



17-20th of June 2012, Tallinn



## 29th IASP World Conference 2012

### Managing customer portfolio using relationship network perspective

Parallel Session 2

Tenant Services - Value Adding Aspects

Author:

Piotr Kwiatek ([piotr.kwiatek@ntpp.pl](mailto:piotr.kwiatek@ntpp.pl))

Nickel Technology Park Poznan, Poland

## **Managing customer portfolio using relationship network perspective**

### **Track 1: Business Internationalisation**

**Key discussion issue 1d: The resident companies. Types of tenants - their needs and roles. Anchor tenants.**

Categorization of the STP tenants and other clients, examples of cluster formation and development of respectively specialized service packages. Tenants as STP ambassadors. The special position of multinationals and big corporations as STP tenants.

### **Executive Summary**

The aim of the paper is to discuss process of development of set of services in respect of diversified customer portfolio. The empirical evidence is built on Nickel Technology Park Poznan case study. Main point of discussion is how services can be invented, developed, implemented and managed to boost the relationship within Park's networks.

The main idea, rooting element and very essence of Science and Technology Parks (STPs) is to ‘accompany entrepreneurs in business development’<sup>1</sup>. Though it may seem too obvious for IASP members and partners, it is an important point to start the discussion about managing customer portfolio. Breaking down the *mission* of STPs’ in two constituting elements we should answer the following questions:

- Who is an entrepreneur?
- What is *business development* and what is needed for it?
- What does it mean *to accompany*?

Answers to these questions are not that straight forward. For example, in the latest ‘Question of the fortnight’ at IASP website, 80% of respondents acknowledge that for their STP newcomers and grown-up companies are of equal importance<sup>2</sup>. Different stage of development of a venture triggers different needs which should be fulfilled by a STP and calls for different methods of cooperation<sup>3</sup>. In the paper we will discuss this issues using the example of Nickel Technology Park Poznan, Polish first privately owned STP.

The paper is organized as follows. First we briefly describe the concept of relationship marketing and network approach to set proper ground for discussion. Next we will move on to describe the actors in park’s environment along with their preferences using the case study of a private STP. In following section key variables are briefly discussed and service approach presented. We conclude the paper with outcomes of managerial activities in managing customer portfolio based on the presented approach.

### **Parks specifics: relationship and network perspective**

Science and Technology Parks (STP) are described as entities which enhance local economic growth through the creation of innovative firms that diversify the structure of local production systems<sup>4</sup>. Different actors can be involved in STP: companies, universities, research centres, governmental agencies, STP management company<sup>5</sup>. Additionally, STPs may offer a range of services, such as real estate services, support services, services to management, services to funding innovation, and incubation services for new ventures; they may also offer partnership and networking services between the actors. There are studies that have been focused on relationships between STP firms and universities. Some studies also look into the synergies from relationships between firms within STP and firms located outside, resulting in different classifications for STP firms: on-park firms and others. There has been a growing research of relationships that link entrepreneurs to other actors but relational or network approaches to understanding STP formation or growth have rarely been adopted and remains under-explored. In previous studies, research focussed on formal relationships, i.e. interorganizational ties, or on informal relationships (interpersonalities). Most of the research cited above is connected with parks run by universities or public sector entities (e.g. city councils) and may not be fully relevant for privately owned parks with limited access to public funds. For such parks, managing customer portfolio is even more important because the main goal, apart from knowledge transfer and incubation of new ventures, is to support business sustainability and growth. In the paper we focus on such example. One specific and revealing aspect of business networks and their morphology is their configuration defined by the

<sup>1</sup> The statement is put for the sake of further discussion, not to challenge the definition of STP.

<sup>2</sup> Accessed at [www.iasp.ws](http://www.iasp.ws) at 2012-02-20.

<sup>3</sup> Be it on a Day-to-day basis for early start-ups to once a month (or a quarter) for grownup entities.

<sup>4</sup> J. Tan (2006), Growth of industry clusters and innovation: Lessons from Beijing Zhongguancun Science Park. *Journal of Business Venturing*, 21, 827 – 850.

<sup>5</sup> H. Etzkowitz, L. Leydesdorff (2000), The dynamics of innovation: from National Systems and “Mode 2 to a Triple Helix of university–industry–government relations. *Research Policy*, 29(2), 109-123.

pattern of relationships and intensity of business relationships established with each partner<sup>6</sup>. The relationship approach will be presented in the next paragraph, followed by network approach.

### Managing relationships within Network Approach

Relationship marketing emphasises the development and improvement of long-term interactions as well as bilateral favourable relationships with customers and remaining market participants. At the same time, an important marketing and partnership characteristic is the move away from exchanges based solely upon a given transaction in favour of exchanges based upon strict cooperation which in turn leads to positive effects arising from these relationships. Theories stress the necessity of cooperation and developing relationships with external entities which can significantly influence company competitiveness<sup>7</sup>. The cooperation between companies, especially those involved in business-to-business is highly beneficial. Through highly developed mutual communication it allows companies to quickly diagnose partners' preferences and potential problems in cooperation.

The so-called network approach and business networking is present in managerial and academic literature since 1970s. In line with this approach, business network is a set of long term formal and informal ties between two or more parties.<sup>8</sup> It should also be underlined that network has synergy embedded in its concept. To put it differently: network is more than the straight sum of bilateral relationships. Business network reflects also mutual dependencies which influence actors' activities. Companies are embedded in a network of interconnected relationships; there exists an interconnected mesh of actors, activities and resources which is reflected in the industrial network model<sup>9</sup>. Another approach, so called Strategic Network Approach, builds on the notion that network can be created and managed. We present them briefly.

Contemporary literature put forward two theoretical concepts of networks - IMP Group approach and strategic net approach. For the IMP, network is a result of interactions between independent actors. During these interactions entities cooperate and develop rules of engagement, adapt to each other and build trust over time. Therefore network is an unplanned, evolutionary effect of often spontaneous interactions which do not need a dominant entity<sup>10</sup>.

In contrast, strategic net is intentionally created by network leader. The leader is a *centre of gravity* for the network, which means that it obtains resources from other companies during its business operations. Ties within such network are usually formal and regulated by legal agreements and partners are selected based on their ability to fulfill leader's needs.

Despite differences in both approaches, by means of long-term and close cooperation added value is created for entities involved and for the network as a whole. The added value comprise: lower costs, higher efficiency in customer service and improved capacity to generate new customers. We can briefly conclude, that the ability to initiate, maintain and develop relationships with partners is company's key success factor, regardless of its business domain. This ability is rooted in company's devotion to constantly search for needs and preferences to answer

### NTPP as network creator

<sup>6</sup>H. Gemunden, T. Ritter, P. Heydebreck, P. (1996) Network Configuration and Innovation Success: An Empirical Analysis in German High-Tech Industries. *International Journal of Research in Marketing*, 13, 449-62; T. Ritter, H. Gemunden, H. 2003. Network Competence: Its Impact on Innovation Success and its Antecedents. *Journal of Business Research*, 56(9), 745– 55.

<sup>7</sup>H. Håkansson, et al. (2009), *Business in Networks*, ed. Inc. Wiley and Sons, London.

<sup>8</sup>H. Håkansson, I. Snehota, *No business in an island: the network concept of business strategy*, w: Understanding business markets: interaction, relationships and networks, red. D. Ford, Academic Press Harcourt Brace & Company Publishers 1993, s. 526.

<sup>9</sup>B. Axelsson, G. Easton, G. (1992) *Industrial Networks: A New View of Reality*, New York and London:Routledge.

<sup>10</sup>P. Turnbull, F. Ford, M. Cunningham (1996), Interaction, Relationships and Networks in Business Markets : an Evolving Perspective, *Journal of Business & Industrial Marketing*, Vol. NO. 3 / 4, pp. 44-62.

Nickel Technology Park Poznan (NTPP) is the first and the largest private technology park in Poland. It was founded in 2005 and started its operations a year later. Nickel Technology Park Poznań is a part of the Nickel Group. Poland's first private establishment of this kind could not have been founded if a combination of family business experience, construction know-how of PTB Nickel and Nickel Development's investment roots had not blended into a successful whole. Strive for innovativeness and 'innate' tendency to overcome obstacles have contributed to the foundation of an absolute novelty in Poland. NTPP enjoys sound technological and expertise back-up of the Nickel Group subsidiaries to ensure that the vast opportunities for growth and efficient operation are always used effectively.

Since 2011 NTPP is Full Member of International Association of Science Parks (IASP). NTPP is committed to providing businesses with growth possibilities by providing them complete range of services in friendly and innovative environment. Nickel Technology Park Poznan is focused on supporting development of three domains: biotech, ICT and knowledge intensive business outsourcing. On over 25.000 square meters the Park houses 34 companies and approximately 800 people. The infrastructure of NTPP reflects its expertise, apart from general office space, it comprises state-of-the-art data centre, modern bio facilities and spacious warehouse buildings. Being a private park, NTPP is deeply devoted to its mission - being partner in growth for partners. It's well reflected in annual benchmarks carried on by Polish Agency for Enterprise Development (PARP), government agency which monitors centers of innovation in Poland<sup>11</sup>. For second consecutive year NTPP is ranked top in three categories: STP management, infrastructure and relationship with tenants. With these results, followed by low tenant rotation<sup>12</sup>, NTPP is a strong and well recognized business partner.

Besides business links, NTPP has broad connections with science institutions. Nickel Technology Park has conducted numerous projects with universities from Poznan: University of Economics, Poznan University of Medical Sciences, Poznan University of Technology and Poznan University of Life Sciences. Park has also active connections with Universities and R&D centers from other cities, like Military University of Technology (Warsaw), Jagiellonian Center of Innovation (Cracow), Wroclaw Technology Park (Wroclaw). International cooperation is a strong arm of NTPP, which is an active member of Council of European BioRegions, European Biotechnology Network, Global Sales Science Institute and cooperates closely with Turku Science Park (Finland) and bio-clusters from Germany, Belgium and Hungary.

NTPP supports the development of entrepreneurship and innovative ideas through various projects, e.g.:

- Nickel Inkubator - complete process for making pure ideas commercially viable; with special services dedicated to biotechnology, IT, construction and environmental technology industries;
- Capital\_LINK -business meetings aimed at bringing together companies searching for capital and potential investors;
- "Knowledge for business" - promoting pro-business attitudes among students and scientists;
- BIOREGION Wielkopolska Association - Nickel Technology Park Poznań coordinates activities aimed at integrating and promoting the biotechnology, medical and life science industries in the Wielkopolska region;
- Nickel BioCentrum - state-of-the-art bio-medical area which combines a building optimized for bio-medical work with a specialized services portfolio. NTPP offers comprehensive business services, including the rental of office, warehouse,

---

<sup>11</sup> More on: <http://en.parp.gov.pl/>

<sup>12</sup> Excluding companies in Nickel Inkubator and Business Development Area, which can access preferential services for up to three years.

conference and labs, Data Center services, helps in financing projects and technology transfer.

In recognition of its activities, in 2010 Nickel Technology Park Poznań received a title of “The One Who Is Changing Polish Industry”, awarded by NowyPrzemysł business magazine, for creating the first commercial platform in Poland aimed at cooperation between science and business, as well as social initiatives undertaken by NTPP founders.

We will now discuss characteristics of customers using the case of NTPP.

### Types of customers - specifics and preferences

Operating in a multi-facet mesh of direct and indirect customers, NTPP put much effort in properly identifying their needs. We will present some of the groups in order to show service matrix

#### 1. Group: Key Accounts (i.e. big players) within the Park

For each business, its sustainability is of utter importance. In case of STPs we often say that this is the role of anchor tenants, i.e. big companies that allow for stable streams of profit and potential spin-outs as well as market recognition. Key accounts are usually well recognized national or international brands.

Mature businesses of that sort are interested in innovative environment and services which help them improve their business effectiveness. This is both direct economic effectiveness (meaning cost optimization) and boosted productivity of employees (employee-friendly environment).

#### 2. Group: Smaller tenants

Smaller tenants (STs) complement business stability and are the potential source of growth. If catered for properly, STs extend their business and might become key accounts. STs value elasticity of STP and access to shared spaces (e.g. conference rooms, storage areas) which help them manage their costs. Being concentrated on their core-business activities, STs are interested in business services like Quick PR.

#### 3. Group: Entrepreneurs in Incubator (start-ups)

New ventures are most difficult to describe. In case of NTPP, start-ups are new businesses created by academics over a new technology or product, spin-outs from companies (like PozaLab, a company appointed by former employees of GlaxoSmithKline R&D centre, students' new businesses).

#### 4. Group: Members of Clusters managed by NTPP, who are not tenants of NTPP

Being active in the field of network management, NTPP animates a few clusters. In this paper we concentrate on one of them - Bioregion Wielkopolska (BRW). BRWmembership include academics in life sciences, universities, students of life sciences, companies in bio/med/tech industries. Therefore they are usually not NTPP tenants but influence NTPP business indirectly.

The above list can be easily extended with Universities and R&D Centres, public players (e.g. local authorities). Nevertheless, for the sake of clarity we will continue the discussion on the four groups presented. The groups are monitored by NTPP on regular bases to verify possible changes in their needs and to tweak NTPP services if needed. Every six months a rigorous research procedure including Net Promoter Score is run by dedicated NTPP staff. Apart from that, information is gathered from informal talks with representatives from each group.

**Customers and services**

The characteristics of the groups are in a sense general as they reflect market segmentation, i.e. aggregated information. This should be complemented by two other characteristics which will allow for more individual approach to customers. In particular, we should define the development phase of customer and type of relationship we have with him/her.

The development phase is, to some extent connected with type of customer. Nevertheless it is an additional variable, especially in Group 3 (i.e. start-ups) and Group 4 (i.e. outside customers). These groups are internally not as homogenous as the other two.

Type of relationship (formal versus informal) is also important in the process of managing customer portfolio. Formal relationships are stable over a known period of time. On the other hand, informal relationships tend to be stronger and have more growth potential.

**Development of services matrix**

NTPP provides its services in four areas: business services (e.g. IT outsourcing), space rental and management (e.g. dedicated space/shared spaces), customer service (e.g. promotion activities, cluster management, car wash) and additional non-business services (e.g. Kindergarten). These four areas are reflected in three levels of service provision (see Figure 1).

**Figure 1.** NTPP’s levels of services.



Source: NTPP.

It must be noted that figure 1 do not represent a complete list of services, it has been aggregated to keep the clarity of presentation. The services offered by NTPP to its customers and partners cover the whole range of needs discussed in previous paragraphs. The service matrix (see figure 2) was implemented at the beginning of 2011 as a result of a 10 month project and numerous interviews with customers and partners.

**Figure 2.** NTPP’s service matrix.

Group\Service level	Level 1	Level 2	Level 3
Key accounts	Complete range of spaces	Capital_LINK (investment opportunities), cost optimization, Nickel Incubator (for spin-out support)	Data Center, general service in space management, Kindergarten, Carwash, catering
Smaller tennats	Complete range of spaces	Capital_LINK (investment opportunities), Nickel Incubator (to support new ventures in	Data Center, general service in space management, Kindergarten, Carwash, catering

		capital needs), Fast PR (optimizing promotion services)	
Start-ups	Bio-incubators and Business Development Area, Conference and business rooms	Capital_LINK (investment opportunities), Nickel Incubator (complete range of incubation services), Fast PR (optimizing promotion services)	Data Center, general service in space management, Kindergarten, Carwash, catering
Outside companies	Conference and business rooms	Capital_LINK (investment opportunities), Nickel Incubator (to support new ventures), Fast PR (optimizing promotion services)	Data Center, Kindergarten, Carwash, catering

Source: NTPP.

The process was mainly evolutionary, as NTPP management team quickly discovered that customers preferences towards services are not only diverse but also evolve quickly. Starting in September 2010 NTPP run three distinctive processes concerning the service portfolio. First, called service co-creation was setup as a set of informal meetings with managers of NTPP customers to discuss needs and expectations arising from their future plans. Second, called service design, was set up as an interactive process of designing, test-implementation and on-the-fly verification of service processes. Third included creation of two sets of formal periodic meetings: one with managers and second with broader group of people working within NTPP's premises and other partners. The third process was unique in its kind because what was needed was a sort of "platform" which would link various groups of people and enable seamless flow of communication. The platform, called internally "communication arena", included an outdoor meeting (twice a year), open "get to know us" events (once a quarter) and comprehensive on-line communication (social media: newsletters, facebook, blog) on daily basis. The "get to know us" initiative may need a bit explanation; it is a day of a specific company (not necessarily located within the Park) during which it presents its portfolio of products and/or services, its employees etc.

## Results

If a case study is presented, what readers wait for are the results. Bearing in mind the amount of work put it developing diversified portfolio services for Park's customers, NTPP was very much interested in measuring not only final results but also use KPIs for running processes. Apart from typical project management metrics, constant monitoring of customers was run. It included informal information gathering from customers during meetings and formal information from frontline staff of NTPP. In addition, a process of gathering satisfaction and Net Promoter Score (NPS) information twice a year was launched. After 18 months we can conclude that keeping satisfaction of (once again diversified portfolio) customers at over 95% and boosting NPS by 30% while having 98% occupancy rate is a measure of success. These are not the only measures used in assessing Park's performance with respect to its customers. Every Park in Poland is assessed by PARP once a year. This is a benchmark study run by dedicated company and includes both experts appraisal and research on customers. At the end of 2011 NTPP was ranked third (out of 34 STPs in Poland) in overall ranking and scored highest in park management, active liaisons and turnover of customers categories.

To develop NTPP's expertise in managing customer portfolio an R&D project has been recently launched by NTPP in cooperation with Poznan University of Economics and granted by



Poland's National Science Centre to implement a working measure of relationship network growth. Early results of the results will be presented at the IASP conference in Tallin.

## References

- Axelsson, B. and Easton, G. (1992) *Industrial Networks: A New View of Reality*, New York and London:Routledge.
- Etzkowitz, H., Leydesdorff, L. (2000). The dynamics of innovation: from National Systems and "Mode 2 to a Triple Helix of university-industry-government relations. *Research Policy*, 29(2), 109-123.
- Gemunden, H., Ritter, T., and Heydebreck, P. (1996) *Network Configuration and Innovation Success: An Empirical Analysis in German High-Tech Industries*.*International journal of Research in Marketing*, 13, 449-62.
- HåkanssonH.,&Snehota I. (1998). *The Burden of Relationships or Who's Next*. In P. Naudé, P. W. Turnbull (eds.). *Network Dynamics in International Marketing*, Oxford: Elsevier Science.
- Håkansson, H., et al. (2009), *Business in Networks*, ed. Inc. Wiley and Sons, London.
- Ritter, T. and Gemunden, H. 2003. *Network Competence: Its Impact on Innovation Success and its Antecedents*. *Journal of Business Research*, 56(9), 745- 55.
- Tan, J. (2006), *Growth of industry clusters and innovation: Lessons from Beijing Zhongguancun Science Park*. *Journal of Business Venturing*, 21, 827 - 850.
- Turnbull P., Ford D., Cunningham M.(1996), *Interaction, Relationships and Networks in Business Markets : an Evolving Perspective*, *Journal of Business & Industrial Marketing*, Vol. NO. 3 / 4, pp. 44-62.