M.SC. PROJECT AND ENTERPRISE MANAGEMENT

Investigating Power and Leverage in Long-Term Relationships Between Retail Clients and Contractors

The Case of the Greek Construction Industry

by

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Abstract

The present thesis investigates the contractor's view on several attributes that govern the dyadic long-term relationships between retail clients and contractors at the first tier of the construction supply chain. Based on the suggestion that the commercial outcome of long-term relationships between client and contractors is most likely *a basis of contention* between the two parties the aim is at revealing the power and leverage perspectives of each participant and the overall efficiency of the dyadic relationship. The analysis is based on interviews conducted with participants from a specific contractor of the Greek construction industry regarding dyadic relationships developed with three major retail clients. Results show that the regularity and high volume of demand although widely considered as the *prerequisite of the success* is *not a sufficient condition* for successive collaboration. Other soft issues - for example trust, transparency and so on - may arise that, when combined with the different sourcing options and managerial styles, result in complex and dynamic power structures. Case studies also indicate some key drivers of repositioning in favour of the contractor, as the last becomes more "knowledgeable" with additive experience and when certain conditions – for example development of isolating mechanisms - foster competition elimination. This dynamically evolving power game between the contractor and the client is observed at all cases shaping the contractor's perception on the ideal and optimal power position and motivating a joint monopoly between inherently powerful repeat clients and strengthened -through expertise and other knowledge acquired by competing with the rest of the industry to bargain a better power position –contractors.

Keywords: retail clients, power and leverage, long-term relationships, dynamic power structures

Word count: 10,698

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Chapter 1

Introduction

1.1 Identification of Problem and Problem 'owner'

The general debate on the supply chain management perspectives and the "best practice" in managing construction projects has stimulated much of the research in construction management. Attempting to provide alternative managerial concepts to overcome the low profitability and poor performance observed in the Construction Industry (CI), literature has suggested the use of collaborative partnering and integrated supply chain management (DETR, 1998). Although such approaches were widely implemented in various industries like the manufacturing with success, they have been proven difficult to implement in the CI in cases of temporary on-off projects, as they require *high volume, low variety and predictable environments* (Barlow 1998; Naim et al., 1999).

On the other hand, literature stresses that the case of *large retail clients* encompasses several distinct characteristics that diverge from the rest of the industry. Retailers are major construction clients with a regular and fairly standardised construction

programme. Regularity and standardisation are responsible for enhancing the power and leverage of the retail clients while under such circumstances, long-term relationships developed at the first tier of the supply chain between retail clients and contractors can be considered as highly collaborative. The degree and intensity of collaboration is enhanced in these special cases of "high frequency and regularity of demand" and ideally all participants benefit both operationally and commercially from joint learning and waste minimising approaches (Ireland, 2004). However, certain questions arise involving the reasons and expectations from each binding relationship, the temporal evolution of the relationship regarding the power and leverage circumstances, as well as the participants' view on the success of the binding relationship. These questions will motivate the proposed research study.

1.2 Research Objective

The present thesis employs an interview-based methodological approach to evaluating the long-term relationships between major retail clients and a specific contractor of the Greek CI. The focus is on revealing the attributes -dynamic or static- of *dyadic long-term relationships* established at the *first tier* of the construction supply chain. In this spirit three basic clusters of relational attributes are studied in order to:

1. Characterise the dyadic relationship both in an overall manner as well as in terms of specific relationship attributes like trust, transparency, conflict, tension and value sharing.

2. Investigate the intrinsic demand and supply structures that determine initially the willingness to enter in a long-term relationship but also the relationship's character.

3. Reveal the power and leverage perspective in the dyadic relationship and identify the type and intensity of power regimes both in the early stages of the collaboration, as well as during more advanced stages.

1.3 Value of the Research Study

The aim of this study is to examine the applicability of several research arguments, such as the effect of the regularity of demand, regarding the effectiveness of long-term relationships between large retail clients and contractors in the Greek construction industry and at the first tier of the construction supply chains. Moreover, the secondary aim is to evaluate these relationships in terms of both strategic and operational characteristics that are governed by specific sourcing options and complex and dynamic power and leverage conditions.

1.4 Limitations of the Study

The proposed approach focuses on relationships at the first tier of the construction supply chain due to inevitable time and document length constraints. However, the above does not diminish the importance of the study as effective collaboration at the first tier of the supply chain can be thought as a *prerequisite* for effective

collaboration *throughout the supply chain*. Moreover, the sample of people joined the survey is limited, in order the study to be completed on time. This results to limited quantitative information that cannot be modeled using classical statistical approaches. However, the qualitative treatment of the questionnaires can provide us with a general contractors' view on the power and leverage circumstances that are frequently faced during the establishment of long-term relationships with retail clients.

1.5 Structure of the Study

The remainder of the thesis is structured as follows: In chapter 2, a comprehensive literature review of prior research on the long-term relationship concepts and methodologies is conducted in order to provide the necessary theoretical background and the foundations for the further analysis and evaluation of such relationships at the first tier of the construction supply chain. Following, the methodological approach is presented in Chapter 3 where the conceptual structure of interviews and the characteristics of the developed questionnaires are explained. Next, Chapter 4 is dealing with a brief case study description including the client's needs and construction programme specifications while in Chapter 5 the data analysis is presented. Finally, Chapter 6 provides the most important conclusions about the specific retail client – contractor relationship, the attributes that characterise it as well as recommendations for further study.

Chapter 2

Literature Review

2.1 The Nature of the Construction Industry

The construction industry (CI) is considered as one of the most significant industries with great influence to the socio-economic development. Essentially, organisations' survival and development is dependent on the interaction with the CI to source the physical assets to house their activities. To illustrate the importance of the CI, it is to note that UK CI is considered to exceed in size all of the largest manufacturing sectors (DTI, 2003).

There exist various definitions of construction industry. According to Pearce (2003), CI is determined by the role of contractors and speculative housebuilders– those who construct, repair and maintain buildings or engineering works *in situ*–, as well as by a wider range of actors, such as those who quarry raw materials, those who manufacture and sell the materials, products and assemblies used by contractors, those who supply professional management, design, engineering and surveying services to the industry or its clients and finally construction and repair works undertaken by households and

other non-contracting organisations. Figure 1 describes a schema of the narrow and wide sectors of the CI.
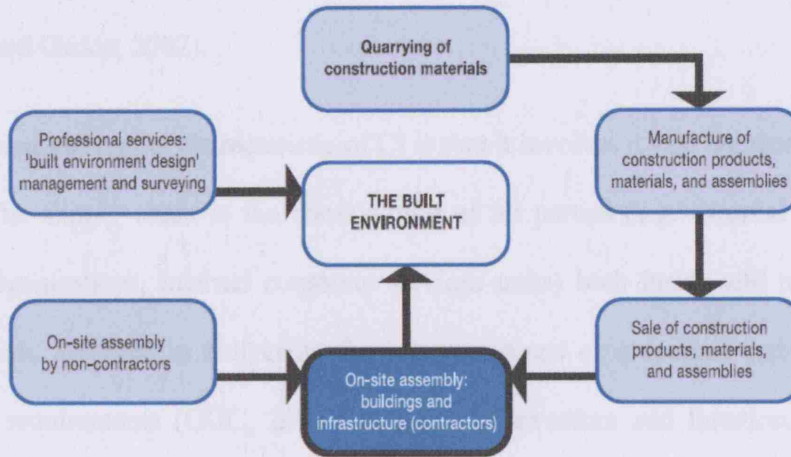
Figure 1: Schema of the structure of the construction industry (Source: Pearce, 2003).

The narrow sector is essentially the 'contractors' box in Figure 1,while the wider sector can be seen to include the *supply chain* for construction materials, products and assemblies, and professional services such as management, architecture, engineering design and surveying and most likely land and facilities management (Pearce, 2003).

2.2 Construction Industry Characteristics

A typical characteristic of the construction industry is that, although the principles of execution are similar, the scale, complexity and intricacy vary widely (Drejer and Vinding, 2006). Moreover, construction is inherently a site-specific project-based activity that involves mainly the coordination of specialised and differentiated tasks at

the site level (Cox and Thompson, 1998). The emphasis on site-specific activities reveals a certain degree of uncertainty stemming from the lack of complete specification and uniformity, as well as the unpredictable construction environment (Dubois and Gadde, 2002).

A significant influential characteristic of CI is that it involves a vast number of *supply chains*. The supply chain is the combination of all parties (e.g. external suppliers, partner organisations, internal corporate services units) both inside and outside the organisation, involved in delivering the inputs, outputs or outcomes that will meet specified requirements (OGC, 2005). In terms of structure and function, a *typical construction supply chain* is basically characterised by the following elements (Vrijhoef and Koskela, 2000):

- It is a converging supply chain directing all materials to the construction site where the object is assembled from incoming materials.

- It is mostly a temporary supply chain producing one-off construction projects through repeated reconfiguration of project organisations.

In the CI, an integrated project team approach is commonly employed which brings together multiple, integrated supply chains into one supply team that is then integrated with the client project team; this structure supports the management of the complex supply chains often employed in major construction projects (OGC, 2005).

The complexity of construction supply chains stems from the difficulty to quantify the exact number of constituent supply chains that have to be integrated into a typical

project. As can be seen in Figure 2, the construction industry is characterised by the following major supply chains: construction 'integration', professional services, materials, equipment and labour (Cox and Ireland, 2002). During the construction process, the end customer will appoint the construction firm and professional services where required. Within the basic supply chain, the construction firm plays the major 'integrating' role for all upstream supply chains (Dainty et al., 2001).
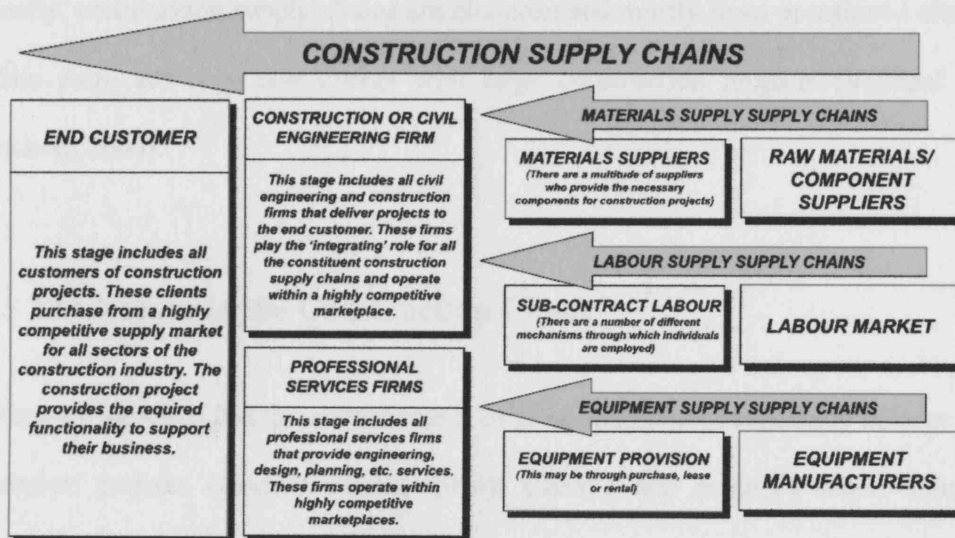
Figure 2: A typical SC system within the construction industry (Source: Cox and Ireland, 2002).

Within the construction supply chains several intrinsic features may lie. First, *high adversarialism* characterises the relationships among the supply chain actors due to the conflicting nature of demand and supply that resulted in the emergence and development of complicated structures of power in the materials, labour, equipment and professional services marketplaces (Bresnen and Marshall, 2000). Second,

fragmentation stemming from the diverse supply market from which clients may source results to a high degree of subcontracting within the industry. The use of subcontracting within the industry is further increasing the problems associated with adversarialism as there can be multiple parties in the supply chain who will attempt to earn margins to the detriment of other firms (Gann, 1996). Moreover, a significant *range of sourcing possibilities* for clients exists due to the considerable technological advances regarding construction products and services (Cox and Ireland, 2002). Finally, construction supply chains are characterised mostly from occasioned clients, while there are only few clients with large construction projects (Vrijhoef and Koskela, 2000).

2.3 The Nature of the Construction Client

Literature indicates that the clients' role is of great significance especially in large and complex projects (Kometa et al., 1994). Client's and project's team common understanding of the project's objectives and, generally, client's integration into the project's organisational structure can sometimes prove to be a highly demanding and complicated procedure (Rodrigues and Williams, 1998). Assuming the corporate client as the one of greater interest, the primary and probably the most important parameter that should be considered at the front-end of the project, is that of the corporate client's business strategy (Morris, 2002).

In the CI environment, client's satisfaction plays a fundamental role in determining the perceived success of a project (Chan and Tang, 2001). Identifying and satisfying

the needs of clients is critical for the existence and competitiveness of the global construction industry. Client satisfaction adds value to the organisation from a number of perspectives, such as the creation of sustainable client loyalty to the firm, repeat purchase, increased market share, profitability levels and so on (Cheng et al., 2006). On the other hand, client dissatisfaction leads to undesirable consequences such as: negative word-of-mouth, complaints, reduction of market share and profitability levels and possible divestment from the industry (Mbachu and Nkado, 2006). Previous research findings have suggested that it is five times more expensive to develop a new construction client than to maintain an existing one and companies could increase their profits by almost 100 per cent by retaining just 5 per cent more of their clients (BSRIA, 2003). Client satisfaction is therefore a fundamental issue for construction participants who must constantly seek to improve their performance if they are to survive in the global marketplace.

The importance of clients has been emphasised in Sir John Egan's Report (DETR, 1998); clients require better value from their projects, while construction companies require reasonable profits to assure their long-term future. Egan steps forward by stressing that the drive for change must come from *major clients*. However, he also states that occasional clients are also of great concern in order to see significant performance improvements across the whole industry. This is because much new construction and repair and maintenance work is done for occasional and inexperienced clients, many of whom commission major projects, and are often unfamiliar with the construction process and, thus, unable to provide the environment in which the industry can meet their needs efficiently.

Regarding the client's demand, the bulk of client demand in construction is ad-hoc, irregular and non-standard, leading to short-term, adversarial and opportunistic relationships with the contractors (Cox and Ireland, 2002). However, there are clients with an ongoing demand that source construction in a relatively regular manner. This regularity of process spent may lead to a construction programme that involves (Ireland, 2004):

- Either projects that are similar because of a standardised design and specification and are undertaken in a consecutive or overlapping manner or

- Projects that have distinct design and specifications but still form part of an ongoing construction programme for a client or client type.

Clients with regular or serial and standardised demand, such as oil and gas companies, financial institutions, the rail industry and major manufacturing and *retail* companies, may be involved to collaborative relationships (Cox et al. 2006). Given this distinction, it is clear that the appropriate management of construction spent, hence buyer and supplier relationships, may vary according to the nature and the frequency of the demand and supply variables that have to be managed (Ireland, 2004).

2.4 Recent Thinking in Managing Construction Supply Chains

Various philosophies have been implemented in order to address the problems encountered in managing the construction supply chains. These approaches mainly focus on shifting from the traditional adversarial relationships towards associations

based on collaboration and trust. The motivation links back to the famous Latham (1994) and Egan (DETR, 1998) reports that both underline the deep concern that the construction industry is under-achieving, both in terms of meeting its own needs and those of its clients.

These reports have consistently emphasised that construction industry suffers mainly from the fragmentation of the supply market and the adversarial attitudes of players. In view of this, Egan Report (DETR, 1998) suggests that construction industry should focus on innovation and, stepping on Latham (1994), first proposes *partnering* and *long-term relationships* between the actors as a viable alternative to industry's innovation. In brief, partnering involves two or more organisations working together to improve performance through agreeing *mutual objectives*, devising a way for resolving any disputes and committing themselves to *continuous improvement*, measuring progress and sharing the gains (Barlow et al., 1997).

Partnering and long-term relationships have been previously adopted in other industries such as manufacturing and retail trade (Akintoye et al., 2000). Among the lessons learnt is that the essential factor is the creation of long-term relationships or alliances thought the supply chain on the basis of *mutual interest*. Moreover, experience has shown that the long-term satisfactory partnering arrangements generate greater continuity in workload. The most immediately accessible savings from alliances stem from the reduced requirements for tendering. It is to note that in the framework of partnering and relational approach to managing supply chains, Sir

Egan stresses the role of *major clients* as critical in achieving the desired construction industry innovation (DETR, 1998).

The outcomes of the influential reports of Latham and Egan open a wide discussion on the sourcing options of clients to manage supply chains in construction industry. A prominent example is the *Integrated Supply Chain Management* (ISCM) often referred to as *lean thinking* (Hines, 1994, Womack and Jones, 1996). Lean production was developed by Toyota Engineer Ohno. The term "lean" aims at reflecting both the waste reduction nature of the Toyota production system and to contrast it with craft and mass forms of production (Womack et al., 1990). Lean thinking presents a powerful and coherent synthesis of the most effective techniques for eliminating waste and delivering significant sustained improvements in efficiency and quality (DETR, 1998). Its primary major distinguishing feature is that it is more focused on the creation of jointly developed innovations in supply that are mainly driven by the assembly company, and focused on waste eradication, cost minimisation and operational efficiency maximisation.

The starting point to lean thinking is to recognise that only a small fraction of the total time and effort in any organisation actually adds value for the end customer. It is widely acknowledged that the construction supply chain has a large quantity of waste that is detrimental to all parties within the industry (Vrijhoef and Koskela, 2000). As such, instead of managing the workload through successive departments, processes are reorganised so that the product design flows through all the value adding steps without interruption, using the toolbox of lean techniques to successively remove the

obstacle to flow. Activities across each firm are synchronised by pulling the product or design from upstream steps just when required in time to meet the demand from the end customer (Howell, 1999).

Another significant partnering approach is the Building Down Barriers (BDB) approach as a learning mechanism for establishing the working principles of supply chain integration in construction, as described by Holti et al. (2000). BDB approach replaces short-term single project relationships with long-term, multiple project relationships based on trust and co-operation. According to BDB approach, any price is made up of underlying costs and margins as shown in Figure 3. With supply chain integration it is possible to shift effort into attacking underlying costs whilst protecting margins. Reasonable profits and overhead recovery levels can be negotiated between the clients and prime contractor and then at all points up the supply chain, on the basis that all will use their capabilities to "take cost out" in order to achieve competitive prices.
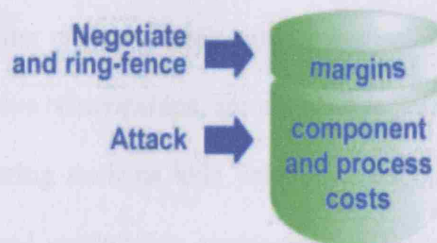
Figure 3: BDB focus on improving both value and margins (Source: Holti et al., 2000).

Amongst the underlying principles that have emerged from the experience of the BDB pilot projects is to manage cost collaboratively during the design development (Holti

et al., 2000). This approach is called target costing, and has been used to great effect in many areas of manufacturing. Costs are to be managed before they are incurred, so that margins can be protected, providing the security to look at underlying costs.

2.4.1 A critical view of the relational approach in construction

The *long-term relationships* perspective as formulated by various researchers (Gummesson, 1997; Hines, 1994; Barlow et al., 1997; Vrijhoef and Koskela, 2000; Smyth, 2005) encourages the value of partnering or partnering sourcing and, essentially, argues that the most appropriate way for buyers and suppliers to work together operationally and commercially in any exchange relationship is to develop close and highly trusting and transparent collaborative relationships, in which both sides seek to increase "the size of the pie" that may be created and then share it relatively equally (Cox et al., 2006).

However, the underlying demand and supply structures that exist in construction, as opposed to manufacturing industry, while not always unfavorable to the development of long-term collaborative relationships, are not always conducive for them. Literature emphasises that partnering such as lean principles only work successfully in *high volume, low variety and predictable environments* (Barlow, 1998; Cusumano and Nobeoka, 1998; Naim et al., 1999). Moreover Cox et al. (2006) emphasise that in the case of CI when demand is *ad-hoc,* irregular or infrequent, and design requirements are non-standard, and the client is unlikely to return to the market in the future, buyers and suppliers can be expected to pursue their own short-term self-interests by playing

the market for what it will bear. The above suggests that the *sourcing circumstances* play a significant role in determining the type and the context of the relationship that should be pursued (Cox et al., 2000).

2.5 The Power and Leverage Perspective

Taking an analytic view on the long-term relationships approach to managing construction supply chain, literature has indicated that the supply chain concept in construction has both a *strategic* and an *operational* importance (Cox, 1999). The strategic approach to managing supply chains roots from the Porter's five forces model of competition that consists of those forces close to a company that affect its ability to serve its customers and make a profit. The model identifies the *relative bargaining power of suppliers and buyers* amongst the five types of competitive pressure within a sector. Figure 4 depicts Porter's five forces model; the actors are *interchangeably interacting* in order to acquire competitive advantage.
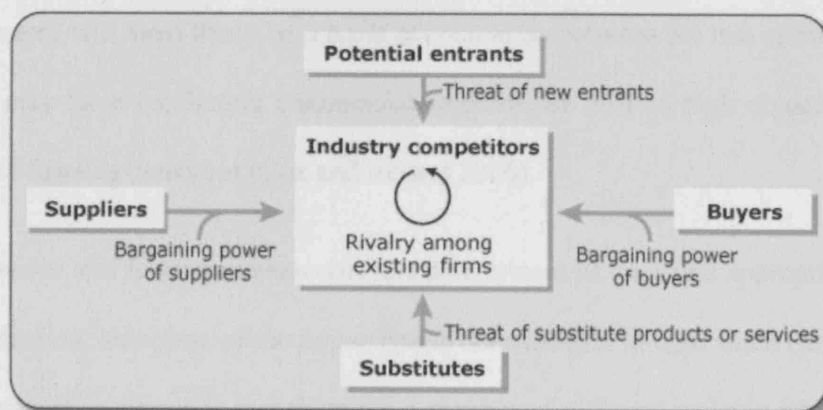
Figure 4: Porter's five forces model (Source: Porter, 1980).

In the strategic thinking, when companies decide to become involved in any supply chain they have to make decisions on the manner they will control and manage the primary supply chain itself. The manner companies make these decisions, as well as the resources that a company needs to retain internally, and which are those that a company can safely outsource to others through external contracts are the critical questions (Cox, 1999).

Consequently, the power structures play an utter role to the appropriate management of the supply chains both strategically and operationally. An approach to accomplish the previous is the *power and leverage perspective* on relationship and performance management. Founded on the economic theory about *market imperfection*, in sociology about *resource dependency* and in business management about *asymmetric resource endowments* the power and leverage perspective implies that business relationships between buyers and suppliers are *essentially contested* (Cox et al., 2006). This means that, even if all circumstances lead clients and suppliers to engage in long-term and highly collaborative operational relationships, the commercial performance will most likely be *a basis of contention* between the two parties, as both parties may have conflicting commercial interests, as well as high objectiveness in ideal and feasible outcomes (Cox and Ireland 2006).

In the *power and leverage perspective* the determinant of the value appropriated must be a *reflection, therefore, of the power resources* available to both when they interact. This perspective contends that there are a number of different ways in which buyers and suppliers can interact and these operational ways of working may be *more or less*

commercially appropriate for either party under different circumstances (Cox et al., 2006).

According to the **power and leverage approach** to managing supply chains in construction, buyers and suppliers must select from among a range of sourcing options and implement them keeping in mind *three essential points of consideration* (Cox et al., 2006):

1. The specification of the sourcing approaches available

2. The understanding of the power and leverage environments within which relationships must be managed

3. The understanding of the relationship management styles that can be used to manage particular sourcing approaches effectively.

2.5.1 Specification of Sourcing options

Cox et al. (2003) propose *4 basic sourcing approaches* available to buyers that link together the level of involvement that buyers and suppliers can have with one another (reactive and arm's-length or proactive and collaborative), as well as the nature and degree of the buyer's involvement in developing the supplier and the supplier's suppliers own competencies (at the first-tier or throughout the supply chain(s) as a whole). Figure 5 demonstrates the 4 basic sourcing options of the power and leverage perspective (Cox et al., 2003). A brief description of these basic sourcing approaches follows.

		First-tier	Supply chain
Focus of buyer relationship with the supplier	Proactive	Supplier development	Supply chain management
	Reactive	Supplier selection	Supply chain sourcing

First-tier   Supply chain

Level of work scope with supplier and supply chain

Figure 5: The sourcing options matrix (Source: Cox et al., 2003)

2.5.1.1 Supplier Selection

The buyer operates in a commercially opportunistic, but operationally reactive (arm's-length) mode with suppliers. Buyers transfer basic product or service specification, volume and timing information to suppliers, while allowing the suppliers to develop their own operational and commercial competencies without significant buyer involvement in the process of supply innovation. In this way of working great emphasis will normally be placed by both the buyer and the supplier on comprehensive clause contracting, with terms and conditions rigorously described and enforced pre- and post- contractually (Cox et al., 2006).

2.5.1.2 Supply Chain Sourcing

The reactive way of working can be extended by the buyer beyond the first-tier relationship with the supplier into the extended network of buyer and supplier

relationships within the myriad of supply chains that service the end customer or client. The approach adopted by the buyer is the same as under supplier selection but it involves the buyer in much more extensive transaction costs. In the construction environment this approach would normally not be used by an occasional or one-off client. This is because supply chain sourcing involves extensive search and negotiation costs throughout the supply chain, and these transaction costs (investments) would not make sense for a buyer that is not returning to the market on a fairly regular basis (Cox et al., 2006). For these reasons supply chain sourcing is normally only ever adopted by construction buyers that have a continuous requirement for supply inputs, and either lack the internal competence to develop their suppliers or their supply chain, or face severe risks of post-contractual lock-in and moral hazard if they create long-term collaborative relationships with suppliers (Cox et al., 2004a).

2.5.1.3 Supplier Development

In this sourcing option the buyer and supplier jointly make dedicated investments in the relationship, create technical bonds, develop cultural norms to guide the way they work together and also make relationship-specific adaptations in order to create new products and service offerings. In this approach the performance improvement that occurs is normally higher than would have been the case if market contestation had been utilised by the buyer and in the absence of the joint long-term working relationship. The general applicability of such sourcing option in the construction industry is questioned as it requires both a regular and continuous demand and

sufficient volume of work to overcome the supplier's natural reserve to provide transparency over its operational and commercial ways of working and to make the necessary dedicated investments and relationship-specific adaptations (Cox et al., 2006).

2.5.1.4 Supply Chain Management

Supply chain management is a sourcing technique that involves the buyer undertaking proactive supplier development work, not only at the first-tier of the supply chain, but also at all stages in the supply chain from first-tier through to raw materials supply (Harland, 1996). Supply chain management must be the most advantageous proposition for a buyer at the end of the supply chain if it is possible for the buyers and the suppliers in a supply chain network to develop proactive long-term collaborative relationships, and if these relationships can be directed towards constant innovation in functionality and cost (Cox et al., 2006).

Research in construction and a wide number of other industries shows that very few companies may be in a position to be able to undertake supply chain management in practice (Cox et al., 2004b; Ireland, 2004). This is due to the fact that the supply chain management is the most *resource intensive* sourcing approach for both buyers and suppliers in the chain, as it involves not only transactions costs for the buyer associated with search, selection and negotiation, as well as those costs linked to the creation of dedicated investments and relationship-specific adaptations for supplier development work (Cox et al., 2006).

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2.5.2 Relationships types and power regimes

Cox et al. (2000) have developed a methodological framework for analysing the power and leverage situation of both buyers and suppliers known as **power regime analysis** that engage a strategic source planning approach that, first, maps the operational supply chain (with all of its relevant tiers) for the product and/or service being sourced and, second, analyses the commercial relationships in the supply chain to understand the gross and net profit margins being earned by the actors at each tier and for each dyadic relationship.

The development of a comprehensive understanding of the power and leverage situation within a supply chain power regime is provided by the buyer and supplier **power matrix** that is depicted in Figure 6.

	BUYER DOMINANCE	INTER-DEPENDENCE
HIGH	(>)	(=)
BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER	INDEPENDENCE	SUPPLIER DOMINANCE
LOW	(0)	(<)

LOW   HIGH
SUPPLIER POWER ATTRIBUTES
RELATIVE TO BUYER

Figure 6: The power matrix (Source: Cox et al., 2000).

The matrix is constructed based on the idea that all buyer and supplier relationships are predicated on the relative utility and the relative scarcity of the resources between the two parties (Cox et al., 2002). The power circumstances in which buyers and suppliers find themselves can be defined either as *buyer dominance, interdependence, independence* and *supplier dominance*. Within the *buyer dominance quadrant* the buyer has relative power over the supplier that provides the basis for the buyer to leverage the supplier's performance on quality and/or cost improvement and ensure that the supplier receives only normal returns while within the *supplier dominance quadrant* the supplier possesses many of the isolating mechanisms that close market to competitors and many of the barriers to market entry that allow above normal returns to be sustained. Both buyer and supplier in the *interdependence quadrant* have significant leverage opportunities over the other and must accept the prevailing price and quality levels while no relative power imbalance occurs between the players in the *independence quadrant* because neither party possesses key supply chain resources (Cox et al. 2006).

To position themselves in the matrix practitioners have to understand the key questions that must be answered in order to understand the power and leverage position of buyer and supplier. A list of these key questions is provided below (Cox and Ireland, 2002):

- The balance between the number of buyers and suppliers
- The salience of the buyer expenditure to the supplier
- The number of alternative purchasers available to the supplier

- The extent of buyer and supplier switching costs

- The extent to which the product/service is commoditised or standardised

- The level of buyer search cost

- The level of information asymmetry advantage that one party has over the other

Whichever power and leverage situations buyers and suppliers find themselves in, all business relationships have to be managed with 'appropriate' relationship management styles if they are to be effective (Cox et al., 2006). This means that there must be a correlation between particular ways of working between buyers and suppliers and successful performance outcomes. Successful performance outcomes for buyers and suppliers must imply that there is an *alignment between the goals and aspirations of the buyer and those of the supplier* that makes a relationship successful for both parties to an exchange (Cox et al., 2004a). The basic theoretical choices are outlined in Figure 7.

Figure 7 demonstrates that when a buyer and supplier interact there are at least 2 fundamental aspects to the relationship. The first is the *way of working*, which refers to the level of operational linkage between the two parties. Operationally, buyers and suppliers can choose to make few dedicated investments in their relationship and operate on a fairly short-term contractual basis. This *arm's-length way of working* involves the buyer providing only basic specification, volume and timing information to the supplier, with the supplier providing the buyer with limited specification, timing and pricing information. There is also an alternative way of working known as

collaboration. Under a collaborative relationship approach the buyer and supplier make extensive dedicated investments in the relationship (Cox et al., 2006).

INEQUALITY	**ADVERSARIAL ARM'S LENGTH RELATIONSHIP**	**ADVERSARIAL COLLABORATIVE RELATIONSHIP**
RELATIVE SHARE OF VALUE APPROPRIATION		
EQUALITY	**NON-ADVERSARIAL ARM'S LENGTH RELATIONSHIP**	**NON-ADVERSARIAL COLLABORATIVE RELATIONSHIP**
	ARM'S LENGTH	**COLLABORATIVE**

WAY OF WORKING
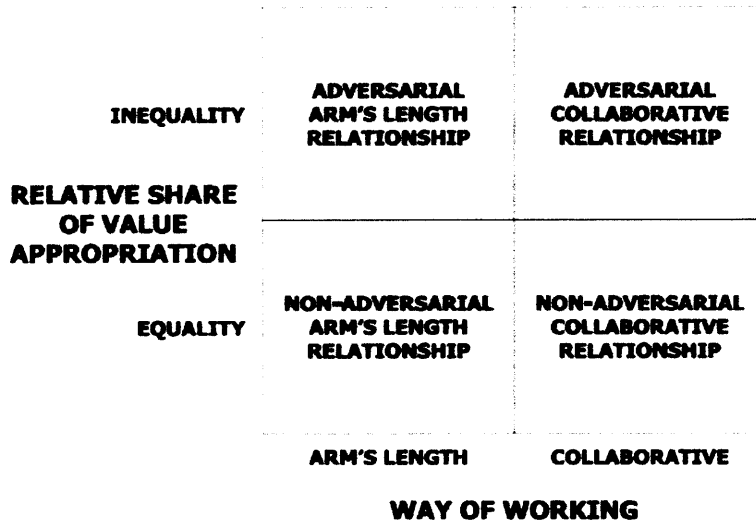
Figure 7: Relationship Portfolio analysis (Cox, 2001).

The second aspect of a relationship is the *commercial intent of the two parties* when they enter into a transaction. If the buyer or supplier is primarily interested in maximising its share of value from the relationship at the expense of the other side, this is referred to as *adversarial value appropriation.* If, on the other hand, the intention of the buyer or supplier is to provide open and transparent commercial information about profit margins and the costs of operations, such that any improvements can be shared relatively equally, then this is referred to as *non-adversarial value appropriation* (Cox et al., 2006).

By bringing these two aspects together it is clear that there are *4 basic relationship management styles* that buyers and suppliers can choose from in order to manage relationships. These relationship management styles are described by Cox et al. (2006):

i. *Adversarial arm's-length,* where the exchange partner seeks to maximise the commercial share of value but usually uses short-term market-testing

ii. *Non-adversarial arm's-length,* where the exchange partner pays the current market price without resource to aggressive bargaining, but tests the market actively

iii. *Adversarial collaboration,* where the exchange partner provides extensive operational linkages and relationship-specific adaptations, but seeks to maximise the appropriation of commercial value

iv. *Non-adversarial collaboration,* where the exchange partners operate in a transparent operational manner with long-term relationship commitments and share any resulting commercial value

2.5.3 Feasibility of relationships and performance outcomes

Another important consideration for buyers and suppliers is, given the power and leverage circumstances, to understand which of the relationships management approaches will lead them to the optimum performance outcome. Performance outcomes for buyers and suppliers can be (Cox et al., 2006):

- *Ideal*: both parties understand the appropriateness of the relationship option but also how to implement it effectively to achieve the ideal win outcome.

- *Optimal*: both parties understand the appropriateness but can only achieve a partial win outcome due to non-conductive power and leverage circumstances.

- *Sub-optimal*: both parties understand the appropriateness but may accept a lose outcome due to power and leverage circumstances leaving no other alternatives.

The 'ideal' performance outcome for a buyer is to *achieve increased functionality* and *reduced total costs of ownership*. For the buyer to receive this requires, however, that the supplier does not achieve its 'ideal' performance outcome. For the supplier this is constantly increasing share of the revenue available from the customer, with the ability to increase prices so that above normal returns are earned for any given level of functionality provided.

The concept of mutuality in buyer-supplier relationships is significant. *Mutuality* implies that the outcome is a *nonzero-sum* (Cox, 2004). This means that it can accommodate performance outcomes that involve win-partial win, partial win-partial win and partial win-win. In these mutuality outcomes, except in the case of partial win-partial win, one party clearly captures far more value than the other, *ensuring that tension and conflict remain* in the exchange relationship. The above are outlined in Figure 8.
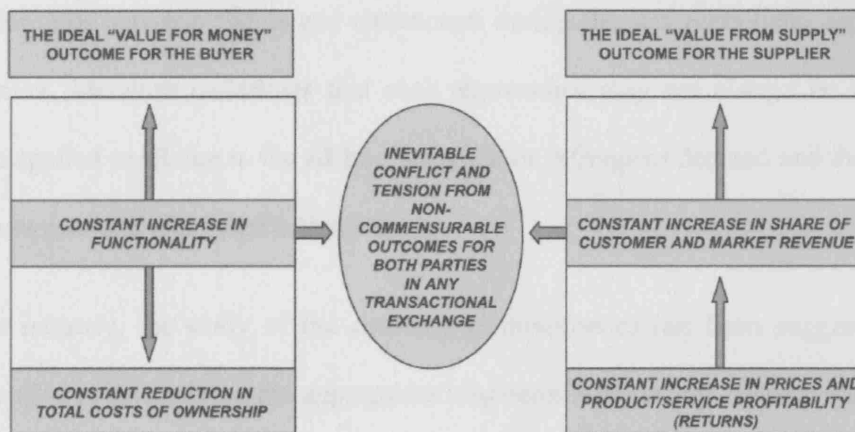
Figure 8: The conflict and tension in buyer-supplier transactional exchange (Source: Cox, 2004).

Given this conflict of objective commercial interests in transactions, it is clear that a win-win (ideal mutuality) in which both parties simultaneously achieve their ideal performance outcomes is not feasible. Despite this, more limited forms of *mutuality* based on *nonzero-sum* outcomes are feasible in buyer and supplier relationships (Cox, 2004).

2.6 Summary

Construction Industry is considered to be governed by complex supply chain structures where clients can interact at the first tier or throughout the supply chain with contractors and the rest of the supply chain actors seeking improved efficiency, effectiveness and value for money. In this framework, the management of such complex and dynamic structures seems of ultimate importance. Managing in the CI has been focused on supply chain waste minimisation through long-term collaborative

relationships between clients and contractors during the last years (lean approaches). However, literature underlines that such approaches may not always be successful when applied to CI due to the ad-hoc, irregular or infrequent demand and the bilateral opportunism that characterise the industry.

Quite recently, the study of the *sourcing circumstances* has been suggested as an alternative to determining the appropriate long-term relationship. Several studies have been conducted using this approach to study the characteristics of long-term relationships between clients and contractors. These approaches examine *power and leverage* situations from the client's side and identify the regularity and frequency demand as the critical parameter. In this view, literature indicates that long-term collaborative relationships are fostered in supply chains that involve major clients. However, no systematic approach in investigating the temporal characteristics of long-term relationships between large retail clients and contractors, as well as the contractor's perception on the above can be traced in literature.

Chapter 3

Research Methodology

3.1 Scope of Study

The present thesis employs a qualitative study on the relationships between three

major retail clients of the Greek construction industry and a specific contractor based

on the conceptual framework of the power and leverage perspective. The study's

initial aim is to reveal the attributes -dynamic or static- of the *dyadic* long-term

relationship at the *first tier* of the construction supply chain that is widely considered

as prerequisite for effective collaboration throughout the supply chain.

3.2 Methodological Approach

Interviews with different actors of the relationships studied from the contractor's side

are conducted. The main reason to adopt this qualitative research method is the

complexity of the specific problem. The study of dyadic long-term relationships is a

multi-parametric problem that is not only governed by economic and measurable

transactional characteristics, but mainly involves strategic and behavioral attributes that cannot be quantified. In this framework, a structured interview may convey the purpose of extracting useful non-measurable information from a specific group of people in order to acquire useful knowledge on the dyadic long-term relationships.

Interviews are conducted based on a questionnaire designed for the specific study. In the design of the specific questionnaire several issues were taken into consideration such as providing clear and easily understood questions in a well–ordered manner so as the respondents are not intimidated or discouraged to respond. The proposed questionnaire encompasses 15 questions of both closed and open questions. In the first type of questions, the respondent is offered a choice of alternative replies to allow better interpretation of the data, while in the second type the expected response is in words to allow discussion to take place. Moreover, several types of questions were avoided such as hypothetical that produce data with questionable value, imprecise questions using terms that may convey different meanings for different respondents, ambiguous questions and so on.

From a structural perspective, the questionnaire can be divided into *three parts*. The *first part* includes questions that characterise the dyadic relationship in an overall manner as well as in terms of specific relationship attributes like trust, transparency, conflict, tension and value sharing. These questions are in closed form in order to provide clear responses and facilitate the analysis to follow. However, the respondent is allowed to comment on the influential characteristics of the relationship in an opened question form; this is done mainly due to the fact that there is most likely

great variability in the perceived influential relational characteristics that cannot be easily incorporated in a simple closed form question. The *second part* includes questions designed to investigate the intrinsic demand and supply structures that determine initially the willingness to enter in a long-term relationship but also the relationship's character. Finally, the *third part* includes questions designed in such a way to reveal the power and leverage perspective in the dyadic relationship. The respondent is given a brief, yet thorough description of the power matrix and the power resources it holds in relation to the buyer's power resources. The description focused on several issues that need to be addressed before a buyer or supplier can locate their own position and that of their current adversaries in the matrix as described in Chapter 2 (see Section 2.5.2) such as the balance between the number of buyers and suppliers, the salience of the buyer's expenditure to the supplier, the number of available alternative purchasers to the supplier, the extent of buyer and supplier switching costs and so on.

The respondent is then asked to place himself on the power matrix over time indicating his position when entering the agreement, his current position and finally the position that represents the ideal situation. If repositioning is observed the respondent is finally asked to give a brief description of the drivers of repositioning.

Summarising, a comprehensive questionnaire is developed in order to extract the temporal characteristics of the long-term relationships between large retail clients and contractors from the contractor's point of view. The following chapters will focus on presenting the different case studies specifications as well as the analysis of the

contractor representatives' responses deriving and combining patterns mainly from

observations of behaviors and interactions observed. The prototype questionnaire can

be found in Appendix A.

Chapter 4

Case Studies

4.1 General

This chapter presents the specifications of three cases of large retail clients of the

Greek CI. Each case refers to one large retailer. The specifications mainly focus on

providing a brief description of the retailers, the companies' needs and the programme

launched by the time they have involved in a long-term relationship with the

contractor. It should be underlined that the case studies take place sequentially as

presented in the following sections. This implies that the specific contractor gains

additive experience from each long-term relationship that may be influential to the

next collaboration. As literature underlines, in the long run, the contractors who have

previously been selected are more knowledgeable in the type of work compared with

outsider contractors (Hillebrandt, 2006).

4.2 Case One: French Hypermarket Chain

This case focuses on the relationship established between Ballian S.A (contractor) and the Greek subsidiary of an international retail group (client). The client is an international hypermarket chain founded in France, with a global network of outlets. Being the second largest retail group in the world in terms of revenue and sales figures, it operates mainly in the European Union and South America but also has outlets in North Africa and Asia. The Greek subsidiary is the biggest retail chain in Greece in terms of both turnover and number of stores. The company was formed in 1999 when the French organisation merged with a Greek supermarket chain. All existing stores were renovated and rebranded leading to a total of 272 stores, as of 2006.

The buyer's demand profile is formed as an on-going programme comprising the construction of approximately 5 hypermarkets, 15 mid-sized supermarkets, as well as the renovation of 25 existing stores in a year's period. The client initiated and adopted an internet-based retail exchange system called GlobalNetXchange (GNX). GNX claims to be a globally integrated retail supply chain network, leveraging the internet to seamlessly connect trading partners across extended retail supply chains. The system supports a range of auctions and complex bid processes and intends to make searching, sourcing and spot purchasing easier (Sparks and Wagner, 2003).

The retailer has widely adopted this exchange system in various procurement areas including construction projects leading the interested suppliers to an internet-based real-time Dutch auction where the participating construction firm is forced to squeeze

its profit margins in order to give the lowest tender price. During this procedure, the client invites a preferred list of construction firms in the auction having already undertaken the design internally so that the brand image can be maintained. This auction takes place in a predetermined time and the participants -in a repeat process- successively place and correct their bids until the client decides who is awarded the lot with the sole criterion of lowest price. Even though there is a large list of standardised, prefabricated elements used during construction, the client chose not to use bills of quantities neither while the tendering procedure nor while checking the contractor's invoices.

4.3 Case Two: Greek Chocolate Industry

This case focuses on the relationship established between Ballian S.A (supplier of the service) and a local chocolate industry. The client is the leading chocolate industry in Greece stating its mission as to offer products of indulgence with the highest quality standards. For over 80 years its brand name has become the generic name for chocolate products in Greece and the wider Balkan market while exporting activities to North American, East and West European and Middle East markets are conducted during the last 25 years.

The firm's mission statement of continuous improvement resulted in a high, continuous and frequent demand for construction projects including new-built as well as major renovation activities of the existing premises. Considering the intrinsic health and safety requirements, especially during the renovation works in existing

buildings, and the contactor's previous experience on similar demanding projects, the firm entered into a long-term agreement with the contractor who became responsible for the widely varied construction programme including the creation of a new, modern line for pre-packed snacks (Pallini, Athens), a considerable investment for a new wafer production line (Arta, Greece), the creation of a new distribution center (Volos, Greece) as well as a new, innovative production line of the firm's subsidiary company in Sofia, Bulgaria. Adding the major renovation works held on a yearly basis during the last 5 years at the firm's main factory in Athens, the total estimated cost of the construction programme is 20mil. €.

4.4 Case Three: American Coffee Company

This case focuses on the relationship established between the same contractor (Ballian S.A) and the local department of a large international coffee company. The client is currently the leading retailer, roaster and brand of specialty coffee in the world, with more than 13,000 retail locations in North America, Latin America, Europe, the Middle East and the Pacific Rim. The specific retailer is represented in Greece by one of the local leading retail, commercial and industrial groups and celebrated the opening of its first store in Greece in September 2002. A vast investment programme planning to open 2,400 stores worldwide in its 2007 fiscal year is under way. As part of this ongoing and rapidly expanding construction programme the local department plans to open 17 stores in 2007 spread all over Greece while the total investment

programme targets approximately 250 stores operating in the local market within the next years.

Entering into the Greek market the retailer has selected to work with various contractors for the first 3 years using lowest tender price as the sole criterion of contractor's selection. Although the local construction market provided a highly competitive environment as there was a multitude of contractors offering similar services, the client recognised the inefficiencies of competitive tendering and decided to adopt a collaborative relationship with two preferred contractors in order to improve flexibility while at the same time implying a significant level of dependency upon the contractors selected.

Chapter 5

Data Analysis

5.1 General

The present chapter focuses on the analysis of the long-term relationships established between the retail client and a specific contractor of the Greek CI. For each case study described in Chapter 4, interviews of four different respondents from the contractor's side are conducted to reveal the relationship attributes as perceived from the contractor's side. The next sections will present the analyses of the primary data in terms of the key characteristics of the client-contractor relationship, demand and supply structures that determine initially the willingness to enter in a long-term relationship but also the relationship's character and, finally, the power and leverage regimes of the binding relationship as described in Chapter 2. The questionnaires with the participants' responses can be found in Appendix B.

5.2 Case One: French Hypermarket Chain

5.2.1 Overall relationship performance

The interview responses lead to several interesting remarks on the manner the contractor perceives its long-term relationship with the client. First of all, in this case the relationship is characterised as *overall unsatisfactory* by all the respondents. Moreover, respondents describe the relationship as *conflictual* and *tensed* and the client's behavior as *highly opportunistic*. This was mainly attributed to the late payments and "clear of claims" scheme used by the client. The internet based exchange system used was also widely criticised. It is also to note that, during the relationship, issues regarding different perceptions about *value for money* arose as the retailer benefited from the reduction of construction times and costs and early store openings leading to an increase in sale revenues, yet with significant quality compromises and unequally shared value appropriated as widely stated by the respondents.

5.2.2 Demand and Supply Structure and Characteristics

A client's ability to control any construction firm is dependent on its capacity to obtain the key power resources within the relationship, and at the same time effectively monitor the scope for opportunism. The power resources of the client in relation to the construction firm are determined by a number of *key demand and supply characteristics* (Ireland, 2004). The first key power resource in the relationship

relates to the *relative volume of the business to the supplier*. Construction projects are typically of high value and very important for the long-term success of the client and construction firm. The second potential power resource involves the *frequency of the exchange* or else stated in literature the *regularity of demand* (Ireland, 2004).

In the case under discussion the expenditure accounted for a relatively large share of the contractor's turnover for a period of 5 years (2000-2005), and the contractor can be thought as an experienced actor regarding the specific dyadic relationship. The overall retailer's position comparing to the one of the contractor can be described as relatively strong. The respondents recognised the client's *regularity of demand* as a critical factor in the decision to get involved. Moreover, the client had a vast construction programme and this regularity of demand was one of the critical factors that characterised the relationship. The *relative simplicity* of the construction projects was stated by the respondents as another element that determined the level of relative power.

As the transaction involved a low level of complexity because of standardisation and prefabrication, the *major determinant* of the client's relative power was the *frequency* with which the parties transacted. The ability to guarantee a regular workload comprising a large percentage of the contractor's annual turnover appears as an incentive for a medium-sized construction firm to squeeze its profits as the relationship's payout.

5.2.3 Power and Leverage Regime

All respondents described the dyadic power structure as that of **buyer dominance** in

the power matrix. This position is fairly typical when the relationship is characterised

by a multitude of potential suppliers, such as in the case of the French retailer (case

1), who are differentiated primarily on the basis of price, due to the GNX system, and

are unable to close the market to new entrants and a limited number of competent

buyers with "attractive" demand characteristics, low buyer switching costs, very low

buyer search costs and low levels of product or transaction complexity (Ireland,

2004).

The adopted sourcing option was that of supplier selection, mainly attributed to the

internet-based exchange system described above. What is most interesting about the

specific power regime is the fact that the buyer was described as *"unlimitedly"*

dominant with responses mentioning *power abuse* from the client. The client's strong

position enabled him to control the contractor and eliminate scope for opportunism

with appropriate isolating mechanisms. At the same time, the client's behavior was

described by respondents as *highly opportunistic* and *adversarial*. In view of an

adversarial arm's-length management style adoption, respondents did not recognise

any power repositioning, as been unable to improve their position on the matrix

during the relationship. Respondents mainly attributed this to the lack of contractor's

experience on long-term relationships under similar circumstances, to the need to

maintain at all cost a relationship that would probably pay off in the future and finally

to the client's opportunistic behavior. Nevertheless, the contractor indicated the ideal

position to operate in at the power matrix as that of **buyer/supplier interdependence.**

5.3 Case Two: Greek chocolate industry

5.3.1 Overall relationship performance

Respondents describe the relationship with the specific retail client as *collaborative, transparent, convergent, calm* and as the *most satisfactory* between the cases under research. Moreover, it is also underlined that *client's satisfaction* was stated as the most important target for the contractor while the acquisition of *technical know-how* aligning to the Hazard Analysis and Critical Control Points (HCCP) systematic and preventive food safety approach required by the client, was an *isolating mechanism* that the firm developed as an answer to the inherently fragmented and competitive market. Finally, respondents stressed that the specific relationship operated on the basis of *mutual trust* as strict and formal contractual arrangements were misplaced in favour of a more *transparent* approach.

5.3.2 Demand and Supply structure and characteristics

Regarding the relative volume of the business to the contractor, it should be noted that, in the specific case, the client's annual expenditure accounted for a relatively small share of the contractor's annual turnover, leading the client to operate under a relatively weaker position than if a smaller contractor had been selected.

The second potential power resource involves the frequency of the exchange. The client had a continuous but diverse construction programme including renovation and maintenance works held every year. Even though the client's regularity of

construction *demand is not as large and stable* as in the French retailer's case the contractor stated that this relationship as *far more satisfactory*.

Investigating the *supply-side* of such a relationship, it should be noted that Ireland (2004) proposes that a critical power resource for a construction firm relates to the *scarcity* and *utility* of the transaction; the majority of construction firms operate within highly competitive markets and are unable to close the market to competition through the use of *isolating mechanisms* to create a high degree of supplier scarcity. However, in this case, the contractor succeeded the above by putting forward a *tailored offering* ensuring primarily to meet the strict food safety requirements during new-built projects, as well as during renovation works.

5.3.3 Power and Leverage Regime

All respondents described the dyadic power structure as that of **buyer-supplier interdependence** in the power matrix. The client offered a *stable and frequent demand* for construction and the contractor *tailored the provided services* in a difficult to be imitated way that allowed both actors to operate collaboratively in an interdependence power regime. Both buyer and supplier in such power circumstances have significant leverage opportunities over the other and must accept the prevailing price and quality levels. Thus, this supplier development sourcing approach led to the development of a *non-adversarial collaboration* management style as both parties made dedicated investments in the relationship. Respondents' answers indicated that a **buyer dominance** power structure existed at the time of entering the agreement

mainly attributed to the client's regular demand for construction works; a power

regime that *gradually changed* placing the firms in the **interdependence quadrant**.

Finally, even though the current relationship with the client was described by the

respondents as the most satisfactory, some of them proposed the **supplier dominance**

quadrant as the ideal position on the power matrix to operate in, while at the same

time expressed their concerns about threats from possible competitors in case the

client's management style changes in the future, imposing a *continuous dynamic move*

around the power matrix quadrants.

5.4 Case Three: American Coffee Company

5.4.1 Overall relationship performance

The respondents described the overall performance of the long-term relationship with

the specific client as *quite satisfactory*. *Trust* and *transparency* were imposed as

critical values and the relationship was *rather convergent and calm* than conflictual

and tensed. More particularly, respondents suggested that the acquired experience

played a significant role in gaining a competitive advantage and led to the

establishment of a *purely collaborative relationship* with the client. The client was

kept satisfied not only because the contractor provided tailored services (as in the case

of the chocolate industry), but mainly because the contractor provided *extra*

advantages, for example earlier than expected stores openings due to *efficient*

resource handling as suggested by the respondents.

5.4.2 Demand and Supply structure and characteristics

Investigating the relative volume of the business to the supplier in this relationship expressed as a percentage of the contractor's annual turnover, it can be concluded that the retailer operated in a *relatively strong position*. Moreover, regarding the frequency of the exchange, the client run a continuous construction programme including new-built as well as renovation works held in an ongoing basis placing the firm as a major client in the local construction industry. Construction projects involved a low level of complexity because of standardised design details and prefabricated elements; still there were cases that complexity during construction occurred due to unpredictable factors, such as archaeological interferences.

Moreover, although in the specific case the relative volume of the business to the supplier is greater than in the chocolate industry case study, placing the client in a more beneficial position than the contractor, the last managed to improve its performance by *efficient resource handling*; respondents stated that in the specific case, they had the opportunity to see stores' construction holistically and not as one-off sequential projects giving them the ability to better allocate resources and be more flexible and efficient.

5.4.3 Power and Leverage Regimes

Respondents, when asked about the power and leverage regime at the present time, classified this dyadic relationship as **buyer-supplier interdependence**. It is remarkable to note that the power regime of this dyadic relationship was considered at

its beginning as that of **buyer dominance** recognising the certainty and regularity of workload provided by the retailer as the determinant characteristic of this relationship. The observed repositioning was mainly attributed to the knowledge and technical know-how acquired by the contractor during the relationship. In the specific relationship the supplier development sourcing option led to the development of adversarial collaboration between the actors where the exchange partners provided extensive operational linkages and relationship-specific adaptations, but, as opposed to the previous case study sought to maximise the appropriation of commercial value

Moreover, respondents underlined that although been satisfied with **buyer-supplier interdependence** as the current power structure, they believed that their ideal position on the power matrix was the one of **supplier dominance**. This is because the *technical expertise acquired* is believed to work as an *isolating mechanism* in the future and discourage competition over time.

Chapter 6

Conclusions

6.1 Scope of the Study

Construction Industry has proven to be of ultimate importance due to its inherent

relation to the viability of socio-economic organisations. A supplementary significant

reason is its complex structure and functional nature. The manner this structure

operates and is managed has attracted the interest of both academics and practitioners;

the type of clients (occasional, frequent, major etc), the type of projects (one-off,

repeat etc), the interaction of clients with the various actors in the structure of the

industry, the complexity of many contracts, the regularity and frequency of demand, a

greater appreciation of the need to improve competition and innovation reveal that

wider issues need to be taken into account when managing within the construction

industry in seeking improved efficiency, effectiveness and value for money/value

from supply.

Recent thinking in managing construction has focused on the lean approaches that put

emphasis on the waste minimisation throughout the supply chain achieved mainly via

the establishment of long-term collaborative relationships between the clients and the suppliers. However, quite recently this approach has been argued to lack comprehensiveness; especially in the field of construction that demand is ad-hoc, irregular or infrequent, design requirements are non-standard and the client is unlikely to return to the market in the future, buyers and suppliers can be expected to pursue their own short-term self-interests. Additionally, literature underlines the need to assess the *sourcing circumstances* and *options* available to the actors in determining the type and the context of the relationship that should be pursued.

Following this, a novel approach to managing construction projects that has been based on the concepts of *power* and *leverage* is presented. This approach assumes that the commercial outcome of long-term relationships between client and contractors is most likely be *a basis of contention* between the two parties - as both parties may have conflicting commercial interests, as well as high objectiveness in ideal and feasible outcomes- and focuses on three considerations; first, the specifications of the available sourcing approaches must be determined. Second, all parties in a relationship should be able to understand the power and leverage situation they are involved in. Finally, the third consideration has to do with the management style that should be adopted in order to manage the sourcing approach selected. The power and leverage approach delivers a *framework for analysing the relationships*, as well as the anticipated performance outcome for clients and suppliers under both an operational and a strategic level.

The present thesis focused on investigating the overall manner of *dyadic* long-term relationships established *at the first tier of the supply chain* between a specific contractor and Greek retail companies and evaluating the applicability of the power and leverage framework to them. Different types of long-term relationships were assessed through specific cases studies encompassing certain attributes; first, they take place sequentially giving the opportunity to assess the temporal manner experience influences the appropriateness of long-term relationships established. Second they refer to high volume and regularity dyadic relationships that theoretically favour collaboration. Third, the long-term relationships studied are of similar regularity of demand, as well as of comparable volume.

6.2 Basic Analysis Results

The essential outcome of the analysis is that long-term relationships between different retailers and a specific contractor are governed by *complex dyadic dynamics.* Although regularity and high volume of demand has been considered as the *prerequisite of the success* of long-term collaborations between large clients and contractors at the first tier of the supply chain the present thesis provides evidence that the above argument is *not a sufficient condition* for successive collaboration. For example, retailers with medium demand for construction have succeeded effective collaborative relationships, mainly based on mutual trust and transparency (Case Study 2), whereas very powerful retails clients with a vast on-going programme have failed to accomplish the same (Case Study 1). In this case study *morale issues* like

trust and *ethics* significantly affected the performance of the long-term relationship leading to assume that even in cases with high frequency and volume of exchange, *adversarialism, power abuse, lack of trust and lack of transparency* may lie.

In such conditions, the sourcing options observed were those of *supplier development* (Cases 2 and 3) and *supplier selection* (Case 1), whereas the management styles adopted varied. In the case of supplier selection (Case 1) an *adversarial arm's-length* managerial approach was implemented with the client seeking to maximise the commercial share of value appropriated even if it dramatically affected the relationship's overall effectiveness. On the other hand, when sourcing was based on the supplier's development, the management style varied from *non-adversarial collaboration* to *adversarial collaboration* where the exchange partners in general provided extensive operational linkages and relationship-specific adaptations. These types of managerial approaches were found to be established on *mutual trust* and *transparency*.

A more thorough look on the above relationships reveals several *intrinsic power structures* between the retailers and the contractor that need to be investigated. More particularly, the long-term relationships were found to significantly diverge from the initial power regime as it evolved over time. For instance, retail clients seem to inherently operate in a *dominant position* at the beginning of the dyadic relationship due to the repeat character of the demand. Interestingly, in later stages of the relationships a *dynamically evolving power game* between the contractor and the client was observed at all cases; on the one hand the client trying to maintain its

dominance, while on the other the contractor attempting to eliminate competition and *improve its power position*. The key driver for the contractor to accomplish improved position at the power matrix was the development of *isolating mechanisms* such as technical expertise that may guarantee prompt quality services and would be difficult to imitate by potential new entrants/competitors. In this dynamic power game, analysis showed that the *optimal position* for an effective collaborative relationship is that of *buyer-supplier interdependence* that, in the cases under research, was accomplished by offering services tailored to the client's requirements and managing out the competition while dyadic collaboration was also fostered by the stability in volume and frequency of demand.

However, results showed that even when the contractor seemed satisfied with a buyer-supplier interdependence power regime, its perception of the ideal position to the power matrix was that of *supplier dominance* and struggled for that. The last is quite important as it motivates a possible bilateral monopoly between inherently powerful repeat clients and powerful contractors that utilise expertise and other knowledge acquired by competing with the rest of the industry to bargain a better power position.

In conclusion, the power and leverage structures that characterise the dyadic long-term relationships between retailers and contractors encompass several attributes that are utterly related to the success of the collaboration and are detached from the criterion of high frequency and regularity of demand.

6.3 Recommendations for Further Research

The present study evaluated the effectiveness of long-term relationships based on the contractor's view. This approach is mainly chosen due to time and document length constraints; thus, further research also including the client's view in detail is recommended in order to assure that the success of the relationship is judged based on the overall satisfaction of both sides involved.

Finally it should be noted that as the present study is limited to the first tier of the construction supply chain it is recommended that further research should be conducted in the future in order to investigate the relationships established throughout the whole supply chain.

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Appendix A

Questionnaire Prototype

This section presents the prototype version of the questionnaire developed to reveal

the attributes of the dyadic relationships between retailer and contractor. The analysis

of the manner the specific questionnaire is structured as well as the scope of each

question is discussed in Chapter 3.

Questionnaire

Date:

Client's Description

Respondent's

Name:

Position:

Phone:

FirmName:

Address:

How would you describe the overall relationship with the client:

- ◯ 1 satisfactory
- ◯ 2
- ◯ 3
- ◯ 4
- ◯ 5 unsatisfactory

How would you describe your relationship with the client :

- ◯ 1 Collaborative
- ◯ 2
- ◯ 3
- ◯ 4
- ◯ 5 Adversarial

How would you describe your relationship with the client in terms trust and transparency?

Trust	*Transparency*
◯ 1 trustworthy	◯ 1 transparent
◯ 2	◯ 2
◯ 3	◯ 3
◯ 4	◯ 4
◯ 5 unreliable	◯ 5 ambiguous

How would you describe your relationship with the client in terms of conflict and tension?

- ◯ 1 convergent and calm
- ◯ 2
- ◯ 3
- ◯ 4
- ◯ 5 conflictual and tensed

How would you describe the way the value appropriated is shared?

- ◯ 1 equal
- ◯ 2
- ◯ 3
- ◯ 4
- ◯ 5 unequal

Brief description of the influential characteristics of the relationship:

How would you characterise the client's demand in terms of...

Volume	Frequency	Regularity
◯ 1 High	◯ 1 High	◯ 1 High
◯ 2	◯ 2	◯ 2
◯ 3	◯ 3	◯ 3
◯ 4	◯ 4	◯ 4
◯ 5 Low	◯ 5 Low	◯ 5 Low

Brief description of the client's construction programme.

Role of the client's demand characteristics in the decision to establish long-term agreement.

◯ 1 Very Important

◯ 2

◯ 3

◯ 4

◯ 5 Insignificant

Characterise firm's previous experience on long-term relationships:

◯ 1 Experienced

◯ 2

◯ 3

◯ 4

◯ 5 Not at all

If experienced, characterise the client versus past experience:

◯ 1 More Satisfactory

◯ 2

◯ 3 The Same

◯ 4

◯ 5 Less satisfactory

How would you describe your position in the power matrix when entering the agreement?

	BUYER DOMINANCE	INTER-DEPENDENCE
HIGH		
BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER	⌐ (>)	⌐ (=)
	INDEPENDENCE	SUPPLIER DOMINANCE
LOW	⌐ (0)	⌐ (<)

LOW   HIGH
SUPPLIER POWER ATTRIBUTES
RELATIVE TO BUYER

How would you describe your current position in the power matrix ?

	BUYER DOMINANCE	INTER-DEPENDENCE
HIGH		
BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER	⌐ (>)	⌐ (=)
	INDEPENDENCE	SUPPLIER DOMINANCE
LOW	⌐ (0)	⌐ (<)

LOW   HIGH
SUPPLIER POWER ATTRIBUTES
RELATIVE TO BUYER

How would you describe your ideal position in the power matrix ?

	BUYER DOMINANCE	INTER-DEPENDENCE
HIGH		
BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER	⌐ (>)	⌐ (=)
	INDEPENDENCE	SUPPLIER DOMINANCE
LOW	⌐ (0)	⌐ (<)

LOW   HIGH
SUPPLIER POWER ATTRIBUTES
RELATIVE TO BUYER
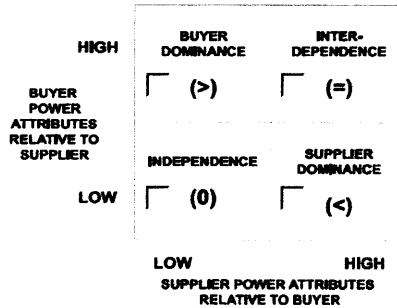
Describe the drivers of repositioning?

Appendix B

Case Studies Questionnaires

The specific section encompasses the answers of the different respondents for each of

the three case studies.

Questionnaire

Respondent's

Name:	**Thanos Ballian**
Position:	**Project Manager/Member of Board**
Phone:	**+30 2109537071**
FirmName:	**Ballian S.A.**
Address:	**Evaggelistrias 104, Athens, 17676 GR**

Date: 3/8/2007

Client's Description

French Hypermarket Chain

How would you describe the overall relationship with the client:

- ○ 1 satisfactory
- ○ 2
- ● 3
- ○ 4
- ○ 5 unsatisfactory

How would you describe your relationship with the client :

- ○ 1 Collaborative
- ○ 2
- ○ 3
- ● 4
- ○ 5 Adversarial

How would you describe your relationship with the client in terms trust and transparency?

Trust	Transparency
○ 1 trustworthy	○ 1 transparent
○ 2	○ 2
● 3	● 3
○ 4	○ 4
○ 5 unreliable	○ 5 ambiguous

How would you describe your relationship with the client in terms of conflict and tension?

- ○ 1 convergent and calm
- ○ 2
- ○ 3
- ● 4
- ○ 5 conflictual and tensed

How would you describe the way the value appropriated is shared?

- ○ 1 equal
- ○ 2
- ○ 3
- ● 4
- ○ 5 unequal

Brief description of the influential characteristics of the relationship:

Impersonal - faceless company without valuing contractors in the sense of quality of provided services. The decision making in choosing main contractor (between 5-6 steady preferred suppliers) is based on the most economic offer leading to an overall adversarial behavior.

How would you characterise the client's demand in terms of...

Volume	Frequency	Regularity
⦿ 1 High	⦿ 1 High	○ 1 High
○ 2	○ 2	⦿ 2
○ 3	○ 3	○ 3
○ 4	○ 4	○ 4
○ 5 Low	○ 5 Low	○ 5 Low

Brief description of the client's construction programme.

Renovation of existing stores and construction of new ones in Greece (approximately opening one new store per month).

Role of the client's demand characteristics in the decision to establish long-term agreement.

⦿ 1 Very Important

○ 2

○ 3

○ 4

○ 5 Insignificant

Characterise firm's previous experience on long-term relationships:

○ 1 Experienced

⦿ 2

○ 3

○ 4

○ 5 Not at all

If experienced, characterise the client versus past experience:

○ 1 More Satisfactory

○ 2

○ 3 The Same

○ 4

⦿ 5 Less satisfactory

How would you describe your position in the power matrix when entering the agreement?

	BUYER DOMINANCE	INTER-DEPENDENCE
HIGH		
BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER	☒ (>)	☐ (=)
	INDEPENDENCE	SUPPLIER DOMINANCE
LOW	☐ (0)	☐ (<)

LOW   HIGH
SUPPLIER POWER ATTRIBUTES RELATIVE TO BUYER

How would you describe your current position in the power matrix ?

	BUYER DOMINANCE	INTER-DEPENDENCE
HIGH		
BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER	☒ (>)	☐ (=)
	INDEPENDENCE	SUPPLIER DOMINANCE
LOW	☐ (0)	☐ (<)

LOW   HIGH
SUPPLIER POWER ATTRIBUTES RELATIVE TO BUYER

How would you describe your ideal position in the power matrix ?

	BUYER DOMINANCE	INTER-DEPENDENCE
HIGH		
BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER	☐ (>)	☒ (=)
	INDEPENDENCE	SUPPLIER DOMINANCE
LOW	☐ (0)	☐ (<)

LOW   HIGH
SUPPLIER POWER ATTRIBUTES RELATIVE TO BUYER
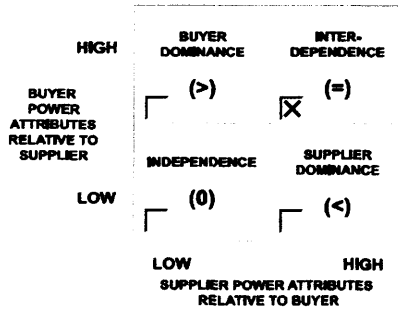
Describe the drivers of repositioning?

Repositioning (taking a better position at the matrix) is the only way for long-term relationship survival.

Questionnaire

Respondent's

Name: **Thanos Ballian**

Position: **Project Manager/Member of Board**

Phone: **+30 2109537071**

FirmName: **Ballian S.A.**

Address: **Evaggelistrias 104, Athens, 17676 GR**

Date: 3/8/2007

Client's Description

Greek chocolate industry

How would you describe the overall relationship with the client:

- ⦿ 1 satisfactory
- ○ 2
- ○ 3
- ○ 4
- ○ 5 unsatisfactory

How would you describe your relationship with the client :

- ⦿ 1 Collaborative
- ○ 2
- ○ 3
- ○ 4
- ○ 5 Adversarial

How would you describe your relationship with the client in terms trust and transparency?

Trust	Transparency
⦿ 1 trustworthy	⦿ 1 transparent
○ 2	○ 2
○ 3	○ 3
○ 4	○ 4
○ 5 unreliable	○ 5 ambiguous

How would you describe your relationship with the client in terms of conflict and tension?

- ⦿ 1 convergent and calm
- ○ 2
- ○ 3
- ○ 4
- ○ 5 conflictual and tensed

How would you describe the way the value appropriated is shared?

- ⦿ 1 equal
- ○ 2
- ○ 3
- ○ 4
- ○ 5 unequal

Brief description of the influential characteristics of the relationship:

A relationship based on trust and respect from both sides. A strong company in the local market ruled by one person. High standards set by the client due to the strict HCCP certification system that should be met.

How would you characterise the client's demand in terms of...

Volume	Frequency	Regularity
◯ 1 High	◯ 1 High	◯ 1 High
◉ 2	◯ 2	◯ 2
◯ 3	◉ 3	◉ 3
◯ 4	◯ 4	◯ 4
◯ 5 Low	◯ 5 Low	◯ 5 Low

Brief description of the client's construction programme.

Maintenance of the establishment (more than 5 factories in Greece) and renovations - new installations. Every summer projects of 1mil. €

Role of the client's demand characteristics in the decision to establish long-term agreement.

◉ 1 Very Important

◯ 2

◯ 3

◯ 4

◯ 5 Insignificant

Characterise firm's previous experience on long-term relationships:

◯ 1 Experienced

◉ 2

◯ 3

◯ 4

◯ 5 Not at all

If experienced, characterise the client versus past experience:

◉ 1 More Satisfactory

◯ 2

◯ 3 The Same

◯ 4

◯ 5 Less satisfactory

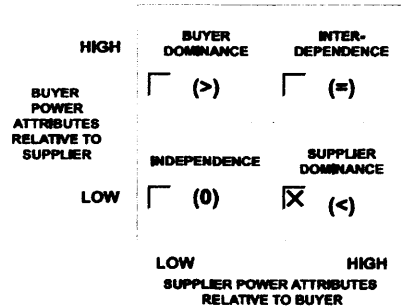**How would you describe your position in the power matrix when entering the agreement?**

	BUYER DOMINANCE	INTER-DEPENDENCE
HIGH	☐ (>)	☒ (=)
BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER	INDEPENDENCE	SUPPLIER DOMINANCE
LOW	☐ (0)	☐ (<)

LOW   HIGH
SUPPLIER POWER ATTRIBUTES RELATIVE TO BUYER

How would you describe your current position in the power matrix ?

	BUYER DOMINANCE	INTER-DEPENDENCE
HIGH	☐ (>)	☒ (=)
BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER	INDEPENDENCE	SUPPLIER DOMINANCE
LOW	☐ (0)	☐ (<)

LOW   HIGH
SUPPLIER POWER ATTRIBUTES RELATIVE TO BUYER

How would you describe your ideal position in the power matrix ?

	BUYER DOMINANCE	INTER-DEPENDENCE
HIGH	☐ (>)	☐ (=)
BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER	INDEPENDENCE	SUPPLIER DOMINANCE
LOW	☐ (0)	☒ (<)

LOW   HIGH
SUPPLIER POWER ATTRIBUTES RELATIVE TO BUYER

Describe the drivers of repositioning?

Operating at the interdependence quadrant provides effectiveness and long-term satisfaction to both sides of the relationship.

Questionnaire

Date: 3/8/2007

Client's Description

American Coffee Company

Respondent's

Name: Thanos Ballian

Position: Project Manager/Member of Board

Phone: +30 2109537071

FirmName: Ballian S.A.

Address: Evaggelistrias 104, Athens, 17676 GR

How would you describe the overall relationship with the client:

- ○ 1 satisfactory
- ◉ 2
- ○ 3
- ○ 4
- ○ 5 unsatisfactory

How would you describe your relationship with the client :

- ○ 1 Collaborative
- ◉ 2
- ○ 3
- ○ 4
- ○ 5 Adversarial

How would you describe your relationship with the client in terms trust and transparency?

Trust	Transparency
○ 1 trustworthy	○ 1 transparent
◉ 2	◉ 2
○ 3	○ 3
○ 4	○ 4
○ 5 unreliable	○ 5 ambiguous

How would you describe your relationship with the client in terms of conflict and tension?

- ○ 1 convergent and calm
- ○ 2
- ◉ 3
- ○ 4
- ○ 5 conflictual and tensed

How would you describe the way the value appropriated is shared?

- ○ 1 equal
- ◉ 2
- ○ 3
- ○ 4
- ○ 5 unequal

Brief description of the influential characteristics of the relationship:

Relationship based on trust. The client is completely certain that from technical and time point of view their projects are safe.

How would you characterise the client's demand in terms of...

Volume	Frequency	Regularity
(•) 1 High	(•) 1 High	( ) 1 High
( ) 2	( ) 2	(•) 2
( ) 3	( ) 3	( ) 3
( ) 4	( ) 4	( ) 4
( ) 5 Low	( ) 5 Low	( ) 5 Low

Brief description of the client's construction programme.

Coffee shop chain opening approximately 20 stores a year with aim to reach a total of 250 stores in Greece.

Role of the client's demand characteristics in the decision to establish long-term agreement.

( ) 1 Very Important

(•) 2

( ) 3

( ) 4

( ) 5 Insignificant

Characterise firm's previous experience on long-term relationships:

( ) 1 Experienced

(•) 2

( ) 3

( ) 4

( ) 5 Not at all

If experienced, characterise the client versus past experience:

( ) 1 More Satisfactory
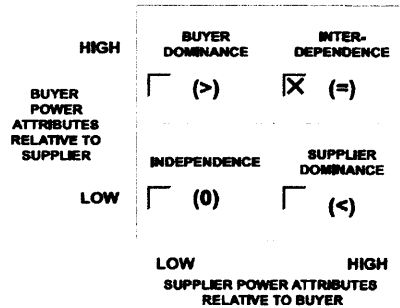
(•) 2

( ) 3 The Same

( ) 4

( ) 5 Less satisfactory

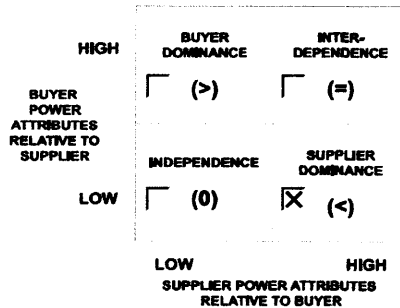**How would you describe your position in the power matrix when entering the agreement?**

	BUYER DOMINANCE	INTER-DEPENDENCE
HIGH BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER	☒ (>)	▯ (=)
	INDEPENDENCE	SUPPLIER DOMINANCE
LOW	▯ (0)	▯ (<)

LOW   HIGH
SUPPLIER POWER ATTRIBUTES RELATIVE TO BUYER

How would you describe your current position in the power matrix ?

	BUYER DOMINANCE	INTER-DEPENDENCE
HIGH BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER	▯ (>)	☒ (=)
	INDEPENDENCE	SUPPLIER DOMINANCE
LOW	▯ (0)	▯ (<)

LOW   HIGH
SUPPLIER POWER ATTRIBUTES RELATIVE TO BUYER

How would you describe your ideal position in the power matrix ?

	BUYER DOMINANCE	INTER-DEPENDENCE
HIGH BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER	▯ (>)	▯ (=)
	INDEPENDENCE	SUPPLIER DOMINANCE
LOW	▯ (0)	☒ (<)

LOW   HIGH
SUPPLIER POWER ATTRIBUTES RELATIVE TO BUYER

Describe the drivers of repositioning?

Tailored made services and technical expertise developed by our firm enables us to operate in a better position and improve our firm's long-term profits and viability. Efficient resource handling should provide the firm with competitive advantage.

Questionnaire

Date: 3/8/2007

Client's Description

French Hypermarket Chain

Respondent's

Name: Nikos Gatos

Position: Project Manager/Member of Board

Phone: +30 2109537071

FirmName: Ballian S.A.

Address: Evaggelistrias 104, Athens, 17676 GR

How would you describe the overall relationship with the client:

- ◯ 1 satisfactory
- ◯ 2
- ◯ 3
- ◉ 4
- ◯ 5 unsatisfactory

How would you describe your relationship with the client:

- ◯ 1 Collaborative
- ◯ 2
- ◯ 3
- ◉ 4
- ◯ 5 Adversarial

How would you describe your relationship with the client in terms trust and transparency?

Trust	Transparency
◯ 1 trustworthy	◯ 1 transparent
◯ 2	◯ 2
◉ 3	◯ 3
◯ 4	◉ 4
◯ 5 unreliable	◯ 5 ambiguous

How would you describe your relationship with the client in terms of conflict and tension?

- ◯ 1 convergent and calm
- ◯ 2
- ◯ 3
- ◉ 4
- ◯ 5 conflictual and tensed

How would you describe the way the value appropriated is shared?

- ◯ 1 equal
- ◯ 2
- ◯ 3
- ◯ 4
- ◉ 5 unequal

Brief description of the influential characteristics of the relationship:

GNX electronic bidding procedure and "clear of claims"scheme used by the client imposes difficulties that are difficult to overcome . Highly opportunistic behavior by the client due to increased competition.

How would you characterise the client's demand in terms of...

Volume	Frequency	Regularity
○ 1 High	○ 1 High	○ 1 High
◉ 2	◉ 2	◉ 2
○ 3	○ 3	○ 3
○ 4	○ 4	○ 4
○ 5 Low	○ 5 Low	○ 5 Low

Brief description of the client's construction programme.

The clients' construction programme involved approximately 10 new stores and renovation of 10 existing ones in a year's period.

Role of the client's demand characteristics in the decision to establish long-term agreement.

◉ 1 Very Important

○ 2

○ 3

○ 4

○ 5 Insignificant

Characterise firm's previous experience on long-term relationships:

◉ 1 Experienced

○ 2

○ 3

○ 4

○ 5 Not at all

If experienced, characterise the client versus past experience:
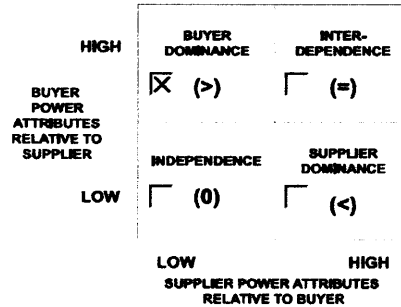
○ 1 More Satisfactory

○ 2

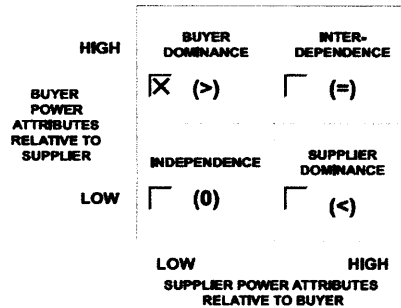○ 3 The Same

○ 4

◉ 5 Less satisfactory

How would you describe your position in the power matrix when entering the agreement?
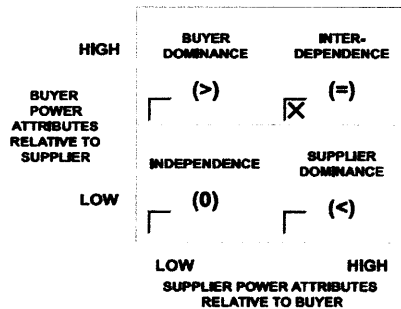
	BUYER DOMINANCE	INTER-DEPENDENCE
HIGH		
BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER	☒ (>)	☐ (=)
	INDEPENDENCE	SUPPLIER DOMINANCE
LOW	☐ (0)	☐ (<)

LOW   HIGH
SUPPLIER POWER ATTRIBUTES RELATIVE TO BUYER

How would you describe your current position in the power matrix ?

	BUYER DOMINANCE	INTER-DEPENDENCE
HIGH		
BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER	☒ (>)	☐ (=)
	INDEPENDENCE	SUPPLIER DOMINANCE
LOW	☐ (0)	☐ (<)

LOW   HIGH
SUPPLIER POWER ATTRIBUTES RELATIVE TO BUYER

How would you describe your ideal position in the power matrix ?

	BUYER DOMINANCE	INTER-DEPENDENCE
HIGH		
BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER	☐ (>)	☒ (=)
	INDEPENDENCE	SUPPLIER DOMINANCE
LOW	☐ (0)	☐ (<)

LOW   HIGH
SUPPLIER POWER ATTRIBUTES RELATIVE TO BUYER

Describe the drivers of repositioning?

Even though unrealistic given the specific circumstances, our firm would ideally operate in the "interdependence" quadrant so that we could improve our margins.

Questionnaire

Respondent's

Name: **Nikos Gatos**

Position: **Project Manager/ Member of Board**

Phone: **+30 2109537071**

FirmName: **Ballian S.A.**

Address: **Evaggelistrias 104, Athens, 17676 GR**

Date: 3/8/2007

Client's Description

Greek chocolate industry

How would you describe the overall relationship with the client:

- ○ 1 satisfactory
- ◉ 2
- ○ 3
- ○ 4
- ○ 5 unsatisfactory

How would you describe your relationship with the client :

- ◉ 1 Collaborative
- ○ 2
- ○ 3
- ○ 4
- ○ 5 Adversarial

How would you describe your relationship with the client in terms trust and transparency?

Trust	Transparency
◉ 1 trustworthy	◉ 1 transparent
○ 2	○ 2
○ 3	○ 3
○ 4	○ 4
○ 5 unreliable	○ 5 ambiguous

How would you describe your relationship with the client in terms of conflict and tension?

- ◉ 1 convergent and calm
- ○ 2
- ○ 3
- ○ 4
- ○ 5 conflictual and tensed

How would you describe the way the value appropriated is shared?

- ◉ 1 equal
- ○ 2
- ○ 3
- ○ 4
- ○ 5 unequal

Brief description of the influential characteristics of the relationship:

Very good relationship established between both sides based on equality, trust and transparency.

How would you characterise the client's demand in terms of...

Volume	Frequency	Regularity
○ 1 High	○ 1 High	○ 1 High
○ 2	○ 2	○ 2
◉ 3	◉ 3	◉ 3
○ 4	○ 4	○ 4
○ 5 Low	○ 5 Low	○ 5 Low

Brief description of the client's construction programme.

High-standard facilities maintenance works held every summer while limited new-built works occur with varied frequency.

Role of the client's demand characteristics in the decision to establish long-term agreement.

○ 1 Very Important

◉ 2

○ 3

○ 4

○ 5 Insignificant

Characterise firm's previous experience on long-term relationships:

◉ 1 Experienced

○ 2

○ 3

○ 4

○ 5 Not at all

If experienced, characterise the client versus past experience:
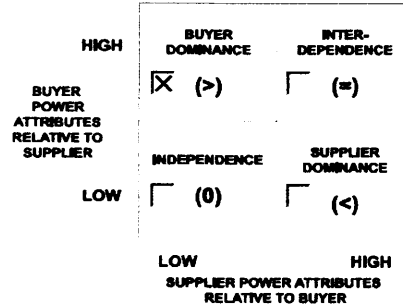
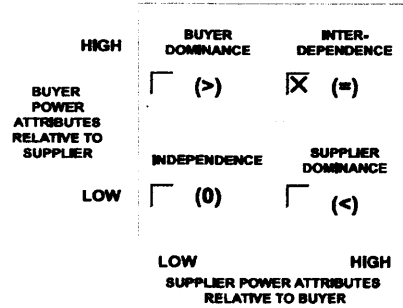◉ 1 More Satisfactory

○ 2

○ 3 The Same

○ 4

○ 5 Less satisfactory

How would you describe your position in the power matrix when entering the agreement?
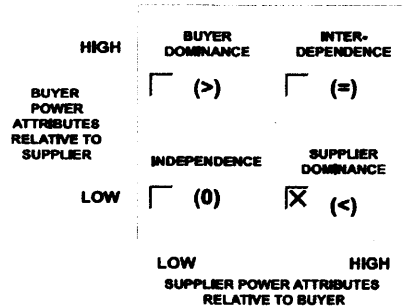
	BUYER DOMINANCE	INTER-DEPENDENCE
HIGH	☒ (>)	☐ (=)
	INDEPENDENCE	SUPPLIER DOMINANCE
LOW	☐ (0)	☐ (<)

BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER

LOW   HIGH
SUPPLIER POWER ATTRIBUTES RELATIVE TO BUYER

How would you describe your current position in the power matrix ?

	BUYER DOMINANCE	INTER-DEPENDENCE
HIGH	☐ (>)	☒ (=)
	INDEPENDENCE	SUPPLIER DOMINANCE
LOW	☐ (0)	☐ (<)

BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER

LOW   HIGH
SUPPLIER POWER ATTRIBUTES RELATIVE TO BUYER

How would you describe your ideal position in the power matrix ?

	BUYER DOMINANCE	INTER-DEPENDENCE
HIGH	☐ (>)	☐ (=)
	INDEPENDENCE	SUPPLIER DOMINANCE
LOW	☐ (0)	☒ (<)

BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER

LOW   HIGH
SUPPLIER POWER ATTRIBUTES RELATIVE TO BUYER

Describe the drivers of repositioning?

Threat imposed in case the client's management style changes so our firm must develop mechanisms to avoid competition and ideally lock the client in the relationship and operate in a dominant position.

Questionnaire

Date: 3/8/2007

Client's Description

American Coffee Company

Respondent's

Name: Nikos Gatos

Position: Project Manager/Member of Board

Phone: +30 2109537071

FirmName: Ballian S.A.

Address: Evaggelistrias 104, Athens, 17676 GR

How would you describe the overall relationship with the client:

- ○ 1 satisfactory
- ● 2
- ○ 3
- ○ 4
- ○ 5 unsatisfactory

How would you describe your relationship with the client :

- ● 1 Collaborative
- ○ 2
- ○ 3
- ○ 4
- ○ 5 Adversarial

How would you describe your relationship with the client in terms trust and transparency?

Trust	Transparency
○ 1 trustworthy	○ 1 transparent
● 2	● 2
○ 3	○ 3
○ 4	○ 4
○ 5 unreliable	○ 5 ambiguous

How would you describe your relationship with the client in terms of conflict and tension?

- ○ 1 convergent and calm
- ● 2
- ○ 3
- ○ 4
- ○ 5 conflictual and tensed

How would you describe the way the value appropriated is shared?

- ○ 1 equal
- ● 2
- ○ 3
- ○ 4
- ○ 5 unequal

Brief description of the influential characteristics of the relationship:

Interdependence between client - contractor due to technical know-how and efficiency regarding the services provided. The client also benefited from early store openings.

How would you characterise the client's demand in terms of...

Volume	Frequency	Regularity
◯ 1 High	◯ 1 High	◯ 1 High
◉ 2	◉ 2	◯ 2
◯ 3	◯ 3	◯ 3
◯ 4	◯ 4	◉ 4
◯ 5 Low	◯ 5 Low	◯ 5 Low

Brief description of the client's construction programme.

The clients' construction programme involved approximately 20 new coffee shops in a year's period.

Role of the client's demand characteristics in the decision to establish long-term agreement.

◯ 1 Very Important

◉ 2

◯ 3

◯ 4

◯ 5 Insignificant

Characterise firm's previous experience on long-term relationships:

◉ 1 Experienced

◯ 2

◯ 3

◯ 4

◯ 5 Not at all

If experienced, characterise the client versus past experience:
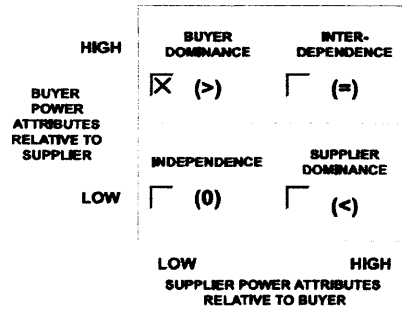
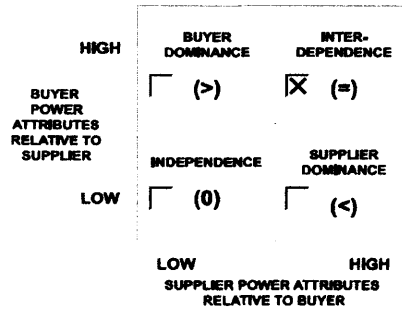◯ 1 More Satisfactory

◯ 2

◉ 3 The Same

◯ 4

◯ 5 Less satisfactory

How would you describe your position in the power matrix when entering the agreement?
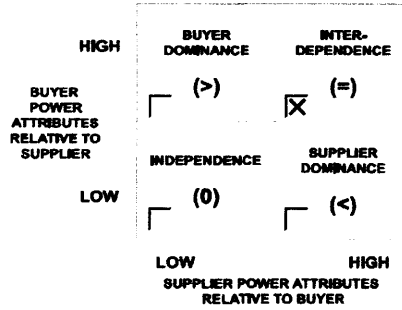
	BUYER DOMINANCE	INTER-DEPENDENCE
HIGH	☒ (>)	☐ (=)
BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER	INDEPENDENCE	SUPPLIER DOMINANCE
LOW	☐ (0)	☐ (<)

LOW   HIGH
SUPPLIER POWER ATTRIBUTES RELATIVE TO BUYER

How would you describe your current position in the power matrix ?

	BUYER DOMINANCE	INTER-DEPENDENCE
HIGH	☐ (>)	☒ (=)
BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER	INDEPENDENCE	SUPPLIER DOMINANCE
LOW	☐ (0)	☐ (<)

LOW   HIGH
SUPPLIER POWER ATTRIBUTES RELATIVE TO BUYER

How would you describe your ideal position in the power matrix ?

	BUYER DOMINANCE	INTER-DEPENDENCE
HIGH	☐ (>)	☒ (=)
BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER	INDEPENDENCE	SUPPLIER DOMINANCE
LOW	☐ (0)	☐ (<)

LOW   HIGH
SUPPLIER POWER ATTRIBUTES RELATIVE TO BUYER

Describe the drivers of repositioning?

Procurement system adopted by the client leaves space for dynamic evolvement for the contractor. Our firm has developed technical know-how in a level that it can be used to avoid competition.

Questionnaire

Date: 2/8/2007

Client's Description

French Hypermarket Chain

Respondent's

Name: Dimitris Koukoulis

Position: Project engineer

Phone: +30 2109537071

FirmName: Ballian S.A.

Address: Evaggelistrias 104, Athens, 17676 GR

How would you describe the overall relationship with the client:

- ◯ 1 satisfactory
- ◯ 2
- ◯ 3
- ◯ 4
- ⦿ 5 unsatisfactory

How would you describe your relationship with the client:

- ◯ 1 Collaborative
- ◯ 2
- ◯ 3
- ⦿ 4
- ◯ 5 Adversarial

How would you describe your relationship with the client in terms trust and transparency?

Trust	Transparency
◯ 1 trustworthy	◯ 1 transparent
◯ 2	◯ 2
◯ 3	◯ 3
⦿ 4	⦿ 4
◯ 5 unreliable	◯ 5 ambiguous

How would you describe your relationship with the client in terms of conflict and tension?

- ◯ 1 convergent and calm
- ◯ 2
- ◯ 3
- ⦿ 4
- ◯ 5 conflictual and tensed

How would you describe the way the value appropriated is shared?

- ◯ 1 equal
- ◯ 2
- ◯ 3
- ⦿ 4
- ◯ 5 unequal

Brief description of the influential characteristics of the relationship:

The client adopts a confictual and tensed approach as on the one hand demands and finally gets reduced construction costs while on the other hand shares the value appropriated unequally. By adopting the internet-based bidding system forces the contractors to squeeze their profits.

How would you characterise the client's demand in terms of...

Volume	Frequency	Regularity

Volume
- (●) 1 High
- ( ) 2
- ( ) 3
- ( ) 4
- ( ) 5 Low

Frequency
- (●) 1 High
- ( ) 2
- ( ) 3
- ( ) 4
- ( ) 5 Low

Regularity
- ( ) 1 High
- (●) 2
- ( ) 3
- ( ) 4
- ( ) 5 Low

Brief description of the client's construction programme.

Vast construction programme which includes various projects of different size and complexity.

Role of the client's demand characteristics in the decision to establish long-term agreement.

- (●) 1 Very Important
- ( ) 2
- ( ) 3
- ( ) 4
- ( ) 5 Insignificant

Characterise firm's previous experience on long-term relationships:

- ( ) 1 Experienced
- (●) 2
- ( ) 3
- ( ) 4
- ( ) 5 Not at all

If experienced, characterise the client versus past experience:

- ( ) 1 More Satisfactory
- ( ) 2
- ( ) 3 The Same
- ( ) 4
- (●) 5 Less satisfactory

How would you describe your position in the power matrix when entering the agreement?

		BUYER DOMINANCE	INTER-DEPENDENCE
	HIGH	☒ (>)	☐ (=)
BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER		INDEPENDENCE	SUPPLIER DOMINANCE
	LOW	☐ (0)	☐ (<)

LOW   HIGH
SUPPLIER POWER ATTRIBUTES RELATIVE TO BUYER

How would you describe your current position in the power matrix ?

		BUYER DOMINANCE	INTER-DEPENDENCE
	HIGH	☒ (>)	☐ (=)
BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER		INDEPENDENCE	SUPPLIER DOMINANCE
	LOW	☐ (0)	☐ (<)

LOW   HIGH
SUPPLIER POWER ATTRIBUTES RELATIVE TO BUYER

How would you describe your ideal position in the power matrix ?

		BUYER DOMINANCE	INTER-DEPENDENCE
	HIGH	☐ (>)	☒ (=)
BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER		INDEPENDENCE	SUPPLIER DOMINANCE
	LOW	☐ (0)	☐ (<)

LOW   HIGH
SUPPLIER POWER ATTRIBUTES RELATIVE TO BUYER
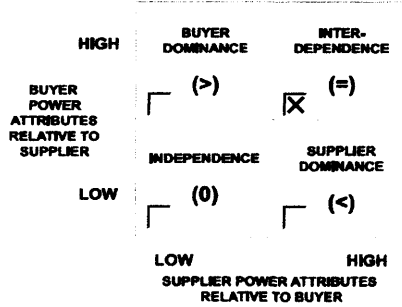
Describe the drivers of repositioning?

The client currently operates in the "buyer dominance"quadrant due to the special characteristics referred above. Unfortunately under such conditions there are limited opportunities for our firm to improve its position at the power matrix but the ideal position would be that of "interdependence". The client acts opportunistically and uses its power position.

Questionnaire

Date: 2/8/2007

Client's Description

Greek chocolate industry

Respondent's

Name:	**Dimitris Koukoulis**
Position:	**Project engineer**
Phone:	**+30 2109537071**
FirmName:	**Ballian S.A.**
Address:	**Evaggelistrias 104, Athens, 17676 GR**

How would you describe the overall relationship with the client:

- ⦿ 1 satisfactory
- ○ 2
- ○ 3
- ○ 4
- ○ 5 unsatisfactory

How would you describe your relationship with the client :

- ⦿ 1 Collaborative
- ○ 2
- ○ 3
- ○ 4
- ○ 5 Adversarial

How would you describe your relationship with the client in terms trust and transparency?

Trust	Transparency
⦿ 1 trustworthy	⦿ 1 transparent
○ 2	○ 2
○ 3	○ 3
○ 4	○ 4
○ 5 unreliable	○ 5 ambiguous

How would you describe your relationship with the client in terms of conflict and tension?

- ○ 1 convergent and calm
- ⦿ 2
- ○ 3
- ○ 4
- ○ 5 conflictual and tensed

How would you describe the way the value appropriated is shared?

- ⦿ 1 equal
- ○ 2
- ○ 3
- ○ 4
- ○ 5 unequal

Brief description of the influential characteristics of the relationship:

Collaborative relationship based mainly on trust from both sides. The client relies on the firm's capability to deliver high-standard projects effectively and wishes to continue the relationship sharing the value equally to both sides.

How would you characterise the client's demand in terms of...

Volume	Frequency	Regularity
◯ 1 High	◯ 1 High	◯ 1 High
◯ 2	◯ 2	◯ 2
◯ 3	◉ 3	◉ 3
◉ 4	◯ 4	◯ 4
◯ 5 Low	◯ 5 Low	◯ 5 Low

Brief description of the client's construction programme.

Demanding projects including new-built works but mainly renovation works at existing factories held every summer when the chocolate industry limits its production.

Role of the client's demand characteristics in the decision to establish long-term agreement.

◉ 1 Very Important

◯ 2

◯ 3

◯ 4

◯ 5 Insignificant

Characterise firm's previous experience on long-term relationships:

◯ 1 Experienced

◯ 2

◉ 3

◯ 4

◯ 5 Not at all

If experienced, characterise the client versus past experience:
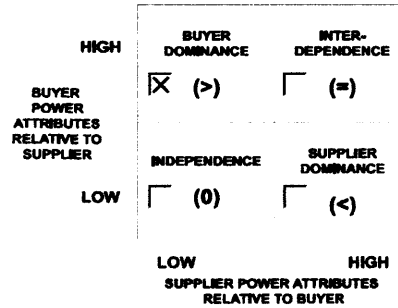
◉ 1 More Satisfactory

◯ 2

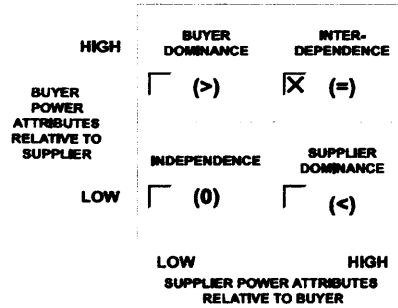◯ 3 The Same

◯ 4

◯ 5 Less satisfactory

How would you describe your position in the power matrix when entering the agreement?
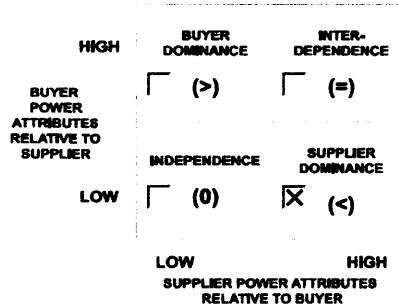
	BUYER DOMINANCE	INTER-DEPENDENCE
HIGH		
BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER	☒ (>)	☐ (=)
	INDEPENDENCE	SUPPLIER DOMINANCE
LOW	☐ (0)	☐ (<)

LOW   HIGH
SUPPLIER POWER ATTRIBUTES RELATIVE TO BUYER

How would you describe your current position in the power matrix ?

	BUYER DOMINANCE	INTER-DEPENDENCE
HIGH		
BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER	☐ (>)	☒ (=)
	INDEPENDENCE	SUPPLIER DOMINANCE
LOW	☐ (0)	☐ (<)

LOW   HIGH
SUPPLIER POWER ATTRIBUTES RELATIVE TO BUYER

How would you describe your ideal position in the power matrix ?

	BUYER DOMINANCE	INTER-DEPENDENCE
HIGH		
BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER	☐ (>)	☐ (=)
	INDEPENDENCE	SUPPLIER DOMINANCE
LOW	☐ (0)	☒ (<)

LOW   HIGH
SUPPLIER POWER ATTRIBUTES RELATIVE TO BUYER

Describe the drivers of repositioning?

Both sides operate in the "interdependence" quadrant due to regularity and frequency of demand from the client's side and due to effective services provided by our firm. On the other hand there exists an opportunity for us to improve our position to "supplier dominance" due to the effectiveness and uniqueness of the provided services.

Questionnaire

Respondent's

Name: **Dimitris Koukoulis**

Position: **Project engineer**

Phone: **+30 2109537071**

FirmName: **Ballian S.A.**

Address: **Evaggelistrias 104, Athens, 17676 GR**

Date: **2/8/2007**

Client's Description

American Coffee Company

How would you describe the overall relationship with the client:

- ◦ 1 satisfactory
- ◉ 2
- ◦ 3
- ◦ 4
- ◦ 5 unsatisfactory

How would you describe your relationship with the client :

- ◉ 1 Collaborative
- ◦ 2
- ◦ 3
- ◦ 4
- ◦ 5 Adversarial

How would you describe your relationship with the client in terms trust and transparency?

Trust	Transparency
◦ 1 trustworthy	◦ 1 transparent
◉ 2	◦ 2
◦ 3	◉ 3
◦ 4	◦ 4
◦ 5 unreliable	◦ 5 ambiguous

How would you describe your relationship with the client in terms of conflict and tension?

- ◦ 1 convergent and calm
- ◦ 2
- ◉ 3
- ◦ 4
- ◦ 5 conflictual and tensed

How would you describe the way the value appropriated is shared?

- ◦ 1 equal
- ◦ 2
- ◉ 3
- ◦ 4
- ◦ 5 unequal

Brief description of the influential characteristics of the relationship:

Collaborative relationship based mainly on trust from both sides. The client relies on our firm's capability to deliver high-standard projects effectively and wishes to continue the relationship.

How would you characterise the client's demand in terms of...

Volume	Frequency	Regularity
○ 1 High	○ 1 High	○ 1 High
○ 2	● 2	○ 2
● 3	○ 3	● 3
○ 4	○ 4	○ 4
○ 5 Low	○ 5 Low	○ 5 Low

Brief description of the client's construction programme.

Relatively simple projects mainly including renovation works held on a regular basis (approximately 15 stores in a year)

Role of the client's demand characteristics in the decision to establish long-term agreement.

● 1 Very Important

○ 2

○ 3

○ 4

○ 5 Insignificant

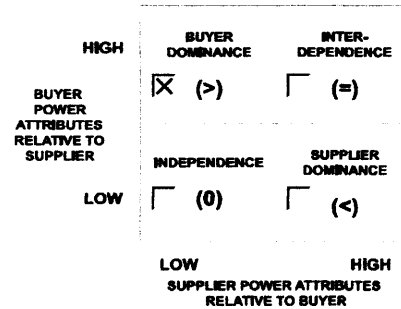**Characterise firm's previous experience on long-term relationships:**

○ 1 Experienced

● 2

○ 3

○ 4

○ 5 Not at all

If experienced, characterise the client versus past experience:

○ 1 More Satisfactory

● 2

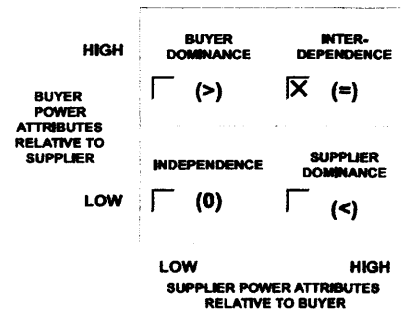○ 3 The Same

○ 4

○ 5 Less satisfactory

How would you describe your position in the power matrix when entering the agreement?
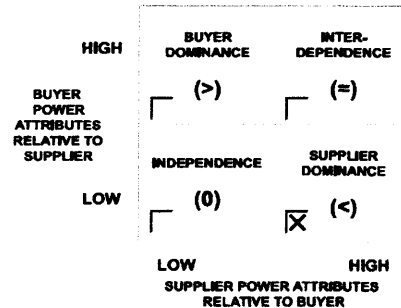
	HIGH	BUYER DOMINANCE	INTER-DEPENDENCE
BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER		☒ (>)	⌐ (=)
		INDEPENDENCE	SUPPLIER DOMINANCE
	LOW	⌐ (0)	⌐ (<)

LOW   HIGH
SUPPLIER POWER ATTRIBUTES RELATIVE TO BUYER

How would you describe your current position in the power matrix ?

	HIGH	BUYER DOMINANCE	INTER-DEPENDENCE
BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER		⌐ (>)	☒ (=)
		INDEPENDENCE	SUPPLIER DOMINANCE
	LOW	⌐ (0)	⌐ (<)

LOW   HIGH
SUPPLIER POWER ATTRIBUTES RELATIVE TO BUYER

How would you describe your ideal position in the power matrix ?

	HIGH	BUYER DOMINANCE	INTER-DEPENDENCE
BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER		⌐ (>)	⌐ (=)
		INDEPENDENCE	SUPPLIER DOMINANCE
	LOW	⌐ (0)	☒ (<)

LOW   HIGH
SUPPLIER POWER ATTRIBUTES RELATIVE TO BUYER

Describe the drivers of repositioning?

The client has withdrawn competitive tendering process in favour of collaboration with 2 contractors. There exists again an opportunity for our firm to operate in the "supplier dominance" quadrant due to the effectiveness and specialisation of the services provided.

Questionnaire

Date: 2/8/2007

Client's Description

French Hypermarket Chain

Respondent's

Name:	Athanasios Mekkas
Position:	Project engineer
Phone:	+30 2109537071
FirmName:	Ballian S.A.
Address:	Evaggelistrias 104, Athens, 17676 GR

How would you describe the overall relationship with the client:

- ◯ 1 satisfactory
- ◯ 2
- ◯ 3
- ◯ 4
- ⦿ 5 unsatisfactory

How would you describe your relationship with the client:

- ◯ 1 Collaborative
- ◯ 2
- ◯ 3
- ⦿ 4
- ◯ 5 Adversarial

How would you describe your relationship with the client in terms trust and transparency?

Trust	*Transparency*
◯ 1 trustworthy	◯ 1 transparent
◯ 2	◯ 2
◯ 3	◯ 3
◯ 4	⦿ 4
⦿ 5 unreliable	◯ 5 ambiguous

How would you describe your relationship with the client in terms of conflict and tension?

- ◯ 1 convergent and calm
- ◯ 2
- ◯ 3
- ⦿ 4
- ◯ 5 conflictual and tensed

How would you describe the way the value appropriated is shared?

- ◯ 1 equal
- ◯ 2
- ◯ 3
- ◯ 4
- ⦿ 5 unequal

Brief description of the influential characteristics of the relationship:

GNX bidding process forces the firm to keep its profit margins low (even negative sometimes). The client takes advantage of the situation and uses "clear of claims" scheme in order to keep the construction cost down. Moreover the client is not trustworthy as even changes in the project's design during construction are faced as "inevitable and non-payable".

How would you characterise the client's demand in terms of...

Volume	Frequency	Regularity

Volume
- ⦿ 1 High
- ◯ 2
- ◯ 3
- ◯ 4
- ◯ 5 Low

Frequency
- ◯ 1 High
- ⦿ 2
- ◯ 3
- ◯ 4
- ◯ 5 Low

Regularity
- ◯ 1 High
- ⦿ 2
- ◯ 3
- ◯ 4
- ◯ 5 Low

Brief description of the client's construction programme.

Projects with standardised design (RC foundations and steel frame) without special requirements in details but pretty regular (approximately 15 new-built supermarkets and 20 renovations in a year)

Role of the client's demand characteristics in the decision to establish long-term agreement.

- ⦿ 1 Very Important
- ◯ 2
- ◯ 3
- ◯ 4
- ◯ 5 Insignificant

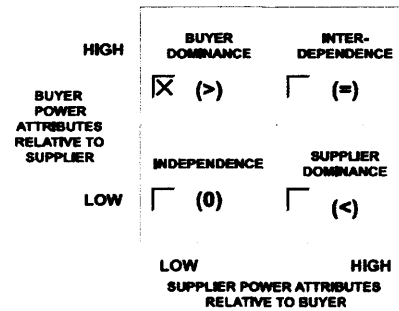**Characterise firm's previous experience on long-term relationships:**

- ⦿ 1 Experienced
- ◯ 2
- ◯ 3
- ◯ 4
- ◯ 5 Not at all

If experienced, characterise the client versus past experience:

- ◯ 1 More Satisfactory
- ◯ 2
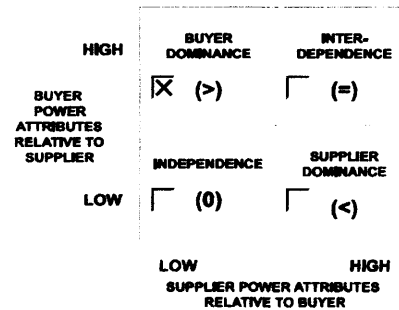- ◯ 3 The Same
- ⦿ 4
- ◯ 5 Less satisfactory

How would you describe your position in the power matrix when entering the agreement?
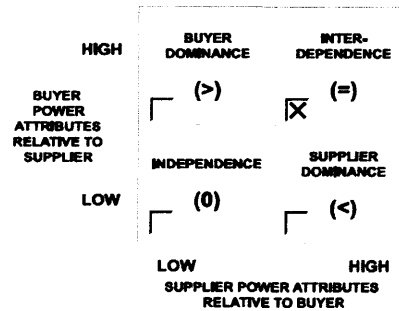
	BUYER DOMINANCE	INTER-DEPENDENCE
HIGH		
BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER	☒ (>)	☐ (=)
	INDEPENDENCE	SUPPLIER DOMINANCE
LOW	☐ (0)	☐ (<)

LOW   HIGH
SUPPLIER POWER ATTRIBUTES RELATIVE TO BUYER

How would you describe your current position in the power matrix ?

	BUYER DOMINANCE	INTER-DEPENDENCE
HIGH		
BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER	☒ (>)	☐ (=)
	INDEPENDENCE	SUPPLIER DOMINANCE
LOW	☐ (0)	☐ (<)

LOW   HIGH
SUPPLIER POWER ATTRIBUTES RELATIVE TO BUYER

How would you describe your ideal position in the power matrix ?

	BUYER DOMINANCE	INTER-DEPENDENCE
HIGH		
BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER	☐ (>)	☒ (=)
	INDEPENDENCE	SUPPLIER DOMINANCE
LOW	☐ (0)	☐ (<)

LOW   HIGH
SUPPLIER POWER ATTRIBUTES RELATIVE TO BUYER

Describe the drivers of repositioning?

Due to the client's regular and frequent demand as well as the GNX bidding system used, the power situation for the specific relationship is that of "buyer dominance" and even though it seems difficult to change in the future, our firm wishes to operate in an "interdependence" power regime as it provides incentives for innovation and effectiveness.

Questionnaire

Date: 2/8/2007

Client's Description

Greek chocolate industry

Respondent's

Name:	**Athanasios Mekkas**
Position:	**Project engineer**
Phone:	**+30 2109537071**
FirmName:	**Ballian S.A.**
Address:	**Evaggelistrias 104, Athens, 17676 GR**

How would you describe the overall relationship with the client:

- ◉ 1 satisfactory
- ○ 2
- ○ 3
- ○ 4
- ○ 5 unsatisfactory

How would you describe your relationship with the client :

- ○ 1 Collaborative
- ◉ 2
- ○ 3
- ○ 4
- ○ 5 Adversarial

How would you describe your relationship with the client in terms trust and transparency?

Trust	*Transparency*
◉ 1 trustworthy	○ 1 transparent
○ 2	◉ 2
○ 3	○ 3
○ 4	○ 4
○ 5 unreliable	○ 5 ambiguous

How would you describe your relationship with the client in terms of conflict and tension?

- ◉ 1 convergent and calm
- ○ 2
- ○ 3
- ○ 4
- ○ 5 conflictual and tensed

How would you describe the way the value appropriated is shared?

- ○ 1 equal
- ◉ 2
- ○ 3
- ○ 4
- ○ 5 unequal

Brief description of the influential characteristics of the relationship:

Relationship based on transparency and trust. Both sides give their best in order to maintain the relationship at this level.

How would you characterise the client's demand in terms of...

Volume	Frequency	Regularity

Volume
- ○ 1 High
- ○ 2
- ○ 3
- ◉ 4
- ○ 5 Low

Frequency
- ○ 1 High
- ○ 2
- ◉ 3
- ○ 4
- ○ 5 Low

Regularity
- ○ 1 High
- ◉ 2
- ○ 3
- ○ 4
- ○ 5 Low

Brief description of the client's construction programme.

Mainly renovation works in existing premises held in an annual basis as well as new-built projects held less frequently.

Role of the client's demand characteristics in the decision to establish long-term agreement.

- ○ 1 Very Important
- ◉ 2
- ○ 3
- ○ 4
- ○ 5 Insignificant

Characterise firm's previous experience on long-term relationships:

- ◉ 1 Experienced
- ○ 2
- ○ 3
- ○ 4
- ○ 5 Not at all

If experienced, characterise the client versus past experience:

- ◉ 1 More Satisfactory
- ○ 2
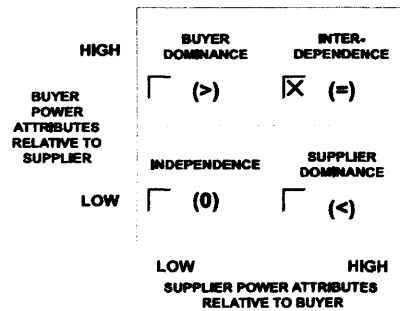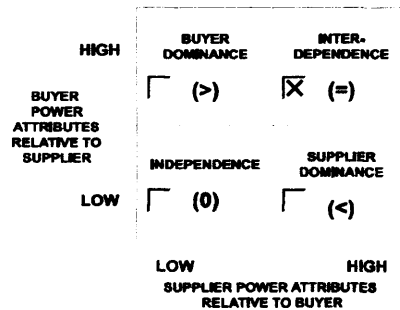- ○ 3 The Same
- ○ 4
- ○ 5 Less satisfactory

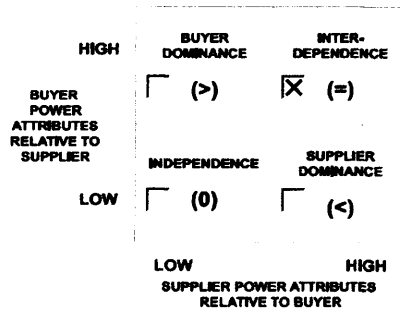## How would you describe your position in the power matrix when entering the agreement?

	BUYER DOMINANCE	INTER-DEPENDENCE
HIGH	⌐ (>)	☒ (=)
	INDEPENDENCE	SUPPLIER DOMINANCE
LOW	⌐ (0)	⌐ (<)

BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER

LOW — HIGH
SUPPLIER POWER ATTRIBUTES RELATIVE TO BUYER

How would you describe your current position in the power matrix ?

	BUYER DOMINANCE	INTER-DEPENDENCE
HIGH	⌐ (>)	☒ (=)
	INDEPENDENCE	SUPPLIER DOMINANCE
LOW	⌐ (0)	⌐ (<)

BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER

LOW — HIGH
SUPPLIER POWER ATTRIBUTES RELATIVE TO BUYER

How would you describe your ideal position in the power matrix ?

	BUYER DOMINANCE	INTER-DEPENDENCE
HIGH	⌐ (>)	☒ (=)
	INDEPENDENCE	SUPPLIER DOMINANCE
LOW	⌐ (0)	⌐ (<)

BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER

LOW — HIGH
SUPPLIER POWER ATTRIBUTES RELATIVE TO BUYER

Describe the drivers of repositioning?

The power regime at the beginning of the relationship as well as during the relationship is that of "buyer-supplier interdependence" due to technical know-how developed by our company. The ideal position at the power matrix is also that of "interdependence" as both sides are satisfied with the relationship.

Questionnaire

Respondent's

Name: **Athanasios Mekkas**

Position: **Project engineer**

Phone: **+30 2109537071**

FirmName: **Ballian S.A.**

Address: **Evaggelistrias 104, Athens, 17676 GR**

Date: **2/8/2007**

Client's Description

American Coffee Company

How would you describe the overall relationship with the client:

- ◯ 1 satisfactory
- ◉ 2
- ◯ 3
- ◯ 4
- ◯ 5 unsatisfactory

How would you describe your relationship with the client :

- ◉ 1 Collaborative
- ◯ 2
- ◯ 3
- ◯ 4
- ◯ 5 Adversarial

How would you describe your relationship with the client in terms trust and transparency?

Trust	Transparency
◯ 1 trustworthy	◯ 1 transparent
◉ 2	◉ 2
◯ 3	◯ 3
◯ 4	◯ 4
◯ 5 unreliable	◯ 5 ambiguous

How would you describe your relationship with the client in terms of conflict and tension?

- ◯ 1 convergent and calm
- ◉ 2
- ◯ 3
- ◯ 4
- ◯ 5 conflictual and tensed

How would you describe the way the value appropriated is shared?

- ◯ 1 equal
- ◯ 2
- ◉ 3
- ◯ 4
- ◯ 5 unequal

Brief description of the influential characteristics of the relationship:

Transparent relationship mainly based on trust. Both sides show signs of effective collaboration and wish to continue on the same manner.

How would you characterise the client's demand in terms of...

Volume	Frequency	Regularity

○ 1 High   ○ 1 High   ○ 1 High

○ 2   ○ 2   ○ 2

◉ 3   ◉ 3   ◉ 3

○ 4   ○ 4   ○ 4

○ 5 Low   ○ 5 Low   ○ 5 Low

Brief description of the client's construction programme.

Mainly renovation works on a frequent basis.

Role of the client's demand characteristics in the decision to establish long-term agreement.

◉ 1 Very Important

○ 2

○ 3

○ 4

○ 5 Insignificant

Characterise firm's previous experience on long-term relationships:

○ 1 Experienced

◉ 2

○ 3

○ 4

○ 5 Not at all

If experienced, characterise the client versus past experience:
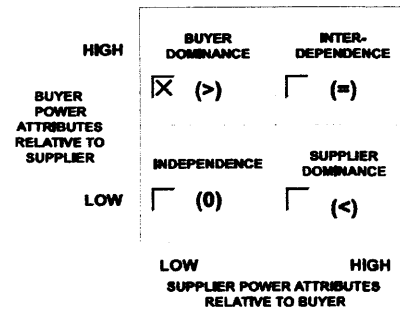
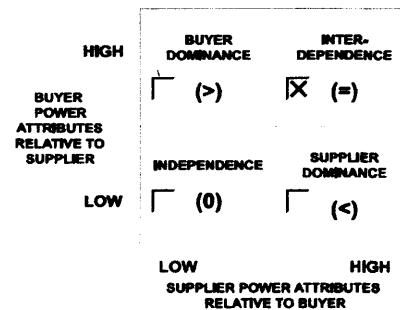○ 1 More Satisfactory

◉ 2

○ 3 The Same

○ 4

○ 5 Less satisfactory

How would you describe your position in the power matrix when entering the agreement?
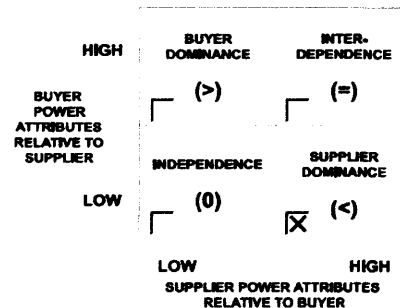
	BUYER DOMINANCE	INTER-DEPENDENCE
HIGH		
BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER	☒ (>)	☐ (=)
	INDEPENDENCE	SUPPLIER DOMINANCE
LOW	☐ (0)	☐ (<)

LOW   HIGH
SUPPLIER POWER ATTRIBUTES RELATIVE TO BUYER

How would you describe your current position in the power matrix ?

	BUYER DOMINANCE	INTER-DEPENDENCE
HIGH		
BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER	☐ (>)	☒ (=)
	INDEPENDENCE	SUPPLIER DOMINANCE
LOW	☐ (0)	☐ (<)

LOW   HIGH
SUPPLIER POWER ATTRIBUTES RELATIVE TO BUYER

How would you describe your ideal position in the power matrix ?

	BUYER DOMINANCE	INTER-DEPENDENCE
HIGH		
BUYER POWER ATTRIBUTES RELATIVE TO SUPPLIER	☐ (>)	☐ (=)
	INDEPENDENCE	SUPPLIER DOMINANCE
LOW	☐ (0)	☒ (<)

LOW   HIGH
SUPPLIER POWER ATTRIBUTES RELATIVE TO BUYER

Describe the drivers of repositioning?

The power situation at the beginning was that of "buyer dominance". This gradually changed during the relationship and finally we operate in the "interdependence" quadrant wishing (even though not easy) to operate in the "supplier dominance" quadrant.