, has the effect of focusing researchers and practitioners upon the means as an end in itself. This has the side effect of inducing a task and project management focus, which is the equivalent of the production focus in other sectors (Handy, 1997; Pryke and Smyth, 2006). This loses sight of client needs in terms of the project being the means to achieve or provide the preconditions for other worthwhile endeavours. A complimentary client and service focus is needed as all projects render services in order to achieve their ends (Smyth, 2015).

The project as a means to move towards an envisaged future state (e.g. Kreiner, 1995, 2012; Pitsis et al., 2003), which is emerging rather than known (Winch, 2010; Smyth, 2013a) and a service with a client focus to compliment the task focus, has renewed emphasis upon benefits delivery. A complimentary back-end focus to the front-end one offered by MoP helps scope the potential and defines known requirements (Morris, 2013). Dalcher (2012: 653) recently reviewing the work of Morris and Hough (1987), provided an interesting insight: The work suggests that securing the underpinning conditions, which appear to be most akin to hygiene factors, will go a long way towards delivering positive outcomes to projects. Taking this further, hygiene factors are those factors that are necessary but not decisive: their absence causes problems but their presence falls short of yielding optimal or high-performance outcomes (cf. Herzberg, 1968). In other words, other factors need to be present to achieve successful outcomes, however defined. This may be a prime reason why research into project management has been broadening its remit, arguably over several waves from the project management or execution focus, through MoP with a front-end and increasingly a back-end focus, towards more institutional foci (Morris and Geraldi, 2011; Morris et al., 2011; Morris, 2013). Relationship management can therefore be perceived as an overlooked factor in project management. Beyond that, relationship management can be seen as a capability of enhancement conceived as a dynamic capability or core competency.

Operations and operations management in project businesses is therefore broader than the project. This is seen in two detailed ways. First is that some functions are located in the ‘corporate centre’ that inform and form part of operations such as procurement and estimating, technical services, and health and safety. Second is the operational link between the strategic front-end and project execution. These ways provide different lenses to operations management (Smyth, 2015). Relationship management is therefore more than a strategic concept for application; it drills down through systems and procedures as formal and informal routines to affect the implementation of MoP.
Organizational structuring of the project business

The picture is evolving with the ‘third wave’ of project management. Execution is the first wave. MoP can be considered the second wave of developing the domain. The third wave is broader still embracing the institutional context (Morris et al., 2011) and includes the organizational context of the project business, covering:

- Theoretical foundations and history of project management;
- Focus upon societal, sectoral, and firm levels, including business units;
- The linkages between firm and project;
- Strategy, the role of innovation and injection into the project level;
- Governance and control;
- Leadership, trust and competence development;
- The project in its industrial network.

The shift over the last 20 years has been from a predominant ‘management as control’ issue towards management as a set of coordinating mechanisms to enable and facilitate effective implementation. This has been evident in the types of contract used, alignment or goals, processes and incentives, and collaborative and relational practices (Smyth and Pryke, 2008; Morris et al., 2011). The trend points towards relationship management at institutional to project levels in order to meet increased demands in technical content and service provision.

Adopting and implementing relationship management is part of a larger system. The existing organization has structures and processes. New relationship management capabilities are to be aligned with existing structures and processes by managing out the rigidities and path dependencies where these exist (cf. Gilbert, 2005). How are organizations designed and how do they evolve? Organizational design is about the structure (Haberstroh, 1965; Weick, 2003). Project businesses are generally structured with reasonable simplicity, but the functional and departmental boundaries tend to be rather rigid, rendering cross-functional coordination an integration issue and encouraging ‘mental silos’. Two conditions need to be met where the boundaries are flexible and perforated:

1. Those working within each structural boundary or ‘silo’ are not inward facing (‘silo mentality’);
2. There are systems and procedures articulating the interfaces between the structures without increasing net costs and increase effectiveness.

(Smyth, 2015)

Addressing these issues is the management task. What action is needed? The structures are probably working well. The need is to address interface management, which is difficult as taken-for-granted thinking is often fossilized and the problems remain unseen. Interface management is a major issue for most project
businesses. Relationships at the interface have largely been overlooked to date because they are contextual and because management is somewhat uncomfortable directly addressing these. Relationship management helps to bring more certainty to context and erase some idiosyncratic elements of behaviour and action. To date, the consequences of the absence of relationship management is manifested in many ways, including:

1. IT or other systems provide links for data and information transmission, for example, ERP, CRM, and BIM, but this is confined to data transference. The data and information are only as good as the collective hands they are in; people turn them into knowledge through coordination and application. To coordinate this for organizational effectiveness, a parallel human system is needed, and that includes a relationship management system, especially at the functional interfaces.

2. Each function or department operates with its own system, frequently operating separately. Relationship management is a systematic means for management to link otherwise disconnected subsystems, for example, linking business development with procurement to help identify and lever value at the front-end for particular projects.

3. Idiosyncratic behaviour, self-interested behaviour, opportunism with guile (for career purposes or in contract implementation), and unaligned informal routines that emerge in the ‘corporate centre’ or within TMO project teams.

A relationship management system frames action and behaviour in order to help coordinate functional subsystems and to provide consistent service across projects as part of programme management. It may drill down to a finer level of consideration, implementing a behavioural code of conduct at project level as a routine. This frames detailed action yet is indeterminate within it. It provides simple points of guidance to deliver a consistent service yet leave room for the interpersonal and social skills, the creative and problem-solving interaction to be manifest. A behavioural code of conduct provides assurance against self-interested behavioural norms (Elster, 1989; Lyons and Mehta, 1997), with the aim of squeezing out much adversarial behaviour and opportunism with guile (cf. Das and Teng, 1998), eradication or reduction of manipulation and deceit (Powell, 1990a). Behaviour combines rational and intuitive action (Misztal, 1996) and a code can highlight action that otherwise might go overlooked or uncorrected. Transgression in any relationship has consequences beyond the interpersonal and thus affects firms and inter-organizational relations (Jones et al., 2011). A code is not present to measure behaviour as this will tend to render it legalistic and constraining, thus self-defeating.

The most important relationship is between the project director on the client side and the project manager on the supply side (Merrow, 2011). Relationship development at the front-end is important, typically originating in the selling stage (Smyth, 2015). Clients tend to skimp at this stage, Merrow estimating that
In the beginning there are relationships

3–5 per cent of the total budget should be spent at this stage to define and plan a project. Merrow goes onto saying that the roots of problems are not down to ‘bad team chemistry’ or ‘lack of teamwork’ during executions, but are to be found in the fundamentals of the project and how it was shaped at the front-end (2011: 159). This is supported in general and includes the strategic setting up of operational relationships.

The front-end offers opportunities providing organizational behaviour is articulated effectively. Edkins et al. (2013) state that across functional groups, there is a greater range of intellectual, personality types, data and experience compared to the execution stages. Communication, an alignment of attitudes and a common leadership vision are important facilitators (Alshawi and Faraj, 2002; Ankrah et al., 2009; Baiden and Price, 2011). Those individuals that provide operational coordination across internal and external organizational boundaries are termed boundary spanners (Leifer and Andre, 1978) and relationship management provides a common frame of reference to facilitate interaction and build swift trust (Meyer et al., 1996). Where there is relationship commitment, people are more tolerant of occasional relationship transgressions (Duck, 1982) or opportunism (Gundlach et al., 1995), because individual relationships are supported from and form part of a base of social capital (Nahapiet and Ghoshal, 1998), and at the interpersonal level, psychological contracts act as a further deterrent for transgression (cf. Rousseau, 1990).

Intuition plays a significant role in organizational behaviour. While relationship management and behavioural codes may have effect in providing a baseline of service consistency, ruling out the more idiosyncratic behaviour, intuition plays and will continue to play an important role. Management and team decision-making are informed by intuitive judgment. Instinct where experts lean upon predisposition and experience in reflex mode is inappropriate. There is a middle ground between reflex reaction and the cognitive rationality of the plan to guide action. Here relationships provide a medium in which to develop agreed actions based upon considered judgment that includes experience and expertise that employs sense making and heuristics to give informed meaning to decisions and actions that combines intuition and cognition (see Kahneman, 1982; Weick, 1995, 2003; Dreyfus and Dreyfus, 2005; Edkins et al., 2013).

Definition and scope of relationship management issues for theorization and practice

A brief summary of the main theory–practice issues is provided at this point. These Substantive Issues (SIs) are significant under any conception of relationship management, but even more so where relationships are recognized as the means to identify, capture, deliver and co-create value. These issues of relationship awareness and management occur at several levels, many of which are presented here.
SI no. 1: Organizational Behaviour emphasizes the point that behaviour is more than individual or self-organized activity in small groups. It is informed by and informs organizational culture, and it is guided by systems and procedures. Yet, mismatches frequently exist between the functional systems and behaviour on the ground, which compromises integration, adding value, achieving efficient operations and effective service delivery. Management tend to over-simplify structures, making the boundaries rigid, thereby encouraging ‘silo mentalities’ (Smyth, 2006; Smyth, 2013a; Smyth, 2015; cf. Simon, 1979). Research tends to focus upon the systems, whereby management becomes a reified object of study, structured around depersonalized and sometimes dehumanized concepts. Analysis can centre on governance, boundaries, functions and business units rather than relationally driven interactions and decision-making. Researchers can conflate ownership with senior management, and senior with operational management, where analysis tends to be discussed from the individual project manager’s (PM’s) perspective (cf. Engwall, 2003: 790; Frame, 2002).

SI no. 2: Relationship Management Theory seeks conceptual means to articulate interpersonal relations and organizational behaviour in order to support integration, lever (added) value, induce service consistency on and across projects in practice. This requires theory to inform the structuring and implementation of relationship management. There is an absence of a unified theory of relationship management, trends and influences emanating from theories of relational contracting, emotional intelligence, relationship marketing and organizational culture. There is an applied need to move from disparate theorization towards coherent conceptual principles for application to overcome difficulties that can otherwise appear intangible at this ‘soft end’ of the management spectrum.

SI no. 3: Socio-psychological Issues provide the conceptual link between manifested individual behaviour and informal routines. This includes cognitive action and rational decision-making on the one hand and intuitive behaviour on the other. The range of relationship issues attached to theory and practice include personal and individual identity, social contracts and self-interest that is out of line with the interests of the employer and client. The project management domain has increasingly encompassed a broader remit in scope from project management to MoP, and institutional factors (Morris, 1994, 2013). The roots of project management in engineering have arguably led to some resistance among researchers to encompass the gamut of disciplinary influences germane to practice. People do not behave rationally and cognitively all the time and management has insufficient time and resource to do so. Evaluation, interpretation and other sense making activities are central to the management role for making judgments and assessments. These embody intuitive and experiential thinking, using heuristic rules of thumb in order to be decisive. These decisions and actions are occasionally undertaken individually, but more common is to undertake such action in decision-making units (DMU) of small groups or
In the beginning there are relationships teams. The role and functioning of relationships remains underplayed in these contexts.

SI no. 4: Conceptual and Applied Hierarchical Integration ranges from strategy formulation and investment set at board level, feeding into and forming part of portfolio management, through strategy implementation and configuration of capabilities and support at programme level for roll out onto projects. In addition, there is the injection into projects from functional roles and departments, such as procurement, to guide project management. Therefore, this theory–practice challenge is about the degree of integration and the fragmentation and, in some instances, dislocation of functions that constrain integration. Relationship management is part of this hierarchy in terms of the strategy and design of a system is top–down, albeit building on informal routines bottom–up where possible (cf. Parmigiani and Howard-Grenville, 2011; Jarzabkowski et al., 2012). Portfolio, programme and project management (P³M) is thus a core element of vertical integration. Capabilities are devised or identified and embedded top–down of which relation management is one. It is also a coordinating mechanism for integration in its own right. Projects are influenced and shaped top–down by formal and informal routines in several ways. Organizational culture resides at the top of the hierarchy, its form influencing all that flows into the routines that configure project management. It is also located at the bottom in the form of habits, group norms and actions that are aggregated up to renegotiate the climate and culture. Relationships are articulated through the culture and thus contribute to the culture through both the formal and informal routines. Formal routines include organizational procedures that build into a systematic approach or system that are designed to regulate organizational behaviour and guide interpersonal and personal behaviour. The management of relationships in relation to cultural factors in the conceptual hierarchy has yet to receive extensive analysis in project management research. At an applied level, this raises questions over the pertinence of detailed measures, for example behavioural codes of conduct. Professional codes that prohibit certain acts and indirectly guide behaviour are accepted in principle with little questioning, yet behavioural codes are focused on particular activities such as health and safety rather than generally applied in project management, despite being commonplace in many service industries. In sum, effective P³M provides a layered approach to integrated implementation.

SI no. 5: Conceptual and Applied Horizontal Integration shares some of the features raised under the previous substantive issue, but instead of a hierarchical or vertical set of integration issues, this challenge focuses upon boundary spanning, cross-functional working and co-location issues to facilitate integration. The horizontal dimension has direct effect on project lifecycles from the front of the front-end where business development conceptually resides through to after-care service, total asset and facility management functions where these are integrated into project delivery, as they are for some PPP-type IT and
In the beginning there are relationships. Departmental and functional management is therefore frequently horizontal and coordination is necessary for the project delivery organization, especially in the project business in the role of systems integrator. In-house projects also require cross-functional working. Boundary spanning has become a pertinent issue, which includes formal and informal routines. Formal routines have tended to cover formal communication, systems and procedures. Informal routines have tended to focus upon co-location of staff to help facilitate routines that improve coordination and encourage problem solving. Relationships are dealt with indirectly by these means, an issue that needs investigation whereby a relationship management system, formal or informal, articulates and supports the delivery of integrated solutions at the programme level and over project lifecycles.

**SI no. 6: The Project Preoccupation** is the project centric view falling into the general remit of a production orientation. Most other sectors have added a complimentary customer orientation and are increasingly being more service orientated. Projects remain largely anchored in the historic model, overlooking a complimentary client and service focus. This has been the case for both research and practice. Some incremental shift has been taking place over the last 15 years and more progress has been made in research along service lines, while the gradual evolution in practice has been incorporating a marginally greater client orientation. The project as a unit of analysis is task and project management focused which reinforces risk management as a main management activity. The expertise and effort associated with project management is largely seen as an end in itself rather than the means to an end that focuses upon benefits delivery. The technical content, and thus the meeting of requirements, only constitutes a small part of the activity and a small part of benefit delivery. Managers tend to hide behind the uniqueness of projects as explanations for failing to regularize other issues such as relationship management. Relationship management is an important component to addressing these issues and increasing consistency and continuity.

**SI no. 7: The Task Orientation** flows from the project management focus within the preoccupation with the project. It is an inwards- rather than outwards-facing view of activity. The task focus is about getting the job done, seen through the lens of meeting time and minimum requirements in practice. Practitioners might baulk at the idea that they are insufficiently outwards focused. There is far more of an outwards focus covering client, health and safety and other regulatory issues, and external stakeholders. Behind these areas, which regulatory regimes and client demands have largely forced, remains an essentially task orientation to meet the requirement to time, cost and quality/scope (Handy, 1997; Pryke and Smyth, 2006). This inwards focus is informed by technical expertise and experiential knowledge rather than deep understanding of clients and the benefits in use they require and how the project is conducted from their viewpoint. Tensions can emerge between inward focused, task-orientated project teams and a strategy-focused business with a wider view of the
In the beginning there are relationships (Lycett et al., 2004). This issue has been partly addressed from a market management and marketing perspective (Smyth, 2015). The majority of industries have moved from the production and goods perspective towards an increasingly service approach with an outward focus. The prevailing project perspective is that services reside downstream (Davies, 2004) rather than commencing at the front of the front-end prior to even securing a contract (Smyth, 2015). Most project businesses have yet to shift from a task orientation. Relationship management provides a means to aid potential transition. The conceptualization of project management embodies flexibility, a strong element concentrating upon developing and refining task content and conduct as the means to improve success. All activities have to be performed well, but resolving problematic areas resides more in the breadth of project management consideration than in project task.

**SI no. 8: Relational Contracting** remains an area of conceptual confusion. There is a transition to be made in practice from emergent practices of relational contracting on a project and project capabilities on a client programme of projects. A common response to the intuitive and cognitive appreciation of the problems has come in the form of relational contracting – alliances, partnering, supply chain management – from clients/sponsors and delivery providers. Relational contracting is about contracts of exchange and underpinning social contracts too in some of the literature that emanates in the marketplace. Relationship management is about management processes and capabilities that emanate from the firm that are built and developed by management to inform what happens in the marketplace. This is the transition. Relationship management requires proactive initiative and investment at enterprise level whereas relational contracting is largely reactive. This conceptual confusion renders a challenge for applied understanding and may be an important factor in management awareness of the opportunity and being able to articulate any transition from relational contracting practices of alliancing, supply chain management and partnering into a more comprehensive and integrated approach to managing relationships in projects.

**SI no. 9: Systems Integration** is related to other issues, the emphasis here being a de-emphasis upon internal risk management in favour of an increased emphasis towards managed integrated supply chains and clusters of knowledge services as well as technical capabilities. As project businesses in the systems integrator role, these businesses are well positioned to manage supply chains in all tiers to identify, capture and co-create (added) value to enhance integration. Supply chains are currently used as a means of decentralizing and managing risk. The integrator role requires engagement to improve technical and technological content, align service provision and add value using relationships management as one means to achieve holistic integration. Relationship management articulating business development–procurement–supply chain management interfaces, project management–supply chain management/supplier interfaces are important to achieve integration. This is a source of value on its own terms and is a lever for value in managing organization.
suppliers and supply chains. Integration from external actors is only as strong as internal integration.

**SI no. 10: Market Functioning** in research tends to focus upon competitive advantage. In reality, only a few project businesses can have advantage in any project sector, segment or tier of the market. Some are able to develop particular strengths, yet often this gives advantage through differentiation rather than direct comparative advantage. The management of project businesses tends to first focus on survival and second upon any forms of substantive differentiation that yield advantage. This theory–practice issue is considerable. Relationship management is potentially one way to start addressing the issue. The benefits are a source of advantage and help develop other sources of differentiation and competitive advantage. Adopted innovations in project management have arisen from projects conducted in-house and from clients in the marketplace. Reactiveness can stave off adoption. Suppliers including main contractors and other delivery partners tend to be reactive as part of the survival mode. Investment increases short-term risks, and most managers shy away from such investment, encouraged by pay incentive schemes and the need to account for short-term shareholder value. This keeps investment low at the firm level and induces fragmented markets of intense competition. There are some signs of change and more firms may change to meet the increasing complexity of demands. Relationship management provides opportunity (and attendant risk) to manage complexity. Addressing such issues help suppliers to become more competitive and possibly may become necessary in the upper-market tiers in order to survive.

What are the implications of these theory–practice gaps? This depends on, to borrow from Aristotle (2004), what is ‘good’. A ‘good’ project technically, judged by technical input and expertize, may nonetheless leave the client and stakeholders dissatisfied. Projects are simply ‘skill containers’ for execution (Winch, 2013). What is the price of failure as assessed by others rather than the ‘experts’? What is the real underlying problem? What are the benefits of success? These are the core agenda. Yet those engaged with project management have allowed themselves to focus too much on the means to the extent it has become the ‘end’. Projects are more than delivering to technical requirements using command and control tools and techniques. Projects deliver a range of benefits using creativity and problem solving. Tools and techniques are needed to deliver the benefits, but their effective application is the start rather than the end point. There is a septic problem, which is the tendency to look at the symptoms or presenting problem in isolation from the root causes. This problem is evident in projects as the axis is increasingly shifting towards demands for creative, innovative and flexible services. This is one reason for the increasing use of the project as a mode of delivery. However, project management is still dominated by a mindset focused on a production and task focus rather than a client and service focus with the consequence that project management is seen as an end in itself rather than the means to delivering benefits and having impact.
Structure of the book

The book draws upon established theories and conceptualization of management as it pertains to and is ‘translated’ into MoP. It draws upon empirical evidence, including case material from other researchers and published elsewhere. It also includes some evidence that is reported for the first time and some evidence that has been presented to limited audiences, such as academic seminars and conferences. Four main forms of representation are used: the written work, diagrammatic figures, tables and fact boxes.

The organization and brief outline of the chapters are provided next. Chapter 2 is the first of several chapters that takes an established area of theory and teases out the pertinent concepts of relationship management. Relational contracting from transaction cost analysis provides the focus for this first look at theories. This may be the most familiar territory as a considerable amount of research has been conducted using relational contracting concepts of alliances, partnering and supply chain management and more general notions of collaborative working. This is a reflection of practice in project sectors although implementation of the concepts has tended to be partial in practice. The main economics and management literature will be briefly introduced, and then the relevance to asset specific markets and project businesses in particular will be examined. Conceptual alignments and misalignments, hence strengths and weaknesses, are evaluated and an assessment of the pertinence of this theory concludes the chapter.

Chapter 3 is the next one to consider a theory. It is the first of several chapters where the relationships link to a strategic core competency or dynamic capability. The chapter introduces the concept of relationship management derived and developed from relationship marketing theory. The focus is based upon two premises. The first is that marketing is a function that pervades all activities whether there are separate marketing and sales departments or not. The second premise is that supplier–customer relations are only as strong as the internal relationships. Therefore this theory starts with inter-organizational relationship management, which leads to internal relationship management. Translating this into the project business raises challenges between the corporate or project business–project interface to secure service consistency. This raises some of the strengths and weaknesses of the theory in relation to both the literature and context. An evaluation is made at the end of the chapter.

Knowledge management and organizational learning could have been proposed as a core competence underpinning relational factors. Socialization and explicit knowledge and learning are closely linked to relationships, hence potentially forming a separate chapter or an important part of this. Knowledge management and learning has a huge body of literature behind it and has received considerable attention in project management literature (e.g. Scarborough et al., 2004). It is an area where it is arguably easier to connect and transfer the relationship principles from theory and practice into the domains of organizational knowledge and
In the beginning there are relationships. The project management literature is also way ahead of practice in this respect, where studies have shown that take up of cognitive and formal knowledge management practices have been sparse (e.g. Smyth, 2010). Nahapiet et al. however provide a particularly pertinent quote for this book:

Projects bring together people with diverse skills and expertise for the purpose of solving problems or performing specific tasks. The aim and impact of project groups come from the capacity to build strength by combining difference . . . [and] project groups can draw people together and build a sense of shared destiny and identity.

(2005: 9)

Knowledge management and learning constitute core competencies and capabilities. There are multiple conceptual approaches, another of which is addressed in Chapter 4, which considers the challenging and contentious area of emotional intelligence. It integrates a range of concepts and ideas that traditionally are treated separately in research terms, especially from using positivist and quantitative approaches. It is also embodies high levels of abstraction. These challenge some ideas as to what constitutes a theory or a coherent model. The strengths on the other hand are its holistic approach, which is precisely what resonates with practitioners. There is also an approach to relationship management in certain theorizations, which is explored in the chapter. The strengths and weaknesses at a more detailed level are brought together at the end in the project business and project context.

Chapter 5 takes the fourth body of theory, which is less strategic conceptually, but of great tactical import, namely trust and its importance in relationship management. Trust has received considerable attention in project sectors over the last two decades, particularly in connection with the implementation of relational contracting (Chapter 2). There is some confusion, especially in practice, as to whether trust is present by circumstance and context or can be developed and nurtured through management action. There is considerable amount about how to foster trust on the ground in this chapter. This is considered for managing trust in internal and external organizational relationships. This chapter examines the evidence for the development and management of trust as an important part of relationship management.

Organizational culture is the topic of Chapter 6. This is one of the 'softest' management issues, which is typically misused, either when a new chief executive comes in and says that they are going to change the ‘organizational culture’, or when management says something is ‘all down to the organizational culture’, suggesting it is beyond their reach to influence and control. The former position inflates the collective power of management; the latter underplays the power of management. The influence of organizational culture and the scope to manage it in connection to relationship management is therefore the topic of consideration for this chapter.
Chapter 7 represents a departure from the introduction of theoretical lenses through which relationship management can be examined and applied. Organizational behaviour, cross-functional working and systems integration provide three applied and linked concepts with which management grapple in project businesses and for which relationship management is an integral part whether it is present (or absent) implicitly or whether it is explicitly developed. Relationship formation is practice based (Nahapiet et al., 2005), providing a solid ground for this examination. Projects tend to be considered at technical, strategic and institutional levels (Morris and Geraldi, 2011), although relationship formation can be developed and structured through the strategic application of institutional influences. This chapter therefore builds upon issues of organizational and social culture in this particular applied setting.

Chapter 8 drills down further to the level of decision-making as a crucial function, where effective relationship management enhances the quality of decision-making and addresses some of the self-interested agendas that serve neither the project business nor clients. On the positive and proactive dimensions, relationship management applied to decision-making aids adding technical and service value, and hence performance improvement.

Chapter 9 examines the consequences of relationship management in the MoP context as a means to enhance service provision. The application over project lifecycles and for programme management within the project business is examined. The conceptual role of social capital, and relationship management as an important part of social capital, is particularly considered. This chapter leads onto technical and technological provision, which is set out in Chapter 10, and addresses issues of value creation and delivery and the effects of the task orientation that pervades project management. The role of relationship management as a soft skill set for the management of technology and technical expertise is an important issue addressed in this chapter.

Chapter 11 returns to issues of trust and confidence in relationships and their management. Relationships per se are benign, it depends how they develop in practice, and trust is a neutral moral concept as relationships and trust serve the prevailing or dominant ethical and moral climate. The main argument is centred on the moral economy as necessary component of a function market, which is expressed through relationships and relational activities and aggregated up from micro levels of operation. Thus, whether morality in business is thought to be ‘good’ and there is contention as to what the moral interests of a business are, it is the argument of necessity that sufficient morality is present at macro and micro levels for the market to effectively function. The chapter focuses mainly on the micro level of exchange and transaction for the management of ethics and morality through trust and relationship management in project businesses.

Chapter 12 considers the increasing ‘projectization’ of society and the role of projects in the financial and moral economies. It will sum up the main issues covered, including the contribution made to the substantive issues identified in
In the beginning there are relationships

this chapter around theorization and practice. Recommendations for research and for reflective practice are made. Drawing the threads together to provide the progression of how the book develops has been attempted in Figure 1.1. This indicative guide acts as a signpost as to how this book builds, showing the relationship management conceptual lenses and applied approaches build into a holistic approach to effective business and operational performance. Some of the recurring

<table>
<thead>
<tr>
<th>Relationship management as an integral part of project business strategy and the management of projects at the operations level</th>
<th>Relationship management as an additional and integral means of managing projects</th>
<th>Chapters 1, 11 and 12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Towards the application of relationship principles organized through routines, coordination mechanisms and structured into systems to provide and generate capabilities to deliver integrated added value projects and services that are decisive in the marketplace</td>
<td>Business model with relationship management as part of the service, performance and earning logic</td>
<td>Chapters 6, 7, 9, 10 and 11</td>
</tr>
<tr>
<td>Towards the application of relationship principles organized through routines, coordination mechanisms and structured into systems to provide and generate capabilities to deliver integrated added value projects and services that enhance the management of projects and meet the most complex project challenges</td>
<td>Internal and network collaboration Service and management of projects focused Innovation and systems integration Internal, project team and network capabilities</td>
<td>Chapters 4, 6, 7, 8 and 9</td>
</tr>
<tr>
<td>Towards the application of relationship principles organized through routines, coordination mechanisms and structured into systems to provide capabilities to guide and support individual and functional activity to meet minimum requirements</td>
<td>Capability identification and development bottom-up and top-down Systematic development Internal integration</td>
<td>Chapters 3, 4, 5 and 7</td>
</tr>
<tr>
<td>Towards the application of relationship management principles to support individual action in separate and independently structured and organized functions for transactional meeting of minimum requirements at adequate or satisfying performance levels</td>
<td>Governance and contracts Awareness creation of relationships and collaboration practices Emergent service attributes</td>
<td>Chapters 2, 3 and 4</td>
</tr>
<tr>
<td>Organizational behaviour comprising discrete actions in separate and independently structured and organized functions for transactional meeting of minimum requirements at adequate or satisfying performance levels</td>
<td>Transactional management Risk management, task and project management focus Reliance upon technical expertise</td>
<td>Chapters 1, 2 and 9</td>
</tr>
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FIGURE 1.1 Mapping relationship management as a means of managing project businesses and projects
issues are flagged up in the middle column and the third column providing an indicative guide in relation to the chapters.

**Audiences and benefits**

The primary audience for this book is academic. There are two specific academic audiences. First are those researchers in the field of projects, project management and MoP. This includes the project environment, project business, project management and all P³M levels. It includes those researching issues of organizational behaviour in projects and project businesses. It may also be of interest to researchers in the general field of management because projects have become a major channel of delivery. The second academic audience are students, principally PhD researchers, master’s students and, to a more limited degree, undergraduate students interested in the field, especially for dissertations.

The secondary audience is practitioners. Those in project businesses, especially the reflective practitioner and senior management who wish to progress their businesses will be stimulated with theories and applied principals to adopt with some lessons learned from previous research and practice. There is a crossover between practice and education for those studying part-time courses, which should prove fertile ground for encouraging reflective practice.

**Conclusion**

The social space of conduct in which project businesses and projects reside, contain many challenges for performance. As Pryke found through applying social network analysis to a series of construction and development projects:

> The existence of long-term supplier relationships and the relatively intense management of these relationships were central. Major construction clients began to realise that collaborative long-term relationships provided both a threat and opportunity: the threat of escalating costs and poor performance from service providers, but the opportunity to collaborate and integrate within the context of those long-term relationships. (2012: 48)

This is a balanced assessment of the value of relationships. Pryke was building upon the relationship approach using social network analysis, particularly in the inter-organizational context, arguing that organizations are not necessarily the critical focus for project delivery – the network is. This book also builds upon the relationship approach to managing projects (Pryke and Smyth, 2006; Smyth and Pryke, 2008). Here the emphasis is upon internal relationship management, which then affects inter-organizational management. It has been argued elsewhere that the role of the project business as a systems integrator is under medium to long-term threat unless short to medium-term
In the beginning there are relationships

action is taken to address market management and business development (Smyth, 2015). One way to improve performance and indirectly manage the market is to develop relationship management. It is not the only way, but this book will argue it will become an increasingly important recognized role for the project business, especially the systems integrator role. Clients want value and added value, especially added service value. Project businesses that respond will be those that survive, and the best will gain competitive advantage. The trends are present in the market, and evidence is building up in management practice. The theoretical review provided in this book provides a timely way to articulate these issues, which will lend awareness and equip management for action.

The chapter has introduced some key issues for research and practice, namely:

1. To what extent are relationships managed by project businesses?
2. In what ways are relationships managed at an operational level through systems in teams and by teams?
3. What is the extent of the issue between the theoretical principles applied in practice and provided by theory?

The book has been scoped to explore and examine a theoretical and applied focus upon relationships, their management and implications. Application of theory and concepts were set out and the challenge of implementation investigated to improve projects and business performance. Business performance requires other functions and processes to be aligned and mutually adjusted and configured for effectiveness with financial performance, marketing and human relations, thus offering reward for the owners, satisfying work for staff and satisfaction for clients.

Ten substantive issues have been identified to provide detailed focus to begin to address these key issues. A theoretical and applied focus upon measures and changes is and can be developed in and across project businesses in highly practical ways, which are challenging at times. The aim is to have an effect upon business performance. Efficient business and project performance and effective outcomes are located in the social space of conduct, and relationship management is at the heart of good performance.
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3 The market, marketing and relationship management

contracting, implementing behavioural programmes, and using codes of conduct.
4 Emotional intelligence and relationship management

next chapter, drilling down to a finer grain of detail analysis and understanding.
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