Internal relationships

Linking practitioner literature and relationship marketing theory

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Abstract

Purpose – Practitioners argue that the way they treat their employees has an impact on firm success. However, they frequently do not equate this with relationship building. On the other hand, the academic relationship marketing literature does highlight internal relationships as having an important impact on external customer relationships. However, this relationship suffers from a lack of academic empirical evidence. Neither seems to recognize the knowledge of the other leading to incongruence between marketing theory and practice. The purpose of this paper is to bring the two literature streams together demonstrating that the practitioners are talking about, and practising, relationship marketing.

Design/methodology/approach – Exploration and comparison of the academic and practitioner literature bases to elaborate on the value of relationship building within organizations.

Findings – Competitive advantage can be attained through development of a relationship-building culture which includes building relationships inside the organization as well as customer relationships. In fact, successful customer relationships rely on successful internal relationships.

Research implications/implications – A broad research agenda is outlined for understanding the nature of internal relationships and their impact on a firm's success.

Practical implications – Organizational success can be gained through building strong internal relationships and the development of a relationship-building organizational culture.

Originality/value – Links practitioner cases and reflections to the concept of relationship marketing, demonstrating further how relationship marketing activities provide a competitive advantage.

Keywords Relationship marketing, Competitive advantage, Market orientation, Employee relations, Customer relations

Paper type General review

One of the greatest challenges facing firms today is how to gain an advantage over competitors in satisfying customer needs (Kandampully, 1998). This is being driven primarily by more demanding customers (Buttle, 1996; Parvatiyar and Sheth, 2000). Hence, businesses need to be able to show more concern for customers than the competition in order to gain any competitive advantage (Sheth and Parvatiyar, 1995).

A disparate group of leaders of successful firms have been reported as enjoying unique and sustained competitive advantage by showing greater concern for customers. This was achieved by focusing on building strong relationships. However, the main focus of these firms is not on the relationship between the organization and its customers, as one might anticipate from reading the academic literature (Garbarino and Johnson, 1999). In these

firms, the primary focus has been on the relationship between the firm and its employees (Freiberg and Freiberg, 1998; Blake, 2001). Although the customer relationship comes second (Rosenbluth and McFerrin Peters, 1992, 1998), it is ultimately strengthened due to better internal relationships.

Strikingly, it is often the most senior executives of successful firms who are espousing such a link between how they treat their employees and business success. For example, Rosenbluth International credited their success as the second largest travel firm in the world to the relationships they build with their employees (Rosenbluth and McFerrin Peters, 1998). They credit an unprecedented industry customer retention rate of 96 per cent with the strength of their relationships with employees (Rosenbluth and McFerrin Peters, 1998). Similarly, Southwest Airlines has equated their success with providing service that is "delivered from the heart . . . it comes from employees who genuinely feel loved and who work in an environment that dignifies them by valuing their contributions" (Freiberg and Freiberg, 1998, p. 271). Australia's Flight Centre is dubbed "the world's most productive organization" and "the fastest growing travel company on the planet" (Blake, 2001). Flight Centre senior management considers that it is the genuine caring for others and the fostering of team "spirit" that results in the highest-performing and most productive work environments (Blake, 2001).

Companies who espouse and pursue the relationship building business model are often not taken seriously in terms of their claim that their success is a result of relationship building within the firm. People from these enlightened firms, including the founder of State Farm (a very profitable US insurance company) (Reichheld, 1996), Southwest Airlines (Catlette and Hadden, 2001) and Flight Centre (an Australian-based travel agency) have all reported being asked to tell the story of their firm's success. They have all also noted that people regularly "switch off" to their message when they talk about building relationships with staff being tied to customers' satisfaction and profitability. Hence, there is a need to find support for the beliefs of these highly successful firms, that it is the strong relationships that they develop with their staff that ultimately drives their success.

This paper has three objectives. The first objective is to develop a model representing the impact of internal relationships on the profitability of the firm. This task will be performed from a synthesis of the cases and reflections provided by practicing managers who espouse the viewpoint that success with customers, and the profitability of the firm, depends on building strong relationships with employees. Developing such a model will illustrate the links between these relationships in the firm and their consequences. A second objective is to demonstrate a link between the extracted practitioner-based model and the relationship marketing paradigm, thereby providing a framework for researching the firm's internal relationships. Thirdly, a broad research agenda will be outlined to guide research into this emerging relationship marketing area in order to determine if support can be found for the emphatic evidence of these practitioners.

The paper commences with an expose of practitioner literature which focuses on linking the treatment of a firm's employees to its success. The link to relationship marketing research is then discussed. Finally the lack of empirical academic research is highlighted with directions for future research provided. A new area of research is uncovered which will be of benefit to both practitioners and marketing academe and aid in ensuring that advances in marketing knowledge are related to reality.

The practitioner literature

Practitioner literature was scrutinized for evidence of the belief that treating employees well was good for business. Table I provides a summary of the findings from the examination of the literature that was found. The theme of each work is summarized in column 2 of Table I. Also reported are the results of the evaluation of each text in terms of the expressed strategic focus of the firm(s) discussed (column 3), an expressed link between the employees and the customer (column 4), and links made to superior profitability (column 5). The final column (column 6) of Table I details whether or not writers discussed or identified what they were doing as being relationship building.

We now discuss in more detail these findings in relation to how the practitioner literature linked treatment of employees to a number of important outcomes. These include superior success and customer retention, a customer-focused business orientation and strong relationships with employees.

The link between employees and superior success

The publications listed in Table I all mentioned superior performance as an outcome of the firm's endeavours. This was expressed as being achieved from either gaining a competitive advantage (Harris, 1996; Rosenbluth and McFerrin Peters, 1998; Harris and Brannick, 1999) and/or superior profitability (Freiberg and Freiberg, 1998; Blake, 2001; Catlette and Hadden, 2001). All writers were unanimous in relaying the important part employees played in achieving this success. Case studies of extremely successful firms (in terms of superior profitability and/or competitive advantage) were tended as evidence to support the arguments put forward. In many cases, it was the senior management of the firm who claimed the existence of a relationship between the way they treated their employees and the success of their firms (Freiberg and Freiberg, 1998; Rosenbluth and McFerrin Peters, 1992, 1998; Blake, 2001). In each case the high level of success was claimed to be directly attributable to the way in which employees were treated. One such example was Flight Centre who attributed an average 45 per cent annual after tax profit increase over a previous eight year period to the way they treated their employees (Blake, 2001). Another example was provided by Pollard (1996) who stated that ServiceMaster's average return on equity of 50 per cent, 28 fold increase in its share price over 20 years and, 100 per cent return on investment were directly related to how they treated employees. Hence, practitioners are definitive in their statements that employees' actions have an impact on a firm's success.

The link between employees and customers

In the cases and reflections provided by the practitioner publications, the link between employees and superior success was consistently seen to be related to customer experiences with the firm. Customer experiences were considered in the context of how customers were treated by employees. There were many instances described in the practitioner literature that expressed an emphatic belief in a connection between the way a firm treats its employees and the way employees subsequently treat customers (Carlzon, 1987; Rosenbluth and McFerrin Peters, 1992, 1998; Catlette and Hadden, 2001).

The nature of these relationships can be summed up as follows: if the firm looks after employees, the employees will look after customers and this will lead to superior profitability. In research that identified common practices that distinguished exceptional companies in terms of performance and profitability, Fitz-enz (1997, p. 27)

Author	Thesis of the text	Firm focus	Link to customer	Link to profitability	Firm-employee "relationship" building
Carlzon (1987)	People must be empowered, trusted, respected to create successful moments of truth with customers	C	E	Yes	I
Cannie and Caplin (1991)	Developing long-term relationships with customers	CR	E	Yes	E
Albrecht (1992)	Outstanding firms use total quality service to align their strategy, systems and people around the needs of customers	CR	E	Yes	E
Rosenbluth and McFerrin Peters (1992)	The employee comes first in an organisation	C	E	Yes	E
Harris (1996)	Describes how and why building powerful relationships with employees leads to the only true competitive advantage for a firm	–	–	Yes	E
Blanchard and O'Connor (1997)	Describes a management approach called managing by values	CR	E	Yes	E
Pollard (1996)	Describes ServiceMaster's success through a focus on developing people "A firm that does not develop its people will not be able to care for its customers"	CR	E	Yes	E
Fitz-enz (1997)	Starts from the basis that "human assets" are the basis of any firm's success and describes 8 best practices for their proper treatment	–	E	Yes	I
Haasen and Shea (1997)	Intrinsically motivated employees represent a key source of competitive advantage for businesses	–	–	Yes	I
Rosenbluth and McFerrin Peters (1998)	Firms achieve competitive advantage and superior long-term success when they take responsibility for the welfare of the people and societies they serve	CR	E	Yes	E

(*continued*)

Table I.
Practitioner literature proposing a link between building relationships with employees and customer satisfaction

Author	Thesis of the text	Firm focus	Link to customer	Link to profitability	Firm-employee "relationship" building
Freiberg and Freiberg (1998)	Tries to identify the success factors of Southwest Airlines	C R	E	Yes	E
Harris and Brannick (1999)	People are the real competitive advantage of any company. You keep employees who are connected to the firm	O (R)	I	Yes	I
Catlette and Hadden (2001)	The strength of a firm's relationship with employees impacts on the bottom line	C	E	Yes	I
Reichheld (1996, 2001)	Customer loyalty hinges on committed teams of high-calibre employees	CR	E	Yes	E
Blake (2001)	Uses Flight Centre as an example of a business model which focuses on achieving success through development of people	C		Yes	I

Notes: E = link made explicit; I = link implied; C = customer; R = relationship; O = a strong culture

Table I.

found that "one of the tangible payoffs for treating people well is that employees who feel well cared for pass on that attitude to the customers they meet". Pollard (1996) operated ServiceMaster under the belief that if the firm did not look after and develop its people, it would not be able to look after and care for its customers. Likewise, Graham Turner (Flight Centre CEO) believes that developing the "spiritual" side of business (that is developing the full potential of employees) directly benefits customers (Blake, 2001). "If you don't look after your people, they won't look after your customers" (Blanchard and Bowles, 1993, p. 71), providing a summary of the typical viewpoints expressed in the practitioner publications. Other similar examples of the quotes found within the practitioner literature may be found in Table II. The quotes refer to a link between the treatment of employees and their subsequent treatment of customers, thereby demonstrating the consistency of this belief.

Customer-oriented focus
While profitability remained a goal of the firm and links to profitability were made evident in the practitioner publications, profitability was not found to be the main focus or culture of the discussed firm. The majority of the authors stated that the focus of firms was on providing the best possible experience for the customer (Rosenbluth and McFerrin Peters, 1992, 1998; Pollard, 1996; Reichheld, 1996; Freiberg and Freiberg, 1998). This was related to the expectation that customers would continue to return to do business with the firm. This focus on customer experiences was called a "customer orientation" by Carlzon (1987) and Albrecht (1992).

The focus on the customer was particularly noticeable in the practitioner literature which detailed expressed views of the most senior executive of the firms. For example, Carlzon (1987) was of the view that the first step in achieving success is to acquire a customer orientation. Profits were an expected outcome of the customer orientation focus of the firm. The level of profitability was utilized as an indication of just how well one was doing at delivering the best possible customer experience. The general belief seemed to be that profits were a natural outcome of focusing on customers, by focusing on employees first.

Building relationships with employees
An emphasis on relationship building by firms was also a consistent finding in the practitioner literature. Building a relationship with customers so that they remained

Quote	Source
If you do not look after your people, they will not look after your customers	Blanchard and Bowles (1993, p. 71)
The way you treat your employees is the way they will treat your customers	Freiberg and Freiberg (1998, p. 71)
Employees will only care if they are cared for	Rosenbluth and McFerrin Peters (1998, p. 151)
The way your employees feel is ultimately the way your customers will feel	Albrecht (1992, p. 93)
If you hope to take wonderful care of customers, first you need to take wonderful care of the caretakers	Cannie and Caplin (1991, p. 25)
Employees who feel well cared for pass on that attitude to the customers they meet	Fitz-enz (1997, p. 27)

Table II.
Quotes identifying a direct link between looking after employees and looking after customers

with the firm was frequently seen as the ultimate goal. Many authors (Rosenbluth and McFerrin Peters, 1992, 1998; Reichheld, 2001; Harris, 1996; Freiberg and Freiberg, 1998; Pollard, 1996) were explicit in stating that the attention paid to building relationships with employees was a prerequisite to building relationships with customers. This association was implied by other authors (Carlzon, 1987; Fitz-enz, 1997; Harris and Brannick, 1999; Catlette and Hadden, 2001) through the usage of relationship-laden terms such as "caring", "building and developing trust", "supporting", "sharing goals and values", "looking after" and "connecting" to describe the association with employees. For example, Harris and Brannick (1999) write about developing a "connectedness" between the firm and employees.

A model summarizing the major findings from the examination of the practitioner literature is shown in Figure 1. This model proposes that the first step to success for a firm is exhibiting a customer orientation. Then the firm must operationalize this customer orientation by "looking after" employees. This will result in employees "looking after" customers who will want to continue to do business with the firm. The consensus view of this literature was that exceptional profits will flow to firms who pursue such a strategy successfully. All the practitioner literature examined was written about or by senior management and discussion focused on their views about how their firms were operating. Hence, these "real world" examples provided evidence of consistency in beliefs from, and about, a number of unrelated firms and individuals. All of these pieces of literature focused on the importance of employees by expressing a connection between looking after employees, employees subsequently looking after customers, and ultimately increased profitability. A majority of authors talked about this occurring within customer-focused firms. All authors utilized relationship-laden terms to describe what was happening, even though the focus of the work was not on relationship building.
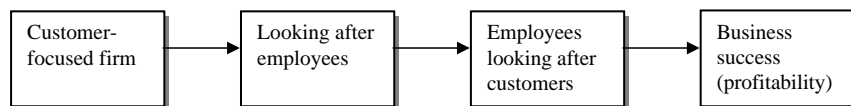
Academic marketing literature

We now turn to a discussion of the academic marketing literature to demonstrate that the discussed practitioner literature falls within the domain of marketing. Firstly, the overall focus on customers will be discussed with market-orientation being identified as representing the focus and culture of the firms discussed. Secondly, we identify and discuss how the crucial relationship aspect of the practitioner literature constitutes relationship marketing. We further elaborate on how relationship marketing provides the foundation for saying that what these firms are doing is building strong relationships with employees so that they may build strong relationships with customers.

The practitioner literature falls within the general domain of marketing
While it has been considered a difficult task to pinpoint the exact domain of marketing (Kotler, 1972; Baker, 1996), customers have always been, and remain, the central focus of marketing (Christopher *et al.*, 1991; Gummesson, 1994, 1999; Bendapudi and Berry, 1997). For example, marketing is defined as "the whole business seen from the point of

Figure 1.
The findings uncovered from the practitioner literature

Customer-focused firm → Looking after employees → Employees looking after customers → Business success (profitability)

view of its final result, that is from the customer's point of view" (Drucker, 1968, p. 54). It is this focus on customers which distinguishes marketing from other disciplines (Houston *et al.*, 1992). Hence, anything impacting on the customers of the firm can be considered to be of concern to marketing. This would include the treatment of customers by the firm's employees. The treatment of customers by employees was a form of discussion in the practitioner literature examined above. As marketing is synonymous with having a "customer orientation" (Houston *et al.*, 1992), the selected practitioner literature talked about adoption of the marketing concept by firms mentioned. The marketing concept is said to consist of three elements:

(1) a customer philosophy;

(2) goal attainment through the satisfaction of customer needs and wants; and

(3) the development of an integrated marketing firm where all areas of the firm are focused on marketing efforts (Houston, 1986).

This operationalization of the marketing concept matches the views expressed in the practitioner literature as identified previously.

Market-orientation
"Market-orientation" is the marketing term used to describe firms exhibiting a customer focus in their culture and behaviours (Kohli and Jaworski, 1990; Narver and Slater, 1990; Deshpandé *et al.*, 1993). Hence, those firms that are discussed within the practitioner literature as having a customer focus, can be said to be exhibiting a market-orientation. Consistent with the propositions espoused within the practitioner literature, considerable evidence has also been provided within the marketing literature of a positive association between market orientation and business performance (Deshpandé *et al.*, 1993; Jaworski and Kohli, 1993; Pelham and Wilson, 1996). Such findings support practitioner literature which identified the customer-orientation of firms they were discussing as being extremely successful.

Marketing and the employee-customer-profit link
Theoretical and empirical evidence exists within the marketing literature, supporting links between the employees, customers and business performance. As an example, employee satisfaction has frequently been linked to customer satisfaction (Schlesinger and Heskett, 1991; Heskett *et al.*, 1997; Payne *et al.*, 2000). Further, Heskett *et al.* (1994) developed a linkage model called the "service-profit chain". This model posits associations between employee satisfaction, loyalty and productivity, and customer loyalty and ultimately profitability. Unfortunately, due mainly to the level of research required to assess all of the links (Loveman, 1998), this model has only been fully assessed in one context (Kamakura *et al.*, 2002). However, support for many of the individual links has been found in the literature. As examples, Schlesinger and Zornisky (1991), Schneider and Bowen (1985) and Rucci *et al.* (1998) provide evidence of a link between employee satisfaction and customer satisfaction, while Nelson *et al.* (1992) and Anderson *et al.* (1994) have provided evidence of links between customer outcomes and profitability. Hence, the academic literature does already inform links between employees and customers and their respective levels of satisfaction and subsequent business profitability.

However, a key element emerging from the examination of the practitioner literature was the importance of relationships, especially those between the firm and employees. The service-profit chain model does not consider the importance of relationships and so does not fully encompass the model uncovered in the examination of the practitioner literature. We need to examine the concept of relationship marketing for further insight.

The practitioners are talking about relationship marketing
Many in the marketing academe have viewed marketing as being about relationships (Bagozzi, 1979; Gummesson, 1994, 1999; Grönroos, 1995; Sheth and Parvatiyar, 1995). Grönroos (1996, p. 11) for example, has provided a relationship definition of marketing, stating that "marketing is to manage the firm's market relationships". Defined here as "marketing based on interactions within networks of relationships" (Gummesson, 2002, p. 3), relationship marketing is a term that has emerged within the marketing literature to describe relationship building with all the firm's customers in all their markets. This includes the employee market.

Relationship marketing is considered to be accepted wholeheartedly by marketing practitioners and scholars (Barnes, 1995). It is a concept that has received considerable and increasing attention in the general marketing literature since the early 1990s (Iacobucci and Ostrom, 1996; Bejou, 1997; Mattsson, 1997). Further, relationship marketing is thought to have been widely adopted in business practice (Durkin and Bennett, 1999).

Relationship marketing also presupposes that a firm adopts a market-oriented approach to business in the first instance, because of the focus on the customer (Grönroos, 1996). Adoption of a market-oriented culture is, in fact, considered a critical determinant of relationship marketing success (Payne *et al.*, 1994). In support of this view, Ricard and Perrien (1999) found that relationships with customers were fostered in firms characterized by a customer-oriented culture and a relationship marketing approach.

Hence, relationship marketing is a framework that can be used to adopt and to provide an academic framework for investigation of the information provided by practicing managers which has been identified in this paper. The concept embodies the requirement of a customer orientation and espouses the importance of relationship building. Therefore, more in-depth investigation of the relationship aspect of the relationship marketing concept in terms of its applicability to the practice related evidence is warranted.

Relationships. Relationships are thought to develop over time and to grow and evolve through a number of stages. Christopher *et al.* (1991) emphasize the identification of an initial stage called "prospects" and focus on trying to convert them to customers (2nd stage). This stage constitutes the first step of their "ladder". It also constitutes the transactional approach to marketing which focuses on turning prospects into customers, through the exchange process. As indicated by Christopher *et al.*'s (1991) ladder, the objective of relationship marketing is to turn new customers into "clients" who make regular purchases, and then to progressively strengthen the relationship by turning clients into "supporters", and eventually, "advocates" for the firm (Christopher *et al.*, 1991; Raphel and Raphel, 1995). Dwyer *et al.* (1987), on the other hand, identified five stages in the development of a relationship, called "awareness", "exploration", "expansion", "commitment" and "dissolution". The highest levels of relationship development are similarly recognized in both sets of authors as a desire

and willingness to maintain the relationship. Hence, in researching what constitutes a successful relationship, the desired outcome would be seen to be this desire and willingness to remain in the relationship. Hence, looking back at the practitioner, firms would be seeking to determination how committed employees and customers were to their relationships with the firm.

The second aspect of the "relationship" component of relationship marketing holds that a firm operates simultaneously within a number of different markets and develops relationships with partners (or stakeholders or customers) within each of those markets (Christopher *et al.*, 1991; Morgan and Hunt, 1994; Doyle, 1995; Kandampully and Duddy, 1999a). Despite some differences in the specific relationships identified, there has been general agreement about categories of relationships. These can be broadly identified as customer relationships, intra-firm relationships and other external non-customer relationships. There is unanimous agreement among all the typologies of the need to manage relationships that are internal to the firm. Gummesson (1996, 1999), Morgan and Hunt (1994) and Doyle (1995) all distinguish a set of different types of internal relationships (or partnerships) of the firm. Other researchers, who have adopted a much broader categorization of relationships, have merely distinguished between internal and external markets and relationships of the firm (Brookes *et al.*, 1998). Whatever the level of categorization, there has remained consistent agreement that a relationship exists between the firm and its employees and that this relationship is of marketing interest. It is this firm-employee relationship that the practitioner literature refers to as being crucial to success.

Networks. It is generally agreed amongst relationship marketing researchers that the activities which occur inside the firm will influence all external relationships of the firm (Grönroos, 1996; Kandampully, 1997; Zineldin, 1998; Gummesson, 2000). In fact, it has often been written that relationship marketing success in the external marketplace actually requires initial relationship marketing success in the internal marketplace (Payne *et al.*, 1994; Reynoso and Moores, 1996; Williams, 1997; Zineldin, 1998). In this way, internal relationships have been viewed as "an essential part of the relationship marketing framework" (Reynoso and Moores, 1996, p. 55).

Consistent agreement is also found among relationship marketing researchers that modern business relationships exist within a complete network of relationships which all impact upon each other (Anderson and Weitz, 1989; Gummesson, 1999; Kandampully and Duddy, 1999b). As a result, the success of the whole network relies on the success of each relationship within that network (Morgan and Hunt, 1994). The link between the other relationships of the network and the customer relationship has received some specific attention in the literature. Grönroos (1989) has stated "the whole network is part of the customer relation and has an impact on the development of the relation". Gordon (2000) uses the idea of a "chain of relationships" to describe the impact on the customer. This chain could include suppliers in the network, different functions within the firm, and intermediaries. Employees are recognized as a key part of this chain. In some cases (as with service firms), employees can constitute the entire chain of relationships between the firm and customers. Interaction among the relationship chain participants affects the eventual value received by the customer. Errors and inefficiencies along the chain will effect the customer's perception of value, causing "friction" in the relationship (Gordon, 2000). Such friction can only be reduced through continual re-alignment amongst relationship partners.

Some researchers have also discussed the notion that the firm itself is a network of relationships (Weick, 1979; Badaracco, 1991; Gummesson, 2000). Weick (1979) describes a firm as being an invisible set of sequences, pathways and timing of linked events. This can be equated to relationships and interactions (Gummesson, 2000). Indeed, it is possible to imagine a firm as a network of relationships. The boundaries between internal and external environments of the firm disappear and the firm becomes a series of interacting relationships. All of these interacting relationships would need to be maintained by the firm. Gummesson (2000) refers to this as the "virtual organization".

This view of the firm as a network of relationships is completely in line with the practitioner literature summarized previously, whereby a link between the treatment of employees and their subsequent treatment of customers was identified. The practitioners are advocating that it is the firm-employee relationships that have the greatest impact upon customer relationships. This is in agreement with the relationship-marketing viewpoint that the internal relationships to the firm are important as they impact on the other relationships of the firm. Hence, in order to assess this relationship network, it is necessary to measure both the firm-employee relationship and the firm-customer relationship prior to assessing the impact of the firm-employee relationship on the firm-customer relationship.

The connection between relationship marketing and the practitioner literature

Upon closer examination of both bodies of literature, it can be seen that, the relationship marketing concept embodies the viewpoints identified in the practitioner literature. Both the practitioner literature and relationship marketing literature provide for a customer focus of the firm. The practitioner authors and relationship marketing academics both advocate the existence and importance of the internal relationships to the marketing function of the firm. A link between the internal relationships and external relationships of the firm is advocated in both literature bases. There is agreement that good relationships between the firm and employees presuppose good relationships with the customers of the firm and there is also agreement that this will have a positive impact upon the performance and profitability of the firm.

Hence, a clear connection can be drawn between the relationship marketing and practitioner literature. The connection between the synthesis extracted from the practitioner literature and relationship marketing is shown in Figure 2. It is proposed that the adoption of a relationship marketing perspective will begin with a customer (market) orientation for a firm. A market-oriented culture is seen as a critical antecedent to
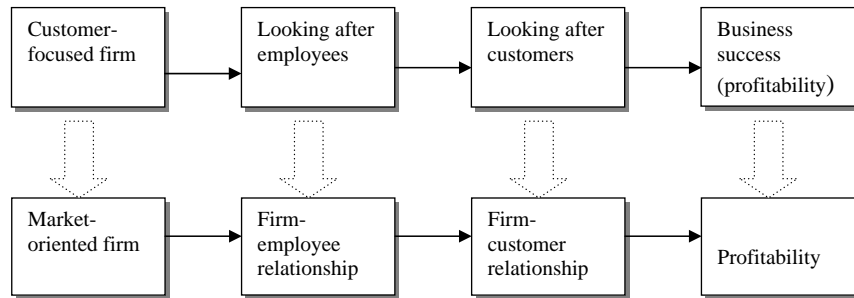
Figure 2.
Linking the practitioner literature and relationship marketing theory

relationship marketing, because it is the culture of a firm which has the greatest impact on employees' attitudes and behaviour (Payne *et al.*, 1994; Grönroos, 1995). Therefore, to get employees to exhibit favourable attitudes and behaviours towards customers requires that the firm adopt an overall customer-oriented focus. The expanded view of the customer should then see employees subsequently treated as "internal customers". This supports the view found in the practitioner literature. Payne *et al.* (1994) also speak of the need for a firm to be concurrently relationship-oriented and customer-focused, thereby providing further agreement with the views of the practitioners. Such a focus should lead to the formation of good relationships between the firm and its employees in the first instance. This will subsequently impact on external customer relationships due to employees being customer-focused and relationship focused and committed to their firm. The outcome of this is generally agreed to be increased profitability for the firm, which is the result of increased employee productivity and repeat sales to retained customers. This is also a typical outcome of relationship marketing activities.

Managerial implications, future research and conclusions
This paper provides a number of implications for practicing marketers. We have shown that there is a group of successful practitioners who believe that the firm's relationship with its employees will impact on its relationship with its customers. It was also demonstrated that such practices have lead to competitive advantage for those firms. It was demonstrated that this falls within the relationship marketing research domain and specifically identifies the importance of the firm-employee relationship on the firm-customer relationship. Practicing marketers who are trying to gain a competitive advantage via repeat business from existing customers should:

- adopt a relationship marketing approach; and
- understand the linkages between internal and external relationships.

A practitioner-oriented internal relationship business model was extracted from the review of practitioner related business literature. This model articulates the link between looking after employees, employees looking after customers, and this having a highly positive impact on the firm's performance in comparison to competitors who do not pursue such a model.

Focusing also on the link between employee and customer attributes implies a need to integrate marketing and human resource management efforts of the firm. Recommendations for managing this already exist. As an example, Gordon (2000) speaks about firms creating "internal relationship manager" positions. The sole purpose of this role is to manage connections, culture and values with the firm and to overcome internal friction. This will ensure that the customer's experience is so good that they will want to come back again (Grönroos, 2000).

Further, an opportunity is also provided to expand human resources management literature generally, through examination of how all of the human resource activities of the firm can be utilized to aid in the development of the required strong relationships with employees. Indeed, there have already been calls for human resource management to take a "marketing-like" approach to their activities. For example, Smilansky (1997) calls for viewing employees as "customers" and Gibbs (2001) considers that from a research perspective, such an approach leads to being better informed about the success of HR practices and policies through the voices of the actual "people".

The link between the internal marketing concept and human resource management can also be further explored. Whilst to date, the concept of internal marketing has received attention in the human resource management literature, the nature of the discussions has generally not been positive. Internal marketing is frequently viewed negatively. For example, Hales (1994, p. 67) describes internal marketing as shifting HRM "... away from negotiation and mutuality within a pluralist framework towards manipulation and persuasion within a unitarist framework". We believe that taking a new viewpoint from the relationship marketing perspective can enhance future examinations of the association between marketing and human resource management.

This paper has also outlined gaps in the empirical relationship marketing literature which do not yet confirm the evidence provided by the cases and reflections found within the practitioner literature. There is considerable agreement about the existence of the different relationships that a firm must manage. There is also similar recognition that relationships operate within networks whereby the relationships affect one another. However, considerably less attention has been paid to relationships with partners other than customers in the academic literature (Liljander, 2000). And, as highlighted by Liljander (2000, p. 162), "one marketing relationship which has a direct effect on customers, and which has received too little attention, is the one involving the company's personnel". The academic marketing research related to employees to date has been largely conceptual, outlining what might be rather than what is (Ballantyne, 1997, 2000; Bejou, 1997; Liljander, 2000).

Hence, this paper has aimed to make an initial contribution to demonstrating the importance of the firm-employee relationship. This has been done by highlighting consistent evidence provided by successful practitioners of the link between the internal and external customer relationships of the firm. The development of the business model informed by the practitioner viewpoint enables the development of a research agenda to test such a model. Research can consist of testing the links in the model empirically. Identification and exploration of different types of internal relationships can be conducted. Research should also be conducted with the view to developing an understanding of the interaction processes within the internal relationships and how these impact on the external relationships. Finally, there also needs to be empirical assessment of possible antecedents (market-orientation) and consequences (profitability, success) to these relationships. Presently there is no empirical evidence in relation to any of these posited links from the relationship marketing perspective.

Such a research agenda will move the academic literature forward to demonstration of whether the links proposed are supported empirically. If indeed it can be found that building strong firm-employee relationships does provide a competitive advantage for firms, this has considerable consequences for firms in terms of the approach to employees and the manner in which they are managed. Both the marketing and human resource disciplines can benefit from empirical examination of the proposed model, as well as to more detailed exploration of other links in this model.

In conclusion, this paper examined the practitioner literature related to exceptional success in firms and explored the provided reasons for such success. As it became evident that the employees were viewed as providing the avenue to success, it was noted that senior executives were mostly concerned with how their employees were treated within the firm (Rosenbluth and McFerrin Peters, 1992, 1998). As such, we have

drawn together marketing, services and relationship marketing literature to propose a model for what the practitioner executives espouse. This model expands the service-profit chain concept by adding a marketing-orientation and relationship marketing focus. Further, the model is also already supported by the evidence from practitioner literature which was drawn upon to develop the links in the model. All that remains now is for academics to further expand and explore the relationships from an academic perspective so that empirical evidence can be utilized to support the assertions of these practitioners. As noted earlier, these practitioners have already had difficulty in trying to convince other practitioners of their belief that the key to success lies with how employees are treated. Finally, the model offers human resource management academics an alternative viewpoint from which to launch further investigation of the link between marketing and HRM from the relationship perspective. This can only aid in further understanding of how human resource management and marketing are intertwined for the purposes of achieving organizational success.

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