Value creation through relationship management

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In the recent past years, we have seen more and more people, from different background or economic sector, struggling to come up with something different, original someway. The ultimate goal of this task is to guarantee sustainability. In a business subject it means that one has competitive advantage to its competitors. That is, competitive advantage is achieved when the balance between value and cost is more positive than one’s competitors.’

So, the question is how to more create value than before, than my competitors, than my resources seem to be able to. There will always be costs and shortages of capital, time and even human resources. The sport industry is getting a global dimension, economically, socially, environmentally, and this must be, more than a threat, an opportunity to develop areas superficially explored so far.

The identification and elimination of wasteful activities is considered an opportunity of value creation. The methodology employed, currently named 7 Wastes, was developed by Taiichi Ohno for the Toyota Production System in Japan. The basic principle of this methodology is the reduction of waste through the use of resources at the right time and the exactly amount required by the line of production (Ohno, 1978).

Shilbury (2000) states that the degree of complexity of the Sport Industry is caused by the increase of competitiveness and the growing sophisticated management practices. The current level of competitiveness demands that organizations develop areas and activities previously considered less important, in order to increase their competitive advantage and ensure its sustainability in the market. Given this context, this research aims to study the role of relationship management for value creation in sport organizations.

The way to relate with pairs, suppliers, customers, can create competitive advantage by adding value to the process and, consequently, to the final product (Allee, 2008; Lin & Lin, 2006; Porter, 1985). Porter (1985) mapped value creation activities in an organization and developed what he called the Value Chain, classifying the company’s production activities in: Primary and Support. Allee (2008) uses a functional approach, where the actors in the network are represented by organizational functions and roles. To convert intangible actives into tangible ones and then realize value to the company, first it is necessary to identify valuable activities not yet converted into actives to be commercialized.

To Lin and Lin (2006), companies must be aware of drivers and barriers for value creation and try to take advantage of these drivers and to avoid barriers. The interesting aspect for this work is that most of drivers and barriers are related to the employee personally (drivers: distinctive skills, personal experience, learning and training, team work; barriers: distrustful environment, inadequate knowledge) and to the firm’s processes (drivers: innovation and evolution, R&D, capability for differentiation; barriers: short of core technology, poor resource support, bad services and attitudes). Organizational culture and structure can be drivers for value creation as well, in a way that encourages people to create value from the organization’s resources.

Thus, the creation of value of an organization and, consequently, its sustainability is carried out by its employees. Lin and Lin (2006) understand that the purpose of any business is to create value for customers, employees, and investors. Therefore, the value creation can only be sustainable if value is created and delivered to all of them.

The object of study is a sport organization, world leader manufacturer of sport equipments for high competition and recreation. Data was collected and analysed using in-depth interviews to the main stakeholders involved in the production process. Qualitative approach was used as the research is a case study. For the instrument, it was used the principle of value chain and waste identification and elimination from Lean.

According to the analysis of the first data, relationship management is a value creation activity not formally recognized. The evidence of their concern lays on the organizational culture and regular operations and in the way they personally relate to their customers and clients for immediate and further value creation. The best and closer relationship they can have with athletes is expected to generate value for the company. Differently of a marketing general strategy, their idea is to try to get this relationship close enough to create resilience and trustfulness. The natural consequence is a stronger customer loyalty and lasting value creation. Of course the company trust in their technical expertise and products quality. Further analysis of data to be collected will reinforce the value creation through the identification of wasteful activities caused by bad relationships between employees.

References