Qualitative Evaluation Criteria for Client Relationship Managers in the Financial Services Industry

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Scandinavian Financial Research Ltd (SFR) is an international research company located in Helsinki, Finland. It is the premier research and consulting partner for key decision makers in the institutional financial services market in Scandinavia. SFR conducts two main research programmes yearly: Investment Services Programme and Corporate Banking Programme. The service quality evaluations of client relationship managers, which are crucial to SFR's clients, are incorporated in both programmes. The objective of the thesis is to analyze the current evaluation criteria used to measure client relationship managers' service quality in the financial services industry, and to create a more refined version for SFR.

The theoretical background first briefly describes the importance and the roles of the client relationship managers in today's financial market. This is followed by a theoretical analysis of the current criteria for measuring client relationship managers' service performance. Twelve predefined criteria were created as a result of the analysis. This new set of criteria was examined and improved through in-depth interviews with financial specialists of asset management companies and corporate banking organizations.

Qualitative research methodology was adopted for this thesis. Seven structured interviews were completed successfully in a strict and confidential manner. All the interviews were conducted on a face-to-face basis. The valuable insights and comments from interviewees were recorded in a research diary.

The findings indicated that all twelve criteria were important in evaluating client relationship managers' service performance. While there may be differences in opinions in the order of importance for some criteria, it is imperative to note that no single criterion could be omitted, as evidenced from the results of the interviews.

In conclusion, this was a successful study. The study supports the theoretical background and contributes to the importance of non-financial performance criteria for evaluating relationship managers in the financial service industry. The findings exceeded the expectations of commissioning party SFR. The contributions of this study for SFR are presented in chapter 6.

Keywords
Relationship manager, service performance, criteria, measurement, evaluation

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1 Introduction

Scandinavian Financial Research (SFR) is the premier research and consulting partner for key decision makers in institutional financial services market in Scandinavia. SFR was founded in 1990 by leading finance professors with extensive global expertise and experience in corporate banking and investment services. SFR offers three services, Investment Services Programme, Corporate Banking Programme and Consulting Services. Corporate Banking Programme (CBP) has been conducted annually since 1991. It covers a full range of financial products such as cash management and debt issues. It excels in analysing many qualitative aspects of banking relationships while offering systematic ratings as well. Investment Services Programme (ISP) started in 1996, and extended to its current form in 2000. It covers both asset management and mutual fund services. The research programme comprises client-specific research reports, analysis, value-added presentation of key findings, and advice on how an organisation can improve its performance. SFR is an expert organisation. The consultants have a strong background in Scandinavian financial institutions. It offers a range of services in addition to the core research services, such as Market Trend Analysis, Client Satisfaction, Strategic Formulation, etc. (SFR 2011.)

Both research programmes CBP and ISP, include the evaluation of client relationship managers' service quality. A client relationship manager is a person in a business who is the primary contact for the client company and is responsible for the sales management and relationship with the client. In this thesis, the term 'relationship manager' is used instead of 'client relationship manager' to differentiate from the field of customer relationship management (CRM). In previous research, 'relationship manger' has been given different labels, such as account manager (Hutt & Walker, 2006), strategic account manager (Guenzi, Georges & Pardo, 2009), or simply salespeople (Steward, Hutt, Walker & Kumar, 2009). No matter what kind of labels has been used, it has been well recognized that these individuals contribute greatly to the implementation of a relational approach to customers (Guenzi et al. 2009, 300).

While there had been many recent studies focused on measuring relationship managers' performance, most of the measurements are related to the financial performance dimension, rather than non-financial performance, such as ability to give a good presentation. This is understandable since market positioning and profitability are the key performance indicators for measuring business success. But for SFR's clients, these non-financial service criteria are the primary tools for measuring relationship managers, who act as the primary contacting point for customers. Christopher, Jüttner and Palmer (1999, 3) point out that little directions have been given for performance assessment based on the relationship managers' essential behaviours and roles. The evaluation of relationship managers' performance remains a central issue to be addressed in relationship-oriented sales organizations.

1.1   Key research objectives

SFR conducts the evaluation of relationship managers' service performance to provide detailed information for the financial service providers for improvement. Over the years, these evaluation techniques have proved to be an important tool for strategic human resource planning among the major players in Scandinavian financial markets.

According to SFR's Managing Director, Dr. Paloheimo, it is necessary and important to review as well as develop a tool for evaluating relationship managers' service quality. This tool would be beneficial for both providers and users of financial services. The expected contribution of this thesis is to analyze the current set of criteria that is used to evaluate the performance of relationship managers in the financial markets, thereby creating a more refined version. This was further supported through the interviews conducted with the financial specialists of asset management companies and corporate banking organizations. Dr. Paloheimo opined that this research would be worthwhile if a new valuable criterion could be developed for SFR. Due to the confidentiality agreement as stipulated by the sponsor, SFR's own measuring tools are not disclosed in this study. SFR has however, kindly agreed to be consulted on the results of this study with reference to its internal tools. The contributions for SFR are presented in a separate chapter after the analysis of the results.

1.2 Research topic and scope

The main research topic is: Qualitative Evaluation Criteria for Client Relationship Managers in the Financial Services Industry. The purpose was to derive the best qualitative benchmarks for measuring the performance of relationship managers in the financial services industry, focusing on asset management and corporate banking fields. Firstly, a set of measurement criteria was created by analyzing existing literature. This new set of measurement criteria was verified with specialists from asset management companies and corporate banking organizations, through face to face in-depth interviews. The information and insights gained from the interviews were then factored into the development of the evaluation criteria.

The thesis report is divided into five sections. The first two sections presents the analysis of the existing literature to create a set of criteria for evaluating relationship managers, followed by the explanation of the methodology used for processing the data. The third section presents the results of the analysis. The fourth section discusses the theoretical implications. Finally, the contributions and limitations of the study as well as future research opportunities would be outlined in the last section.

2 Theoretical background

This section briefly explains the importance and the roles of relationship managers in today's business environment, thus validating the need for pragmatic evaluation criteria. An analysis of the current existing criteria and their value in the evaluation of relationship managers, from the relevant literature is then established. The origins of the new set of criteria to measure relationship managers' service performance in the financial services industry stems from the findings of the theoretical background.

2.1 The importance of relationship managers

Similar to firms in many other industries, financial services firms have made substantial investments, both in time and money, in client relationship management. Companies and organizations are paying intensifying attention to the management of the relationships with their customers. (Strieter & Singh 2005, 218.) Guenzi, Pardo and Georges (2007, 121) argue that in applying the relational perspective to business-to-business environment, three aspects deserve special attention. First, scholars have pointed out that relational strategies should be adopted selectively. Second, the actual implementation of a relational strategy requires appropriate changes in the marketing organization. Third, the success of relational strategies strongly depends on the ability to create interpersonal bonds between the provider and the customer. In other words, the boundary-spanning person, relationship manager, plays a fundamental role in building long-lasting relationship between the organizations involved.

Nowadays marketing is no longer just about developing, selling and delivering products or services. It is increasingly more concerned with the development and maintenance of mutual satisfying long-term relationships with customers. Relationship marketing is based on the premise that makes economic sense to satisfy and retain customers as the strength and duration of the relationship is directly proportional to the resultant profitability. (Gilbert & Choi 2003, 137.) Service quality is a critical concern in business to business marketing of services because of its impact on the organizational customers' own service to their customers. For instance, poor shipping services can have drastic consequences on the exports business of the organizations that may face loss of orders, increased claims, lower prices, delayed payments and generally lower

supplier ratings. (Mehta & Durvasula 1998, in Gounaris 2005, 422.) Therefore, in the highly complex and ever-changing market environment of financial services, it's important that the relationship managers continually interact with clients to create client-perceived value with specialized skills, techniques and experience in professional services.

In Paulin, Ferguson and Fayaund's research, they reveal (2000, 465) that the relational bankers recognize the need to have relationship managers who over time become close to the client and act as product experts and good financial advisors. They see the client relationship more as a partnership which is required in order to gain and maintain client loyalty. Their research results (2000, 468) conclude that relationship managers remain important for the success of professional services in business-to-business. Relationship managers must balance technical, administrative and social competencies. Gilbert and Choi (2003, 137) emphasize that the relationship is increasingly important especially as banking become more technical and electronic. With advanced technology, banks can benefit from lower operating cost through Internet or call center contact. But personal aspects of customer service are important and a bank may need to develop closer connections via human contact. This is important as banks cannot increase profit opportunities as easily if there is no interface with the customer in order to take advantage of a relationship selling opportunity.
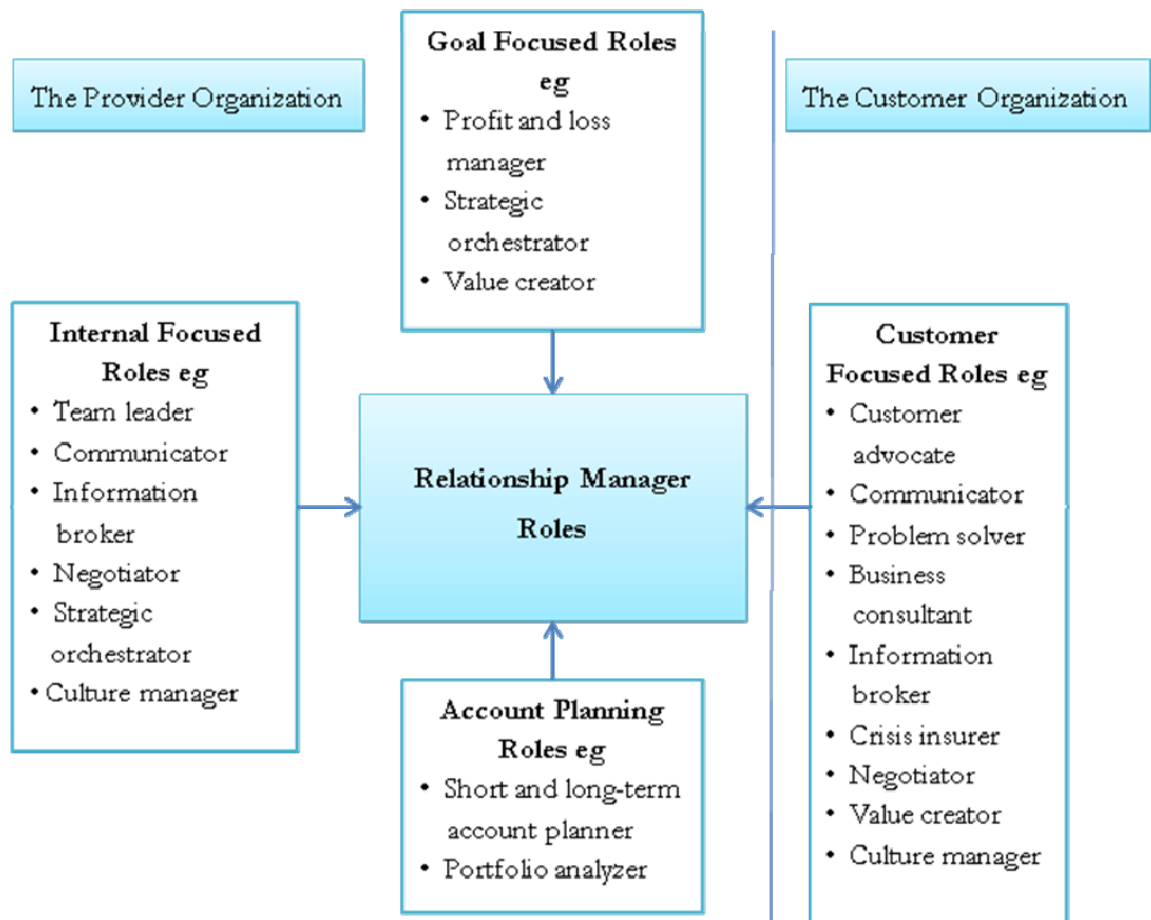
A good long-term relationship between the provider and the client enhances business efficiency and profitability. It has been demonstrated that it is far less expensive to retain a customer than to acquire a new one and the longer the customer stays with a firm, the more profitable the relationship is to the firm. In fact, a close and long-lasting relationship with customers usually reduces service costs since the firm becomes more familiar with clients' needs and thus able to provide better service at a lower cost. (Camarelo 2007, 412.) The close and long-lasting relationship also leads the firm to spend less on convincing customers to repeat purchase the services, therefore it reduces marketing costs and ultimately improves the profitability. If a firm builds and maintains good relationships with customers it can't be easily replaced by the competitors and therefore provides for a sustained competitive advantage (Gilbert & Choi 2003, 137).

2.2   The roles of relationship managers

Understanding of the relationship managers' roles is significant because they are a major component of the firm's marketing strategy and given that marketing strategies are an essential dimension of the firm's market orientation of its business philosophy (Christopher et al. 1999, 10). Traditionally, the role of sales has been defined as to stimulate the demand for products, rather than satisfy. To persuade customers that they need a product, sales people in this role focus on achieving short-term results for their companies by using aggressive selling techniques to convince customers to buy. This role is supported by five basic activities: contacting customers, selling the product or service, working with own firm, servicing the account, and managing information between the seller and buyer. Therefore, sales people consider their roles fulfilled when the sale is made. However, this tactical view of sale activities is beginning to change, driven by the move from a transactional to a relational focus. The idea of the relationship manager was extended and developed during 1980s and 1990s, particularly in business-to-business markets where specialized forms of managing customers have gained increasing importance. (Davies, Ryals & Holt 2010, 1049-1050).

A number of authors have attempted to identify the attitudes, skills and behaviors required by salespeople in relational situations in business-to-business markets and service markets as opposed to transactional situations. As the demand for relationship managers grows, it is the successful sales person who is most likely to be appointed into a relationship manager role managing strategically important customers. (Davies et al. 2010, 1050). According to Holt (2000, 8), little empirical research exists that seeks to identify the roles of relationship managers beyond a list of broad roles and activities. It is not always clear from the labels given to the roles, a) exactly what the meanings are and b) how these would be interpreted in practice. Holt builds a preliminary conceptual model of a relationship manager's roles based on the literature aspect as shown in Figure 1.

Figure 1. A Conceptual Framework for Relationship Manager Roles

The Provider Organization

Goal Focused Roles eg
- Profit and loss manager
- Strategic orchestrator
- Value creator

The Customer Organization

Internal Focused Roles eg
- Team leader
- Communicator
- Information broker
- Negotiator
- Strategic orchestrator
- Culture manager

Relationship Manager Roles

Customer Focused Roles eg
- Customer advocate
- Communicator
- Problem solver
- Business consultant
- Information broker
- Crisis insurer
- Negotiator
- Value creator
- Culture manager

Account Planning Roles eg
- Short and long-term account planner
- Portfolio analyzer

Source: Holt S. 2000

This conceptual framework indicates four key groups of roles for relationship managers: customer focused roles, goal focused roles, internal focused roles and account planning roles. These four groups are not mutually exclusive, but do reflect the boundary role situation of the relationship manager (Holt 2000, 8). Relationship managers may have different job titles depending on their position in the organization or the nature of the organization they are working in. According to Wilson and Tony (2003, 151), relationship managers perform a boundary spanning role across two important organizational interfaces: first, the internal interface within the organizational account management; the relationship and roles between global and local or national account management is a good example of this. And secondly, the external interface between the selling company and the dispersed activities of its accounts. Were the role only concerned with boundary spanning, then it would be a little different, although with added degrees of complexity, from the role performed by general line sales people. The nature of the relationship manager roles and how they are performed have significant

implications for companies seeking to recruit, develop and retain relationship managers. Further, an understanding of the contextual factors that impact upon the roles will influence the way they are deployed and how effectively they perform the roles to enhance the quality and profitability of relational interaction.

2.3   Current measurement criteria

The criteria are divided to four different categories, which are based on SERVQUAL model by Parasuraman, Zeithaml and Berry (1991) in alignment with the nature of financial services. The four categories are: empathy, assurance, responsiveness and reliability. The SERVQUAL method is a technique that can be used for performing a gap analysis of an organization's service quality performance against customer service quality needs (Dasgupta 2010, 269). *Empathy* pertains to understanding the customers and taking care of them as well as giving individualized attention. *Assurance* corresponds to the knowledge and courtesy of employees and their ability to inspire trust and confidence. It covers the knowledge and know-how of the service provider. *Responsiveness* concerns the willingness and readiness to provide prompt service. *Reliability* refers to the amount and handling of mistakes as well as consistency of performance and dependability. There is usually a fifth element "Tangibles", which measures the appearance of physical facilities, personnel, equipment, and communication material. This has not been included in this study since it is constantly considered to be the least important factor. (Hoffman & Bateson 2002, 332).

A draft of possible criteria were formulated based on researcher's work experience in the financial research industry and after close scrutiny of versatile sources and consulting Dr. Paloheimo, 12 predefined criteria were created and assigned into four categories: empathy, assurance, responsiveness and reliability. The importance of each criterion described in detail below under each category.

2.3.1 Empathy

Understanding of customer's business and needs

Deshpande, Farley and Webster (1993, in Paulin, Ferguson & Payaud 2000, 457) suggest that the best business performance would be achieved by firms which are client-oriented, innovative and have a market-type organizational culture. Client-orientation requires that the employees and especially the relationship managers having in-depth knowledge of their clients, customising services, measuring client satisfaction and developing long-term relationships with their client-companies. Each client has a particular mindset and most of the time customers always have their particular needs. A relationship manager must understand everything about the client and every aspect of the businesses they are engaged in, such as account history, relevant company policies, and obligations, etc. Visiting the clients regularly will help in understanding their expectations and needs.

In financial services, generally the larger the organization, the more complex requirements are needed (Cheverton, Hughes, Foss & Stone 2004, 17). Empirical findings have given partial support to the proposition that relationship managers, who are able to adapt effectively to specific customer needs, achieve higher sales performance (Christopher et al. 1999, 5). Therefore, to succeed in the client relationship management, it's a prerequisite for a relationship manager to understand the customer's business and respond effectively to client requirements.

Good communication skills

Camarelo (2007, 409) denotes that relationship orientation implies relationship investments. There are four types of relationship marketing investments and one of them is communication. Communication refers to customer and the relationship manager exchanging and sharing transparent, accurate and timely information, formally and informally. Literature in relationship marketing has largely highlighted the relevance of information and communication. In professional business-to-business service, information should be available to the clients. For example, offering online access to portfolio details and performance updates, access to key decision-makers in the firm (Strieter & Singh 2005, 227). Relationship managers should also inform clients about

the measures that are taken to resolve past failures; provide reports and documents which help their clients to evaluate more thoroughly the provider and its competitiveness (Georges & Eggert 2003, 14). In corporate banking, customers expect to be continuously informed about any changes in organization or staff to ensure that in a situation of an error, the customers have access to advice or solution fast (Tyler & Stanley 1999, 166). From the customer's perspective, transparency reduces uncertainty and facilitates the interaction process between the provider and user.

In business markets, advanced solutions are the result of an intensive dialogue between several functional departments from both organizations. Relationship managers are responsible for the communications, transactions and activities between provider and customer. They can foster lateral interaction by bringing the right people together and assisting them when problems arise. A high degree of lateral interaction helps the managers tailor firm's products or services and marketing programs to customer's needs. (Georges & Eggert 2003, 6.) Claycomb and Martin (2002, in Camarelo 2007, 409) conclude that continuity of communication is one of the most commonly mentioned practices used by firms to establish and strengthen relationships with customers. Based on a survey of 180 Finnish key account managers, Mahlamäki and Uusitalo (2009, 6) state that having good communication skills and in-depth knowledge of the customer's business and needs are two very important factors that affect relationship managers' job performance.

In financial services, corporate organizations expect appropriate and proactive communications from relationship managers. Cheverton et al. (2004, 70) explain that from customers' perspective, based on the experience of the finance function in a large UK public sector institution, the financial manager is generally happy with only limited contact on a day-to-day basis. On the other hand, there are circumstances where more proactive communication from the provider would be appropriate.

Proactive with customers
According to Cheverton et al. (2004, 50-51), every interaction with customers has the potential to provide information about their needs, buying behaviour, perceptions, concerns and frustrations. The more familiar the client relationship, the closer you get

to accurate information, the closer you work together, the more you know about customer's doubts.

Proactiveness has a significant effect on outcomes. Relationship managers should be proactive with customers, taking care of customer issues and creating new demand through understanding customers' needs, rather than just waiting for their special requests. In doing so, they can differentiate themselves from competitors and design the activities in a way that leverages their core competencies (Workman, Homburg & Jensen 2003, 15). Tyel and Stanley (1999, 167) point out that the importance of "proactivity" for the corporations means that the relationship manager should take the lead in the relationship and to be active in promoting the corporations' interests.

Value added advice/solutions

Creating value through relationship marketing has become a way of developing and maintaining business in the last years (Camarero 2007, 407). The objectives for relationship managers are no longer only to maximize the volume of sales, but to provide value added to clients along the long-term relationships where knowledge and experience have accumulated over a long time (Cheverton et al. 2004, 47). In business-to-business, the customers look for solutions to their problem to help them exploit new business opportunities. They would add more value if relationship managers' activities assisted them to get desirable outcomes such as increased sales, stronger customer relationships, and value for the firm.

According to Berry (1995, in Camarelo 2007, 411) when relationship managers can offer target customers value added benefits that are difficult or expensive for customers to get and that are not readily available elsewhere, they create a strong foundation for maintaining and enhancing relationships. Cheverton et al. (2004, 272) note that providing solutions and improvement to the customer's total business experience is an excellent way of removing relationship away from price and right on to value.

Customer-oriented selling requires better training for relationship managers, more sophisticated manager with the capabilities of being flexible, being customer problem solvers, and having the financial and analytic tools to be externally focused (Zallocco,

Pullins & Mallin 2009, 602). There's no surprise to encounter obstacles if customer sees the selling activity just for satisfying your own needs; but the door will start to open if the customer sees it as seeking solution to its problems (Cheverton et al. 2004, 63).

2.3.2 Assurance

Wide market knowledge

"Wide market" may refer to markets where spread is large. Understanding these markets is useful but in this context it refers to wide "Market knowledge". Many businesses are market driven, meaning that most of the factors effecting sales are dictated by competitors, customers or maybe general public. Different markets might have different opinions of minimum service level or acceptable price. Understanding and applying knowledge of these effecting factors is vital to the success of most businesses.

In the financial services industry, where market environment is highly complex and ever-changing, the relationship manager must have in-depth knowledge of the client's market, a wide range of product capabilities and good knowledge of resolutions and laws (Cheverton et al. 2004, 19). A high level of market knowledge requires insight as well as holistic studies of the markets. This implies that the relationship manager has to understand how trends affect the market and spot possible opportunities and effects on competition. If the manager is capable of reading these patterns and behaviours as well as recognize the drivers at the strategic level, he will be able to offer clients valued insight.

Knowledge of the products/services

To be effective, Gill, Flaschner and Shachar (2006, 388) define that relationship managers need to know enough about the bank to understand what products or services the bank can offer, and know where to go for support or advice when it's needed. By delivering the desired service outcomes, uncertainty is reduced as knowledge is gained about the quality of relationship managers over time, clients feel that the managers have their best interest in mind, and thus deepen their trust in their relationship managers. It is a prerequisite for the managers to understand the "big picture" of the or-

ganization; have detailed knowledge and experience of different products or services, which allow them to identify the potentials for the problem solutions and create value added for customers.

In the financial services industry, buying process is usually a product of a long-term relationship between buyer and supplier or between supplier and intermediary (Cheverton et al. 2004, 89). Corporate customers demand a wide range of needs due to the product complexity and frequently require professional advice. Corporate customers are often spoiled for choice with a wide range of providers and products. As competition increases, clients are more valued by providers. The best relationship managers will ensure that they are experts in their products and can explicate product features well enough. The immense bargaining power of large organizations, due to their own financial knowledge, make them very demanding customers which require tailored products at low prices and an in-depth understanding of their business (Cheverton et al. 2004, 19).

Ability to offer right expertise to your case

In financial services, especially in the banking sector, the relationship manager is the primary contact point when clients require assistance for specialist support for their business. It is relationship managers' responsibility to work closely with clients and to provide the right expertise to satisfy their special needs. However, the high level of knowledge within large corporations makes the task of offering useful knowledge a big challenge. As Berry and Parasuraman (1991, in Tyel & Stanley 2004, 160) describe that large corporations are "expert customers". They have endogenous professional financial specialists who have access to the same information as the banks with which they do business. This is an internal reflection of the complex nature of their banking requirements, which may also clarify their multi-banking preference.

Therefore, a relationship manager should have the ability to diagnose customer's priorities and requirements, identify and deploy the appropriate experts, and attract them to participate on the account team, to deliver a solution that matches customers' requirements. Customers expect the relationship managers to know their jobs in detail,

be able to answer questions immediately and to quickly get access to the right specialists for advice or to resolve any problems, whenever needed.

2.3.3 Responsiveness

Service attitude

According to Caruana and Berthon (1999, in Camarelo 2007, 410), a service firm must acknowledge the salient role of quality, specifically service quality, when seeking to establish, strengthen and develop a customer orientation. Usually unsatisfied clients will look for other service providers and satisfied clients will continue to use the same service providers, who offer the services that exceed clients' expectations. Relationship and service quality are closely connected. In the competitive context it is vital for the relationship manager to provide a high level of service to retain existing "top-tier" relationships, or to gain "higher –tier" relationships with other companies in order to win increasing shares of business (Tyler & Stanley 1999, 158). In doing so, a relationship manager should have a good service attitude and ensure that the quality of service accorded exceeds the quality of service expected. A good service attitude, for example, is giving individualized attention to customers and providing prompt service. The service attitude should extend to a willingness to customize the products or services offered in terms of specific service attributes to suit the individual's needs, and being able to perform the promised service dependably and accurately.

If the relationship manager can efficiently arrange services to customers' specifications and prove that they can be delivered reliably and in time, this can reduce the costs to clients and strengthen the relationship.

Quick reply

In financial services, more business is contracted and delivered within short timescales (Cheverton et al. 2004, 14). Corporate customers expect requests to be handled immediately, without the need to contact again. It is the relationship manager's responsibility to follow up the request and confirm with customers once a request has been solved or acted on. When things go wrong, the relationship manager should quickly and effectively rectify the situation; and provide specialists if needed.

Tyel and Stanley (1999, 165) conclude that it's accepted that mistakes are made due to the complexity of transactions. When mistakes occur, corporations expect that the relationship manager will handle them swiftly and efficiently even if the mistakes originate from the corporation's side. The action to be taken by the relationship manager is expected to favour the corporations. This reflects the corporations' feeling of self-importance to the bank.

2.3.4 Reliability

Ability to coordinate internally & externally
Relationship managers act as coordinators between the organizations, to ensure that the strategic plan is implemented consistently. The plan must maintain a viable fit with customer's changing needs to sustain long-term competitive advantage (Shi, Zou, White, McNally, & Cavusgil 2005, 108). A high level of coordination facilitates the interaction process and reduces customer-perceived costs of handling the relationship (Georges & Eggert 2003, 6). In the increasingly competitive markets of financial services, it often requires the relationship managers' close collaboration with customers. The customers often need support for specifying requirements and providing feedback. In Tyler and Stanley's corporate banking research (1999, 166), they conclude that corporations expect that every aspect of their relationship with the bank at all levels is integrated and consistent, from marketing communication to multi-level relationships and individual communication media.

Relationship managers organize customer-related efforts within their own organization such as sharing client knowledge across the firm or incorporating and acting on client feedback. Given the complicated requirements by customers in the financial services industry, the selling process is beyond an individual's capabilities and requires an integrated effort. However, Hutt and Walker (2006, 466) argue that the fluid participation of organizational members, combined with the unique requirements that different customer organizations present, increase the complexity of sales strategy execution in business markets and present a challenging interdisciplinary role for relationship managers. Georges and Eggert (2003, 14) suggest that to effectively improve coordination, relationship managers can influence the degree of role formalization within their own

organization by defining clear "housekeeping rules" and setting up a stable team with well-defined roles and responsibilities. This includes coordinating and coaching team members to their roles and to work in customer's value and corporate culture environment.

Ability to build strong networks

In managing the complex web in buyer-seller relationships, a relationship manager must initiate, develop, and sustain a network of relationships with a range of contacts as broad as possible both within the firm and the customer organization. Hutt and Walker (2006, 469) argue that relationships with other organizational members affect the relationship managers' performance, particularly if these relationships involve the ability to acquire needed information and expertise. A diverse social network both within the firm and the customer organization provides a manager with access to unique skills and knowledge. A case in point that demonstrates this clearly is an investment bank dealing with large corporations. A multi-tier approach of contact is adopted at all decision-making levels, from assistant treasurer to the board of directors, but also involving the "significant others", which requires relevant people in the investment bank to co-operate with appropriate persons within the direct organization. The relationship manager then needs to have some control over this by having his or her own network within the bank. (Cheverton et al. 2004, 90-91.)

Therefore, a relationship manager could increase the amount of information, ideas, and resources available for developing customer solutions by increasing the number of direct exchange partners in the network, possessing ties to a number of distinct knowledge pools within the firm and customer organization. Indeed, Kanter (1989, in Hutt & Walker 2006, 466) observes that the ability of managers to get things done depends more on the number of networks in which they're centrally involved than on their height in the organizational hierarchy.

2.4 Summary of the theory

In the beginning of the theoretical part the importance and the roles of relationship managers were introduced. The intention was to prove the necessity for pragmatic evaluation criteria to evaluate relationship managers' service performance in the financial services industry. Based on the theoretical analysis, a set of twelve criteria for measuring relationship managers' performance was created (Table 1). This set of criteria was examined and refined through face to face in-depth interviews with financial specialists of asset management companies and corporate banking organizations.

Table 1. Current Measurement Criteria in the Financial Services

Empathy	Understanding of customer's business
	Understanding of customer's needs
	Good communication skills
	Proactive with customers
	Value added advice/solutions
Assurance	Wide market knowledge
	Knowledge of the products/services
	Ability to offer right expertise to your case
Responsiveness	Service attitude
	Quick reply
Reliability	Ability to coordinate internally & externally
	Ability to build strong networks

3   Methodology

This chapter discusses the methodology adopted for the research. An explanation of qualitative research is given, followed by a brief outline on the reliability and validity of the study. The interview process and related material is also discussed in detail.

3.1   Qualitative research

The qualitative method was chosen as the most appropriate way for approaching this research. Qualitative research is a research strategy that usually punctuates words rather than quantification in the collection and analysis of data (Brymann & bell 2003, 279). The key purpose of qualitative research is to understand and gain insights. It is particularly relevant when prior insights are about the phenomenon under scrutiny are modest, implying that qualitative research tends to be exploratory and flexible because of 'unstructured' problems. (Ghauri & Gronhaug 2010, 196). The main goal of this study was to understand and gain insights about the key criteria and their importance in measuring the relationship manager from the specialists' point of view. Thus, qualitative research was the most suitable method.

In qualitative research the data is often collected through interview and observations (Ghauri & Gronhaug 2010, 106). According to Daymon and Holloway (2010, 220), indepth interviews are a major source of data in qualitative research and a way of exploring informant perspectives and perceptions. For approaching this study a structured interview was chosen. A structured interview, sometimes called a standardized interview, which entails the interviewer to control the schedule. The aim is for all interviewees to be given exactly the same context of questioning. This means that each respondent receives exactly the same interview stimulus as any other to ensure that the replies can be aggregated and achieved reliably. Questions are usually very specific and very often offer the interviewees a fixed range of answers (Bryman & Bell 2003, 116).

A good interviewer empowers the interviewee meanwhile retaining the control over a broad agenda. Successful interview planning should start off by assuring participants that ethics and confidentiality of the interviews are strictly observed. Interviewee should decide on the interview setting and structure, and decide whether to record the

interview, take notes or both. During the interview, the interviewer is acting either as passive or active participant, depending on the knowledge and activeness of interviewee. (Hackley 2003, 77.) In this study, the notes were recorded into a research diary, without the use of a laptop or recorder. This method was chosen given the researcher's prior working experience in doing similar research. In face-to-face interviews, majority prefer having eye contact with their interviewers and a relaxed atmosphere. The presence of a laptop hinders eye contact and presents itself as a psychological obstacle between the interviewer and interviewee. Recording was not allowed as confidentiality was to be preserved. In most of the interviews, the researcher was acting as a passive participant primarily since the interviewees were actively participating and giving their valuable insights. With the exception of couple interviews, the researcher had to prompt the interviewees to give their opinions. The selected interviewees for this study were knowledgeable and have a significant depth of experience in the financial services industry. As they are aware of the requirements for a successful relationship manager, passive interviewing techniques could be employed.

Another benefit of qualitative interviewing is that it enables the interviewer to elaborate and specify questions or concepts the interviewee may not understand. It also enables possible follow-up questions that interviewer can use to get a better and deeper understanding of the interviewee's answers. (Rubin & Rubin 2005, 152.) The questionnaire was structured well enough and easy to understand hence the interviewer had to clarify the concepts only a few times during all the interviews. The level of confidence to interact with the interviewees increased as more interviews were conducted, leading to a deeper understanding of their valuable comments.

3.2   Reliability & validity

Reliability and validity are traditionally used for evaluating the quality of quantitative research, where they have relatively standardized meanings and procedures. Loosely speaking, reliability means that the measure should be consistent when assessed more than once; the measure should give the same answer however and whenever it is carried out. Reliable findings are therefore independent of the accidental circumstances of the research. Validity means that the measure should measure what it is supposed to

measure; it should give the correct answer. Generally speaking, validity refers to the truth of findings, how well-based, or sound they are. (Valtonen 2000, 29.)

Reliability is a concept to measure quality in quantitative research with a purpose of explaining, while quality concept in qualitative research has the purpose of generating understanding (Stenbacka 2001, 551). The problem that qualitative researchers face is that standard procedures for assessing reliability and validity do not match with qualitative studies. This does not mean that reliability and validity issues should be neglected, on the contrary, more attention should be paid to them. (Valtonen 2000, 29.) Patton (2001, in Golafshani 2003, 601) states that validity and reliability are two factors which any qualitative researcher should be concerned about while designing a study, analyzing results and judging the quality of the study. Ghauri and Gronhaug (2010, 210 – 211) stress the importance of validity in qualitative research. Four types of validity are often implied in qualitative research: descriptive, interpretative, theoretical and generalizable.

A good study should follow the basic principle of transparency. It means explicit and detailed description of the whole research process, both in terms of theoretical constructs and empirical procedures. Showing the path of the study allows the likely replication of the study by others (reliability) as well as gives an opportunity to the reader to assess the quality of conclusions (validity). It is essential that the theoretical background and concepts are clearly described, and this kind of openness increases reliability, since reliability partially depends on its connection to the theory. The transparency of the theoretical background also increases the possibility of assessing validity of the study, because the issue of validity concerns the validity of theories in regard to reality as well. A reliable and valid research also requires the transparency of the data, from the data gathering to the data analysis of the findings. And the raw data should be kept for possible reanalysis. (Valtonen 2000, 29-31.)

Furthermore, personal interviews increase the reliability and validity of the answers. During the interviews, the unclear concepts can be clarified and the motives behind the research can be elaborated into details immediately. As the targeted interviewees were highly experienced in the financial services industry; the data gained was of reasonable reliability and validity.

3.3 Interviews

The interviews were executed with a strict and confidential approach with specialists of asset management companies and corporate banking organizations due to the sensitivity of the subject matter. However, the pursuit of their valuable insights and comments regarding the criteria for a successful client relationship manager was successfully attained. These asset management companies and corporate banking organizations provide financial services to domestic as well as international institutional investors and large corporations.

The planned target was to interview eight specialists. The interview invitations were sent to firms several days before contacting them for booking face-to-face interviews. The interview invitations were originally sent to the human resource managers. It was later ascertained that the correct interviewees were actually seated at the top management tier. The top management were the most appropriate to evaluate client relationship managers, given their position and qualifications. One possible reason for that might be because the top management team members are in the real business field and they know what is required for a relationship manager in order to serve the clients well. Another reason is possibly due to the fact that it is the top management team members make the business decisions and establish the KPIs for managers. Therefore, they have the authority to evaluate the relationship managers to verify if KPIs have been met in line with business goals.

Due to the confidentiality and sensitivity of the research topic, the main challenge was sourcing for suitable candidates for interviews. The booking of the interviews started from May and a total of seven interviews were booked. All the interviews were done face-to-face within one month, from end of May to end of June. The duration of each interview was about half an hour and the notes were recorded into a research diary. Six of the participants were from top management teams and one interviewee was a relationship manager. More than half of the participants were from investment service sector and all of them have over ten years of experience in the financial industry. Table 2 shows all the interviewees' positions in their firms. Please note that due to the preference of the interviewees, the detailed information of the participants is hidden.

Table 2. Interviewees

Firm	Interviewee	Position
Firm A	IA	Executive Vice President
Firm B	IB	Managing Director, Partner
Firm C	IC	Managing Director
Firm D	ID	Director
Firm E	IE	Account Manager, Institutional Clients
Firm F	IF	Director, Head of Institutions
Firm G	IG	Director

As mentioned earlier, the purpose of this study was to find out the best benchmark for measuring relationship managers qualitatively in the financial service industry, focusing on asset management and corporate banking sectors. Results of the interviews were presented to SFR's Managing Director, Dr. Paloheimo. Her comments relating to the specific requirements in the asset management and corporate banking sectors would be discussed in chapter five. There were two main reasons for consulting her. Firstly the literature review on the research topic, particularly for the financial services industry, was generalised. Secondly, sources pertaining directly and indirectly to the specific needs of commissioning party SFR were scarce or outdated.

3.4   Interview questionnaire

Based on the literature review, a draft questionnaire with a set of criteria for measuring relationship managers in the financial services industry was created. The main deliverable to be extracted from the interviews was the importance of each criterion and the related comments. The draft questionnaire was reviewed by Dr. Paloheimo for improvement, both in terms of content and design. Originally there were 15 predefined criteria but one was left out and two were grouped into the other criteria. The criterion "Strategic planning and implementing" was left out since it is more related to the internal organization and as such is something that the clients could not really evaluate. The similarity of some of the criteria makes it hard to differentiate them, therefore, criterion "Ability to manage relationship teams" was assimilated to "Ability to coordinate internally and externally" and "Ability to offer transparent information" was merged with "Good communication skills" to avoid overlap and keep it more practical.

The rating scale in the draft questionnaire was initially from 1 to 5, but was amended to be from 0 to 2, to align with the current rating scale used by SFR for similar purposes. There was an additional open-ended question included: what other important criteria would you like to add? After some minor adjustments, the interview questionnaire was finalized (see appendix 1).

It was essential to obtain the valuable insights from the specialists through the interviews. Therefore, the eventual questionnaire for the interviews was adjusted from one page into three pages, to accommodate space for noting down specialists' opinions. One sample page of the research diary can be found in appendix 2.

4   Analysis of the results

This chapter concentrates on the findings of the data collection. The results of the interviews will be discussed in four categories: empathy, assurance, responsiveness and reliability, which were outlined in the theoretical section.

The set of criteria, which was created based on the theoretical study, was verified through face to face interviews with financial specialists. All the specialists commented that this set of criteria is a holistically sound list; it concludes all the aspects for qualitative evaluating relationship managers in the financial services industry. Six out of seven specialists opined that it was challenging to give the ratings for individual criterion because all of them were important. In specialist IF's opinion all of them could be rated very important (rating 2) and none deserved to be rated not important (rating 0). Specialist IG stated that it was difficult to say which criteria get very important (rating 2) and which are important (rating 1). Four of the criteria were graded once as not important by specialists IA or IG. These two specialists commented that they want to strengthen the importance of some other criteria, but it did not necessarily mean that these criteria were not important.

4.1   Empathy

Table 3. Importance of Current Main Criteria: Empathy.

Criteria	Importance rated (times)		
	"0"	"1"	"2"
Understanding of customer's business	-	5	2
Understanding of customer's needs	-	1	6
Good communication skills	1	1	5
Proactive with customers	-	2	5
Value added advice/solutions	1	2	4

Understanding of customer's business & needs

From Table 3, criterion "Understanding of customer's business" was rated important five times, and two times as very important. The criterion "Understanding of customer's needs", was rated six times as very important and once as important. None graded either criterion as not important. It can be ascertained that both criteria are important for evaluating relationship managers' performance.

According to specialist IA, a relationship manager should understand customer's business and needs, if not, you are out of business. However, specialist IG argued that it was sufficient for a relationship manager to have a general working knowledge of the client's business. The argument is that each relationship manager is responsible for several customers, who may have businesses in different fields, thus it is impossible for them to know all their businesses well. It is however important to understand a client's needs well enough. Specialist IG argued that one does not get any business if one does not know what the client's intent. Specialist IB opined that most of the businesses failed because one does not know what the client's needs are. Therefore, a relationship manager has to adopt a similar role vis-a-vis a doctor, diagnosing a client's problems, finding out the needs and means to cure the problems. A poor relationship manager only sells the products or services, without giving due consideration whether they are suited to a client's needs.

Good communication skills

This criterion was rated five times as very important. It was rated important and not important once each. The business in the service industry is dependent on communication; therefore, good communication skills are essential for a relationship manager (IG 22.06.2011). People communicate differently at all levels and in varying scenarios. A relationship manager should adapt to the client, in matters simply such as, language. Communicating in the client's language preference allows for clear expression and understanding. According to specialist IG, most of the clients display a strong preference for charts and numbers as communication aids. A good relationship manager should use the same communication tools, where the client understands and appreciates as well as serve their purpose in best serving the client.

Specialist IE, who is actually a relationship manager in firm E, reiterated that

> "It's very important to have good communication skills but it's challenging!" (IE. 16.06.2011.)

He justified this by saying that it was hard to sell any ideas or products to clients, especially when the customers were against the ideas or products due to bad experiences they have had with similar products or services.

Proactive with customers

This criterion was rated five times as very important and twice as important. Being proactive with clients is highly important since the relationship manager is typically responsible for client relationship development. In a competitive business, such as providing financial services, the customers do not contact the firm directly. To stand out from the crowd, one needs to be proactive with customers. Specialist IA commented that

> "Proactive with customer is a competitive advantage, very important! The customers are always looking for proactivity! But it also depends on the customers and it requires a proper way to do it." (IA. 26.5.2011.)

Therefore, a relationship manager needs to demonstrate the traits of being outgoing, as will as a willingness to help and serve the customers.

Being proactive with customers is a key point in initiating dialogue with customers. It could sometimes lead to new ideas, and secure customers' commitment to process the project. Specialist IB stated that

> "Proactivity is very important! It also includes meeting/looking for new customers and deals proactively." (IB. 31.5.2011.)

Existing customers sometimes contact the relationship manager actively. With new customers however, the relationship manager usually does most of the contacting. Specialist IG underlined the importance of being proactive with new customers

> "Sometimes it may take two years to get a new customer. A relationship manager must be active. In the long term, clients contact the relationship manager actively. After they save the relationship manager's phone number in their cell phone, it's easy to press the number and talk, it makes the relationship level comfortable and safe!" (IG. 22.06.2011.)

Value added advice/solutions

This criterion rated four times as very important, twice as important and once as not important. Several interviewees said that most of the services must be value added, in view of the demands and competitive nature of the business, where clients are very selective. It is impossible to sell anything without value added advice or solutions. It is equally important that a relationship manager is able to provide value add to customer and bring new ideas to different situations. As specialist IB mentioned that

> "You get more pay for solving big problems!" (IB. 31.05.2011.)

In the financial services industry, being able to provide value add and tailor-made solutions can be very important. According to specialist IG, value added advice or solutions usually occurs before business decision making and during market changes or that in the client's situation. The importance of knowing the market as well as client's business and needs is thus reflected likewise. A relationship manager's main task is to find out what are the needs and then communicate with the right experts who are responsible for analyzing the different solutions for the client's problems. This process aims to discover what are the important areas and options. However, specialist IA rated this criterion as not important. He explained the solutions could be easily duplicated and open architecture can be bought outside the organization.

4.2 Assurance

Table 4. Importance of Current Main Criteria: Assurance

Criteria	Importance rated (times)		
	"0"	"1"	"2"
Wide market knowledge	1	5	1
Knowledge of the products/services	-	5	2
Ability to offer right expertise	-	3	4

Wide market knowledge

Specialists graded "Wide market knowledge" important five times out of seven. In specialist ID's opinion, it's very necessary for a relationship manager to have wide market knowledge. With wide market knowledge, the relationship manager projects a positive image to the clients. It demonstrates a high level professionalism. However, most of the specialists opined that it was not relationship managers' responsibility to know everything about the markets as the organization can compensate their lack of wide market knowledge. The financial services industry offers services to a wide variety of markets. A single relationship manager can have clients from a significant number of different markets. It is not necessary and almost impossible to cover all these markets. A relationship manager gets help from different experts within the organization for specific knowledge. Specialist IF said

> "In our daily business, we deal with more than 25 different markets, such as stock, bonds, derivatives, OTC, foreign exchange, money market, commodity, etc. I don't believe that there is a superman who can cover all of these, be an expert. It's not necessary to cover all these markets to be a successful relationship manager". (IF. 21.06.2011.)

While it is an underlying requirement for relationship managers to possess a minimum level of market knowledge, especially commonly used products, they are expected to coordinate with the right experts to fill the missing gaps to help the customers.

Knowledge of the products/services

The specialists valued this as an important criterion but not above the average. Most of the specialists agreed that a relationship manager needs to master these well enough. Their familiarity with the most commonly used products or services can, either impair or enable them, in their discussion with clients. This also reflects on the credibility of the organization. As a relationship manager, one needs to know what one is selling. If the customer wants to know more, one has to provide the right expertise.

> "It's hard for a relationship manager to know everything about the products and services". (IE. 16.06.2011.)

> "We have 500 Mutual Funds products. I can't expect all my relationship managers to know them all. It's impossible! But they can bring other experts with them to service the clients". (IF. 21.06.2011.)

> "It is experts' responsibility to know each individual product well, not the relationship managers'. However, you are not a successful relationship manager if you can only offer the right experts but don't know the products or services". (IG. 22.06.2011.)

Two specialists rated this criterion as very important. A relationship manager should be well aware of the features of the products/services. In the financial services industry clients are demanding. If clients are interested in some products, they would attempt to do exhaustive research on their own accord, to have clarity as well as awareness on the strength and weaknesses. Therefore, it is very important that the relationship manager knows the products better than the customers. Specialist IC also noted that the door for new business would be open if a relationship manager could create new products actively to meet client's needs.

Ability to offer right expertise to your case

This criterion was rated as the most important one among "Assurance" category. Specialist IE declared that

> "It's crucial to have the ability to offer right expertise to the customer. It's one of the main tasks for a relationship manager". (IE. 16.06.2011.)

As highlighted, it is the experts' responsibility to know the markets, products and services. Experts provide the right solution for the client's case through careful analysis, proposing options with the possible pros and cons, and giving general advice to support decision making. In this highly competitive industry, where there are many different markets and products as well as demanding customers, it's significant for a relationship manager who acts as the primary contact of clients to choose suitable experts in order to meet each client's individual needs.

There are many different types of experts within one organization, such as portfolio manager, fund manager, real estate manager and others. A successful relationship manager should engage the right expert for the client by understanding their specific needs. In addition, the appropriate products or services should be proposed and support where necessary sourced from within the organization. In sum, the clients should be satisfied in a helpful way.

4.3 Responsiveness

In this category criterion "Service attitude" was rated six times as very important and once as important. Criterion "Quick reply" was selected four times as important, twice as very important and once as not important (Table 5).

Table 5. Importance of Main Criteria: Responsiveness.

Criteria	Importance rated (times)		
	"0"	"1"	"2"
Service attitude	-	1	6
Quick reply	1	4	2

Service attitude

A good service attitude is a necessity in every business. Business is built upon a foundation of social interaction. A good service attitude is the key component in communicating with customers. Service attitude has a direct bearing on influencing viewpoint. Every business should put emphasis on providing exceptional customer service with a great service attitude. Without a good service attitude, it is hard to succeed in any busi-

ness. This supported by a comment from Specialist IG, who said that if it is people business, it is all about having a good attitude and the total services you provide to the clients.

Quick reply

Most of the specialists agreed that sometimes it is necessary for a relationship manager to act quickly but not always. It depends on the expectations of client and the product. For example, in stock business, a quick reply is extremely important. As opposed to the long term relationship business, for example asset management, an non-immediate but timely reply is good enough. Specialist IG added that with all the advances in communications technology, such as internet and mobile telephony, it was quite convenient to reply to a client without any delay.

Three specialists suggested combining "Quick reply" and "Service attitude" together. In their opinion, "Quick reply" is irrevocably linked to "Service attitude". If one has a good attitude, one would respond to clients quickly whenever needed. This is a good point to consider when finalizing the tool for measuring relationship managers in the financial service industry. Dr. Paloheimo supported this by saying that combining criteria is good, as fewer criteria are always better for easy measuring.

4.4   Reliability

In this category both criteria were consistently rated "important" (Table 6). Specialist IA gave one uncertain rating for "Ability to build strong networks". In his opinion it could be rated as important or very important, depending on the location. He clarified that in the capital city area, where the network is vast, it is less important to build strong networks. However, in smaller cities, such as Turku, it's necessary to build the networks since small cities have their own "rules" for running the business.

Table 6. Importance of Main Criteria: Reliability.

Criteria	Importance rated (times)		
	"0"	"1"	"2"
Ability to coordinate internally & externally	-	5	2
Strong networks	-	5	1

Ability to coordinate internally & externally

Coordination skills are important for relationship managers because they are the key points between the companies and the customers. A relationship manager has to understand client's specific needs and know what the organization can offer, then match these two together by bringing the right experts to each individual case. The goal for this is to provide services or solutions exceeding clients' expectations.

Specialist IF opined that the relationship with client is the most important. As mentioned earlier, a relationship manager gets support from within the organization. In specialist IF's opinion, the organization can compensate relationship managers' lack of internal coordination. On the contrary, specialist IE pointed out that sometimes it's harder to coordinate internally than externally. For example, in the case of making an appointment between an expert and a client, the limitations of the organization can cause long delays, sometimes weeks.

Ability to build strong networks

Specialist ID rated this criterion as very important due to the role of a relationship manager as "salesmen development approach". In Finland, where the interest prospect of the institutional investor group is not huge and people learn to know each other, it's crucial for a relationship manager to build a strong network to perform the daily tasks. In some cases, personal relationship plays a significant role.

Most of the specialists selected this criterion as important. Specialist IE said that he almost rated it as very important. A relationship manager needs to have a good reputation, In Finland most people in the business know each other. He punctuated the importance of a good relationship with clients as well, in his comment

"Reputation goes bad easily if customers don't like you, then you are in trouble!" (IE. 16.06.2011.)

However, specialist IF stressed that the relationship between the relationship manager and customer is more important. She justified that in the financial service industry, business with a client is between two persons, and this is the most important thing. A good relationship manager needs to have a strong connection to the contact person in the client's side. Building networks could be upper management's responsibility. Specialist IB declared that building strong networks is not enough in the asset management field, you are also required to work dependently with the clients.

4.5   Additional criteria

There was an additional open-ended question during the interview: what other criteria would you like to add? As mentioned earlier all the specialists were very satisfied with the current set of criteria. It was challenging for them to come up with new criteria but two suggestions surfaced during the conversations which could be added to the list. The first was "Chemistry to customer management -right people to right customer". Second one was "Ability to combine complete information and make clear conclusion of it".

"Chemistry to customer management" is related to "Understanding of customer's needs" and "Good communication skills". However, there are certainly situations where other character related issues surface as well. A young graduate might not be able to get his message through in a meeting with a roomful of conservative old-timers. Similarly a traditional experienced lady could experience trouble tuning to the mindset of young IT-millionaires.

"Ability to combine complete information and make clear conclusion of it" is a criterion which might not be viewed as important in many other industries but the nature and complexity of financial services make it an important skill. Complexity of the products and the reality that they are often evaluated and combined to fit customer's needs means that there are often several experts from different fields giving information. Therefore, it's important that the relationship manager possesses such ability to

combine these information from different sources and present it to customer in an informative and correct way in order to generate new solutions for the customer. Specialist IF declared that

> "Ability to create new solutions based on the markets and client's need is becoming more and more important!" (IF. 21.06.2011)

5 Discussion

This chapter reviews the key findings and reflects upon the results with reference to the theory. The discussion concentrates on the important points which are worth examining in detail as well as the validation and refinement of the evaluation criteria.

Table 7 shows all the rating results of the interviews. We can see that this study supports the theoretical background and contributes to the importance of non-financial performance criteria for evaluating relationship managers in the financial service industry. While some criteria are viewed more important than others, it doesn't necessarily indicate that the rest are not important. A relationship manager maintains the relationships with clients by taking time to know their businesses and meet their needs, personalizing the offer and keeping their best interest in mind. Specialist IF stressed the importance of the top six criteria which received the highest average grade

> "It's a good combination package. A successful relationship manager must understand client's needs, have good communication skills, be proactive with customer, provide value added advice/solution, offer right expertise and have a good service attitude. If a relationship manager lacks any of these, he or she can't be recognized as a successful relationship manager. For example, having good communication skills but lacking the ability to offer value added advice or solutions; or good at value added advice but lacking in communication skills". (IF. 21.06.2011.)

Table 7. Importance of Current Main Criteria.

Category	Criteria	Importance rated (times)		
		"0"	"1"	"2"
Empathy	Understanding of customer's business	-	5	2
	Understanding of customer's needs	-	1	6
	Good communication skills	1	1	5
	Proactive with customers	-	2	5
	Value added advice/solutions	1	2	4
Assurance	Wide market knowledge	1	5	1
	Knowledge of the products/services	-	5	2
	Ability to offer right expertise	-	3	4
Responsiveness	Service attitude	-	1	6
	Quick reply	1	4	2
Reliability	Ability to coordinate internally & externally	-	5	2
	Strong networks	-	5	1

Empathy

It's a "must have" for a relationship manager to possess the 5 criteria in this category (see Table 7). The literature review underscores the importance of these criteria as well. Desphpande, Farley and Webster (1993, in Paulin et al. 2000) indicate that a relationship manager is required to have in-depth knowledge of their client's business and needs. But from Table 7, we can see that the specialists highlighted that recognize client's need is more than understand their business. The discrepancy is possibly due to the natural characteristics of investment service sector which differ from most other sectors. The literature review is based on the general level of the financial services industry. Usually it's necessary to understand both the client's business and the needs in order to serve them in a helpful way. In the corporate banking sector, relationship managers must understand the business of the corporations because the corporations run the businesses on a daily base. However, institutional investors do not really run a business as their main purpose is to make an investment and earn money without participating on any production activities or offering any services. In this case, understanding client's needs is naturally more important than understanding their business. As mentioned earlier, almost all the interviewees are from asset management companies of

investment services sector, and the ratings given to different criteria reflect the needs of this sector.

The theoretical framework provides a broad perspective to underline "good communication skills". This study supports this perspective, as we can see from Table 7 "good communication skills" was graded among the most important criteria that affect relationship managers' job performance.

Criterion "Proactive with customer" was graded five times as very important. This result corresponds with the theory – a relationship manager should be proactive with customers. Generally "Proactive with customer" is related to the "activity level" of a relationship manager. It is being used in the corporate banking sector more often, where there are frequent activities between the relationship manager and the customer. However, Dr. Paloheimo's observation in that for a few decades the institutional investors have preferred certain way of contacting with a relationship manager, such as certain time to meet, certain meetings to give the briefing, but not to keep on calling and trying to sell something. In this sense the relationship manager is more or less like a "machine" working as agreed. If this is the case, there are two possible reasons for this criterion to get such high rating

> "One might be because the specialists prefer their relationship managers to be actively contacting or selling products or services to the clients; but it may not work on the investors side. The other reason could be that the Investment Service business has shifted from customized contacting to proactively contacting customers. It's worth to find out the real reason". (Paloheimo, A . 06.07.2011.)

Assurance

Wide market knowledge, knowledge of products/services and ability to offer right expertise were grouped under this category. These are all qualities that literature considers highly important in order to service the customers properly. Results from the interviews imply that while all the criteria were rated as important, "Ability to offer right expertise" averaged as very important and only by a small margin. The comments from interviewees suggest that this difference is due to the complexity of financial service industry, especially in asset management and corporate banking sectors. The products

and services are complicated and numerous and it is nearly impossible for the relationship manager to provide value added by himself. Institutional investors and corporations are very demanding and picky. A relationship manager is required to have market knowledge and knowledge of the products/services but to have all the necessary knowledge for providing the solutions is impossible. Therefore, he or she must have the ability to offer the right expertise. It's the experts who bring in the knowledge to advice the clients.

Responsiveness

The results of this group of criteria did not noticeably differ from what literature suggests. Responsiveness includes "Service attitude" and "Quick reply". Three of the specialists suggested grouping these together. "Service attitude" was rated as the most important criterion tied with "Understanding of customer's needs". All specialists agreed on the importance of service attitude. A relationship manager, who is acting like a "middleman" between the organizations, should provide such high level of service that maintains the "top-tier" or to gain "higher-tier" relationships with clients. "Quick reply" received more mild and mixed ratings. Generally it was viewed important but when dealing with products, like stocks, which require fast decision making, it grew in importance.

Reliability

The findings in this category support the theoretical background that it's challenging but necessary for a relationship manager to act as a coordinator between the organizations and to build strong networks within the working environment. Although specialists IB and IF have slightly different opinions from other specialists, they all reinforce the importance of these two criteria. In a competitive business environment, a relationship manager is required to have close collaboration between the customers and the organization. By offering a high level of coordination facilitates the interaction process and ultimately sustains long-term competitive advantage. A successful relationship manager is also required to initiate, develop and sustain strong networks both within the firm and outside.

Dr. Paloheimo pointed out that "Ability to coordinate internally & externally" is more related to corporate banking sector than investment service sector, because in the former, there are more activities between the relationship manager and the corporations but not in the latter. Tyler and Stanley's corporate banking research (1996) highlights the importance of coordination skills. Most of the interviewees were from investment service sector which might explains why the specialists mostly rated this criterion as important.

Additional criteria

There were two new criteria suggested by the specialists. The first is "Chemistry to customer management – right people to right customer" and second one is "Ability to combine complete information and make clear conclusion of it". According to Dr. Paloheimo, the second addition criterion is quite useful for SFR's research although it's very similar to criterion "Value added advice/solutions". It also considers how people are involved in the business. Therefore, this perspective could be addition to "Value added advice/solutions" instead of creating a totally new criterion as the fact that the fewer criteria the better, as was mentioned earlier.

6 Contributions for SFR

This chapter presents the contributions of this study for the commissioning party SFR. Due to the confidentiality agreement as stipulated by the sponsor Scandinavian Financial Research this part is kept confidential.

7 Conclusion and recommendations

The purpose of this research is to find out the best qualitative benchmarks for measuring relationship managers' service performance in the financial service industry, focusing on the asset management and corporate banking sectors. The main goal is to understand and gain insights of the key measuring criteria and their importance by applying qualitative research method. Seven professionals from financial services graded twelve predefined criteria to evaluate relationship managers' service performance. The criteria were divided to four groups: empathy, assurance, responsiveness and reliability. Through analyzing the data gathered from the interviews, it came clear that the interviewees seemed to agree on all twelve criteria being important. Significantly, empathy related criteria achieved slightly better grades than other groups. The contributions of this research for the commissioning party SFR was presented in the previous chapter.

Overall, this is a successful research, from analyzing existing literature to creating the measurement criteria; from examining the criteria to reflecting the key findings with reference to the theoretical background. However, approaching the criteria from the users' point of view could offer different perspectives. For example, criterion "Proactive with customer" was rated as very important by the specialists from the provider side but it may not work on the user side. Therefore, in order to receive more extensive insight on the evaluation criteria for relationship managers, similar research could be conducted solely on the user side by applying the quantitative research method. The correlation of these results might give even better understanding of the optimal elements.

Another limitation is locality; this study concentrated on players who operate in the Nordic markets, and should similar research be done in other parts of the world, results might differ. Applying these results in totally different cultural environment may not be totally applicable.

The third recommendation is to find out whether the service trend of relationship managers in Investment Service business has shifted from customized contacting, which has been the standard, to proactive contacting. This study suggests that proac-

tive contacting popular or effective from service provider's point of view. It could be worth researching if this matter is used nowadays.

Professional developing and learning

A few obstacles were faced during the study. First of all, it was quite challenging to find any literature on assessing relationship managers' service quality based on non-financial performance criteria that relates to investment services and corporate banking sectors to meet commissioning party SFR's specific needs. Almost all the measurements were related to financial performance only. Therefore, the strategy was changed to scrutinize theoretical background based on the general level of the financial service industry while the interviews would focus on investment services and corporate banking fields.

Secondly, the original plan was to investigate service performance of relationship managers by applying both qualitative and quantitative methods. This was to first observe the current set of criteria by interviewing financial specialists from the service provider side, who might provide helpful insights for the development of the criteria. The updated version would be examined and refined by the financial users through an internet survey. However, this methodology had several issues. One significant problem was the confidentiality requirement from SFR. A public survey contradicts the requirements of the sponsor. Getting a reasonable amount of replies to an Internet survey would probably have taken more time than was available.

Thirdly, it proved difficult to find candidates for the interviews. The interview booking started from May and the plan was to complete eight interviews before July. The original scheme was to interview the human resource managers from asset management companies and corporate banking organizations. The reason for that was that the human resource department takes part in general recruiting so the human resource manager was expected to know what the requirements for relationship managers are. However, upon the contacting the first human resource managers, they all rejected the interviews by telling that they were not the correct person to analyze this topic.

Fortunately there was one positive respond. The interviewee was acting as a human resource manager but was also an Executive Vice President and part of management

team in Firm A. The plan was changed to contact top management team members instead. It was observed that the top managers were the most interested and qualified to evaluate relationship managers. Unfortunately it proved difficult to book interviews with them as most of them have heavy schedules. Additionally, July was approaching which is the traditional holiday month in Finland and that added a bit more trouble to getting the interviews booked.

Finally, there were total of seven interviews completed within one month, from end of May to end of June. The findings shed some light on what service providers think are important qualities for relationship managers and which areas belong to their responsibilities. It could be said that this was a successful study, although the schedule was tight, the findings were fruitful and meaningful.

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Appendices

Attachment 1. Questionnaire: Service Performance of Client Relationship Managers in the Financial Services Industry

Nancy Zhang
Haaga-Helia ammattikorkeakoulu
23.5.2011

Client Relationship Manager in Financial Services Industry: Service Performance

Bank/Company: _____   Interviewer: _____

Interviewee: _____   Date of interview: _____

1. Please specify the important criteria for a successful client relationship manager in Financial Services Industry.

(0 = not important, 1 = important, 2 = very important)

	Importance
1. Understanding of customer's business	
2. Understanding of customer's needs	
3. Appropriate & proactive communication skills	
4. Proactive with customers	
5. Value added advice / solutions	
6. Wide market knowledge	
7. Knowledge of the products / services	
8. Ability to offer right expertise to your case	
9. Service attitude	
10. Quick reply	
11. Ability to coordinate internally & externally	
12. Ability to build strong networks	

2. What other important criteria would you like to add?

1. _____

2. _____

3. _____

4. _____

5. _____

3. Would you like to have the summary findings of my thesis? _____

Thank you for your participation!

Attachment 2. Example page of the research diary

Client Relationship Manager in Financial Services Industry: Service Performance

Bank/Company: ___Firm G___   Interviewer: ___Xuhua Zhang___
Interviewee: ___1 G___   Date of interview: ___21. 6. 2011___

1. Please specify the important criteria for a successful client relationship manager in Financial Services Industry.

(0= not important, 1 = important, 2= very important)

1. Understanding of customer's business: |
A CRM needs to know the general level of client's business is enough.
But must understand customer's needs.
Clients are always the experts in their business.

2. Understanding of customer's needs: 2
You don't get any business if you don't know what the client
is up to.
You have to act like a doctor, diagnose the problem & cure it.
Our task is to find out the needs & the means to achieve them.

3. Appropriate & proactive communication skills: 2
This business is all about communication. People communicate differently.
Clients like the charts, numbers.
CRM should talk the same language as client; focus on the client,
be open.

4. Proactive with customers: |
CRM must be active. You are successful if you are the one talking
to clients. With new customers, basically the CRM does most of the
contacting. In the long term, client contacts CRM. When the client saves
CRM's phone number in his/her cell phone, presses the number & talks to the
CRM, it makes the relationship level comfortable & safe!

5. Value added advice / solutions: |
All services need to value added.
CRM should be able to provide value added to customers & bring new
idea to different situation.
It's a demanding competition, clients are very picky.

6. Wide market knowledge: |
In our daily business, we deal with more than 15 different markets, such
as stock, bonds, derivatives, OTC, foreign exchange, money market,
commodity, etc. I don't believe that there is a superman who can
cover all of these, be an expert. It's not necessary to cover all these markets
to be a successful CRM. ~~But the organisation can~~ A CRM gets help from
different experts within the organisation for specific knowledge.