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Winning and Keeping Clients – Networking Processes and Perceptions in Public Relations Consultancies

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Biography

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Abstract

The concept of relationships is implicit in the term 'public relations', with public relations scholars widely advocating the notion of relationships at the core of public relations scholarship and practice (e.g. Ferguson, 1984; Grunig, 1992; Cutlip, Centre and Broom, 1994). Despite this focus on the relational perspective of public relations theory and practice, few studies have explored how public relations consultancies create and maintain business relationships, with even less focus on how relationships with clients are acquired and maintained.

This paper outlines an exploratory pilot study aimed at identifying the role and importance of business relationships within public relations consultancies, and at gaining a deeper understanding of the extent to which public relations practitioners employ networking as a means to both acquire and maintain client relationships and so support the consultancy's survival and growth. The pilot study was carried out in a small North West public relations consultancy and consisted of in-depth interviews, supported by the use of network mapping and repertory grids. The findings revealed several key themes in practitioners' formation and maintenance of business relationships. The most notable of these were the content of practitioner's networks and network relations, the style of networking adopted, the role of the 'key contact relationship' in client and media relationships, and the barriers to networking which practitioners experience. These findings have led to a conceptualisation of networking within public relations consultancies that will be explored in further studies. The expected contribution of the full study will be to provide an understanding into several neglected areas – namely public relations consultancies, the role and contribution of networking to public relations consultancy value, and the content of practitioners' network relations. It also aims to further theory in network relations and provide an understanding of the survival and growth of professional service small businesses. The conclusions of the final study will also have managerial implications as they may advise and assist public relations practitioners and consultancy owner managers in their efforts to acquire and retain clients, and contribute to consultancy survival and growth.

Key Words: public relations, networking, business relationships, professional services, small business

1.0 Introduction

This paper outlines the findings of a pilot study undertaken as part of a PhD into gaining an understanding of how public relations practitioners build and maintain business relationships, and the extent to which networking contributes to practitioner performance and consultancy value in terms of acquiring and retaining clients.

The pilot study was undertaken in a Manchester public relations consultancy and its findings have informed a fuller study about to be carried out with a larger number of consultancies. This paper offers a brief overview of several extensive areas of literature, then presents the research aims and methodology, before presenting the findings and next stages of the study. The interest in the public relations sector stems specifically from the researcher's own background, in that I spent 8 years as a public relations practitioner working in-house and for a public relations consultancy. During this time, I also completed a Master's Degree in Public Relations, before turning to full-time research.

2.0 Literature overview

2.1 Public relations and relationship management

The importance of building and maintaining relationships is at the very core of public relations practice (Ledingham and Bruning, 2000). Many definitions and theories of public relations advocate its role as helping to develop and maintain mutually dependent relationships between an organisation and strategic publics within its social environment, and as a 'boundary spanning' function which interprets the environment and represents the organisation to the environment (e.g. Aldrich and Herker, 1977). Little research has been undertaken to investigate how public relations practitioners build and maintain these relationships. Yet the public relations sector calls for a separate study, given its size and growing economic importance, as well as the different function which public relations practitioners perform compared to other professional communication services.

Within the public relations literature, it is recognised that public relations is a field undergoing continuing change in terms of perspective, role and evaluation

(Ledingham and Bruning, 2000). Various perspectives are brought to bear on issues of public relations form and function, with one of the most influential to emerge in recent years being that of relationship management. The relational perspective that relationship management encompasses holds that public relations is: "*the management function that establishes and maintains mutually beneficial relationships between an organisation and the public on whom its success or failure depends*" (Cutlip, Centre and Broom, 1994:2). The notion that relationships ought to be at the core of public relations scholarship and practice was first advocated by Ferguson (1984), and emerged as an area for exploration for public relations scholars with such as Grunig (1992:20) underscoring the importance of: "*building relationships with publics that constrain or enhance the ability of the organisation to meet its mission*".

Although the concept of relationships is implicit in the term 'public relations' and both scholars and practitioners regularly use the term in explaining the value of public relations, neither scholars nor practitioners have defined the concept carefully. The notion of organisation-public relationships as central to public relations is the focus of scholarship from varying approaches (e.g. Ledingham and Bruning, 1998; 2000; Wilson, 1994; Grunig, Grunig and Ehling, 1992). Based on a wide-sweeping review of relationship literature from interpersonal and organisational communication, social psychology, and other fields, Broom, Casey and Ritchey (1997) constructed a model for developing theory around the notion of relationship management. Central to that model is recognition of the need to identify the antecedents, concepts and consequences of organisational-public relationships. Building on this model, Grunig and Huang (2000) followed Stafford and Canary's (1991) research, and adapted Broom *et al.*'s (1997) category of relationship concepts - which defined the nature of a relationship - to a category they called 'maintenance strategies' (Grunig *et al.*, 2000). They described these 'maintenance strategies' as those strategies that organisations use to maintain their relationships. Stafford and Canary's (1991) studies revealed five dimensions of strategies – positivity, openness, assurances, networking, and shared tasks – which Grunig and Huang (2000) argue appear analogous to public relations strategies and could be used to develop practical public relations strategies.

Although not overtly explored, the public relations literature can be seen here to acknowledge a potential role for networking, in this instance as a 'maintenance strategy' for relationships. In organisational-public relationships, networking could be seen as organisations building networks with the same groups as their publics, such as environmentalists, unions or community groups (Grunig et al., 2000). However, this potential role for networking is limited to maintaining relationships between organisations and their key publics, and is not extended to maintaining relationships closer to home, that is between public relations practitioners and their clients. Similarly, there is no recognition of a role for networking in terms of relationship acquisition or as an 'acquisition strategy', including the acquisition of client relationships. While this aspect of networking is recognised in the small business literature, it has yet to be acknowledged or explored in the public relations literature.

While a small number of studies have been carried out on business relationships in most types of professional service businesses, such as services marketing, financial and legal firms, advertising agencies and design agencies, public relations consultancies remain largely unexplored. Indeed, much of the public relations literature centres on the theory of public relations and public relations as a practice rather than public relations as a business. This is despite the sector's undoubted growth in the UK and worldwide. The UK public relations industry has more than doubled in size over the last 15 years and by 2000, it employed up to 50,000 people, with a £2.3 billion budget (Moloney, 2000). Such growth is not confined to the UK alone, but can also be seen in Australia (Tymson and Sherman, 1996) and the US (Council of Public Relations, 2000).

2.2 Business relationships and networking

Public relations consultancies are also businesses, many of them small businesses that must survive as professional service firms operating in a competitive marketplace. However, there is no clear understanding or predictive theory as to whether a small business will start up, grow, succeed or fail. While there is a major diversity in the performance of small businesses, a review of small business and entrepreneur literature reveals that there are many determinants of business success and growth for small to medium size enterprises (SMEs) (e.g. Storey, 1994; Watson *et al.*, 1998; Perren, 1999; Thompson and Gray, 1999). The success and growth of any business is dependent on a range of situational and contextual factors (Fielden *et al.*, 2000) and how these blend together (Perren, 1999). Amongst these, however, is the key need for business relationships and business networks. This is especially pertinent given that potential new business owners identify finding and contacting potential customers as a concern relating to the operation of their enterprise (Fielden *et al.*, 2000). There is also an acknowledged importance for a successful firm to have a transferable network of contacts (e.g. Johanisson, 1986; Blackburn *et al.*, 1990) together with family and investing friends, key employees or partner, and active professional advisers. Within the social environment of a small business, the impact of networks has also been identified as an influential factor (Marett, 1980; Gartner, 1985; Aldrich and Zimmer, 1986; Johannisson, 1988) both prior to establishing a small business and as a potential growth factor once it is in operation.

Business relationships and their importance has long been the subject of academic investigation. There is overwhelming evidence of the interdependence of companies in many business markets, where a company's relationships are important assets without which it could not operate or even exist (Ford *et al.*, 1998). Relationships have been described from many different perspectives in marketing literature (Holmlund and Törnroos, 1997), including descriptions of their antecedents, contents and consequences or outlines of what activities and exchanges relationships encompass. A relationship is based on the notion that actors are connected by ties that exist between them. Definitions of relationships found in the interaction and network approach in business marketing see relationships often compared to marriages as opposed to more short-term 'affairs'. This corresponds to Holmlund and Törnroos' (1997:305) definition of a relationship as: "*an interdependent process of continuous interaction and exchange between at least two actors in a business network context*".

When considering what makes dealings with two companies in a market become a relationship, or what makes a relationship cease to exist, researchers have approached the problem in at least two different ways, either trying to classify and characterise different relationships or seeking to identify the necessary conditions for a relationship to exist (Halinen, 1997). While numerous studies have been undertaken in industrial markets (e.g. Guillet de Monthoux, 1975; Ford, 1982; Frazier *et al.*, 1988), business relationships and their origins and development have attracted much less attention in service marketing (Halinen, 1997), and even less in professional services, into which category public relations consultancies fall.

Early research on the role of networks in the SME sector applied social network theory and revealed that small businesses use their personal contact networks to assist in activities such as the creation of new ventures (Curran et al., 1993; Curran and Blackburn, 1994). Research on the growth of small firms confirms that entrepreneurs with good cultural and social networks attract more capital and are more likely to be successful than those with limited networks (Shaw, 1998). There are also differences between market-mediated transactions related to one-off purchases and those based on regular interaction between buyers and sellers. The latter may be based on social relationships and can be described as the forming and building of network ties.

A network consists of a series of direct and indirect ties from an individual to a collection of others. Research into entrepreneurial networks falls into two principal categories: inter-organisational networks and the entrepreneur's personal or social network. The personal or social network construct has its roots in social network theory where it is accepted that network analysis should consider both the structure of the network and the nature of the interactions between network actors (Mitchell, 1973; Granovetter, 1973; 1985). Potential members of a person's network are those people who, within certain norms, might be expected to provide that person with some specific service or support (Mitchell, 1969).

However, despite a wealth of research into networks and networking, a number of areas remain neglected in personal network research, of which two in particular have been called upon for further study - the process of networking and the contents of network relations (e.g. Aldrich and Zimmer, 1986; Birley and Cromie, 1988; Blackburn *et al.*, 1990; Joyce *et al.*, 1995). Understanding the process of networking may be achieved by examining the interactional dimensions of networks (Mitchell, 1969), while understanding the contents of network relations can be approached by exploring the meanings people attach to certain relationships (Mitchell 1969) and the quality of these relationships (Ostgaard and Birley, 1994).

These meanings incorporate the individual's perceptions, motivations, expectations and outcomes of network participation (Curran *et al.*, 1993). A deeper appreciation of these process and content areas of networking in different contexts will increase the understanding of the process of networking (O'Donnell *et al.*, 2000). It will also add to the current understanding of the role of relationships within public relations theory and practice, and generate a deeper insight into the relational perspective of public relations in terms of practitioner-client relationships.

3.0 Research aims and methodology

Before establishing the aims and objectives of the study, a comprehensive review of existing literature pertaining to public relations, small firms, business relationships, networks and networking was undertaken. The literature review was used to construct a framework which formed the background of the subsequent inductive research. This framework guided the pilot study research, drew together the aims of the research and served as a basis for a topic guide for the pilot study interviews. These aims therefore were to:

1. investigate the significance of networking to public relations consultancies and in particular identify the extent to which networking adds to firm value in terms of client acquisition and client retention

2. explore public relations practitioners' networking processes and practices and identify the key variables which influence the practitioners' propensity to network
3. determine the content of practitioners' network relations, in particular their perceptions and attitudes towards networking

4. develop a framework for classifying and evaluating the relationship between networking and firm value for the public relations industry.

There is an emerging preference for researchers to use phenomenological approaches to small firm studies that employ qualitative methods of collecting and analysing empirical data (Shaw, 1999). This study is concerned with the processes, perceptions and attitudes of public relations practitioners towards networking. Its aim is to uncover not only what they do in terms of networking, but also why they do it, what they think about it, and how it helps them maintain business relationships and win and keep clients. It is interested in what networking *means* to practitioners, as well as how and whether they use it as an aid to business. The philosophical approach which emphasis the meaningfulness of the subject matter in social science has been characterized by such as Geertz (1973) in terms of emphasising the centrality of interpretation rather than methods more appropriate to the natural sciences. The research method employed was therefore a qualitative approach, as this permits researchers to get close to participants, penetrate their realities and interpret their perceptions.

Characteristic of exploratory research conducted within the qualitative paradigm, a methodology was designed to allow the researcher to build rich descriptions of the context within which the consultancy's networks were developed, created and maintained which "fitted and worked" participants' perspectives (Glaser and Strauss, 1967). A small public relations consultancy in Manchester was selected as the unit of analysis. Data was collected during in-depth, semi-structured interviews with the consultancy's owner-manager/public relations director, public relations manager and public relations executive, with a further interview once the interview transcripts were completed to ascertain that they agreed with their original views and beliefs.

The interview transcripts were analysed using a 'template analysis' approach (Miles and Huberman, 1984; King, 1998), which is a widely-used approach in qualitative research. This involved reading and re-reading transcripts and field notes, and using codes to bring order, structure and meaning to the raw data. A list of codes – a template – was produced representing themes identified in the textual data. The initial starting point for this template was the set of questions, probes and prompts used in the interview topic guide. Codes and categories which emerged were compared with concepts suggested by the literature and relationships were identified among emerging categories of data. An account was then structured around the main themes identified, drawing on examples from each transcript. These categories and relationships will be compared with subsequent data collected (King, 1998).

In order to generate further insight into how the interviewees see their world, the in-depth interviews were supplemented by two additional research instruments. The first of these involved the interviewee completing a network 'map' depicting their first, second and in some cases, third tier of contacts in their personal networks. This pictorial representation enabled the interviewees to describe more fully the contacts in their networks, how they knew them, the nature of their relationships with them, and the extent to which they perceived these contacts to help them in terms of their work and adding to consultancy value. The network maps were hand drawn and completed by each interviewee, and were reproduced diagrammatically later. The second technique used was repertory grids, based on the Personal Construct Theory of George Kelly (1955). This supplied a deeper understanding of practitioner's perceptions and attitudes towards networking as a practice and the constructs they use to understand and manage their world (Easterby-Smith *et al.* 2002).

4.0 Findings and discussion

The pilot study findings revealed a number of key themes that arose from the data, network maps and repertory grids. These are summarised in Table 1.

Table 1: Pilot Study Findings - Key Themes

1. Two main groups of personal network contacts
2. Senior practitioners have more extensive and diverse personal networks
3. Greater effort given to media relationships
4. Preferred contact mode for each group
5. Modes of contact: contradiction of preference with practice
6. Dislike of formal networking events
7. Use of networking to gain favour
9. Potential determinants of network size, diversity and activity
10. Client acquisition - importance of client and media contacts
11. Client retention - importance of family, colleague and client contacts
12. Methods of client retention
13. Importance of Key Contact Relationship to retain clients
14. Barriers to networking

Source: Key Networking Themes: J.Tonge (2003)

These findings revealed important aspects to practitioners' formation and maintenance of business relationships and can be grouped as follows before being briefly considered below:

? the content of practitioners' networks and network relations

? the style of networking in public relations consultancies

? the barriers to networking which practitioners experience.

4.1 The content of practitioners' networks and network relations

The contents of network relations can be approached by exploring the meanings people attach to certain relationships (Mitchell 1969) and the quality of these relationships (Ostgaard and Birley, 1994). These meanings and quality incorporate four aspects (Curran *et al.,* 1993), which are the individual's:

1. perceptions of network participation
2. motivations for network participation
3. expectations of network participation
4. outcomes of network participation

In terms of practitioners' perceptions of networking, the study revealed that the interviewees' perceptions of network participation were mainly negative toward 'traditional' and 'formal' networking. Very strong views were raised as to the reasons not to network and each practitioner expressed a personal dislike of networking as an activity they had to go out and 'do'. This reluctance and lack of inclination to network and meet people often contradicted the practitioner's expressed beliefs that networking was a good method of building relationships, 'getting to know' people and 'getting results'.

Practitioners' motivations in networking with clients were to 'keep them sweet' and lead them to further potential clients. With media contacts, the motivation was to ensure the media looked favourably on the public relations material they submitted on behalf of the client, which would lead to use of the material and so aid client satisfaction and retention. Practitioners' expectations of networking were fairly low, given their similarly low opinion of networking as a business tool or an efficient use of time. However, when they considered using email and telephoning as networking tools, the practitioners were more confident these were beneficial in terms of achieving results, co-operation and feedback from the media and clients alike.

In terms of the outcome of their network contacts, it was apparent that networking enabled the practitioners to both retain and acquire clients. In terms of client acquisition, most of the clients at this particular consultancy were gained by referral. The importance of personal contacts in contributing to client acquisition was seen most notably with two groups - clients and the media. This involved networking with current clients as a means of gaining introductions to other potential clients. Here, the role of 'broker' was highlighted with a number of key clients actively recommending prospects to the agency or making personal introductions between agency personnel and potential clients. Networking with the media was also carried out to obtain press coverage, and again led to referrals for potential clients from journalists, although practitioners saw this as a fortuitous by-product of their relationship rather than a planned outcome. In terms of client retention, the importance of personal contacts in contributing to client retention was seen most notably with three groups – clients, colleagues and family members. In particular, the owner manager used family members to help retain clients via advice seeking, gaining ideas and for business and emotional support.

4.2 The style of networking in public relations consultancies

Also to emerge from the findings were a number of key themes which have been grouped together in this study as the 'style of networking' within a public relations consultancy. These key themes are:

1. network components (groups)
2. network diversity
3. networking direction (effort)
4. networking methods

Practitioners' network components were seen in terms of the groups they network with and the processes they use with each network group. Using Granovetter's (1973) model concerning the strength of contacts within personal networks, where contacts are determined as either 'strong ties', 'weak ties' or 'contacts with strangers', clients and the media emerged as the groups with which practitioners networked most, with the owner-manager/director having the media as her largest group of contacts, followed by clients. For the manager and executive, the media and clients groups were of equal weight. However, there was clearly a different level of network contacts for each practitioner. The most senior practitioners had far larger and more diverse personal networks, with the female owner manager carrying out the most networking activities. Potential reasons for this may include seniority, experience, gender or entrepreneurial background. Conclusions about such factors as determinants of practitioners' propensity to network may emerge in the full study when more data is available.

The diversity of the strong ties within each practitioner's personal network also differed, with the greatest diversity apparent in the owner-manager/director's network, which included colleagues, family, friends, media/friends and clients, while the executive had the least developed network. In terms of the direction of their networking activities, the practitioners allocated equal importance to both clients and the media, but in terms of effort they networked with members of the media the most, mainly to achieve a large part of their assignments for clients. This networking and relationship building with the media was seen very much as part of the day-to-day work of the consultancy, and so required a large investment of time, thought, preparation and energy. The direction of their networking activities was also largely devoted to what the practitioners termed their 'key contact' relationship. This was given a vital role in both the client organisation and in the media and was heavily emphasised by each interviewee. The importance of the 'key contact relationship' here would appear to support the central role of the relational perspective within the public relations literature in terms of relationship building and management (Ledingham and Bruning, 2000) and warrants exploration in the full study.

In terms of networking methods, certain activities were preferred when contacting specific groups. For clients, telephoning was preferred and for the media, email was the main mode of contact. Although meetings were cited as the preferred mode of contact, this was not carried out in practice. Planned socialising and formal meetings with clients and the media was quite rare, a finding which can be linked to the practitioners' marked reticence in terms of 'socialising' and networking. As an adjunct to this study, the findings also revealed the type of methods practitioners used to retain clients. These were education, media relations ability, client relations ability, 'doing a good job', and commercial contribution. The use of client retention methods beyond networking also offers an area of exploration for future study.

4.3 The barriers to networking which practitioners experience

A further theme to arise in the interviews that did not emerge in the various literature reviews undertaken for this study concerned barriers to networking. This perhaps remains largely unexplored, especially in the professional services and public relations context. In this study, three recurring reasons, perceptions or attitudes emerged which the practitioners put forward to explain why they believed they did little or no networking. These were:

1. negative perceptions of networking
2. lack of confidence
3. lack of experience and client knowledge.

This area again warrants further exploration to increase the understanding of practitioner networking practices and perceptions within public relations consultancies.

5.0 Conceptualisation

The findings of the pilot study summarised above can also be conceptualised to reflect the networking process in the consultancy explored (see Diagram 1). This preliminary conceptualisation is a first step towards understanding how networking is being undertaken within public relations consultancies, the role networks play in contributing to winning and keeping clients, how practitioners perceive networking and what it means to them. This conceptualisation draws on the data gathered during the interviews and also from the network maps drawn by each practitioner.

The concept identifies three network 'stages' that practitioners appear to follow – the junior network, the adolescent network and the mature network. In keeping with the groups of themes identified in the findings, each network stage is presented in terms of network content, style and barriers. Again, this concept can be further explored in the full study with a larger number of public relations practitioners and consultancies.

6.0 Conclusion, next stages and contribution

This exploratory pilot study aimed to gain an understanding of an area of public relations activity that has received little attention in the small business, network or public relations literatures, namely the role networking plays in the survival and growth of public relations consultancies, in particular the impact of networking on the retention and acquisition of clients. A number of gaps in the various literature have been identified and an exploratory framework drawn up which informed the pilot study. The findings reveal several key themes which have been grouped under the headings of network content, network style and barriers to networking. A conceptualisation of networking in public relations consultancies has been presented in terms of three stages of networks – junior, adolescent and mature – that appear to represent the stages of networking practice experienced by public relations practitioners. The next stage of the study is to explore the key themes within further consultancies and to identify to what extent the 'three stage concept' may be seen to exist.

The full study will therefore investigate:

1. the **content** of network relations, which includes the perceptions, motivations, expectations and outcomes of networking for public relations practitioners
2. the **style** of networking in public relations consultancies, which includes network components and diversity, networking direction and methods
3. the **barriers** to networking for public relations practitioners
4. the extent to which the '**three stage concept'** exists in public relations consultancies.

Diagram 1: Three Stage Network Concept

Source: J. Tonge: Three Stage Conceptual Model (2003)

STAGE 1
JUNIOR NETWORK

Content:
- Negative perception of networking.
- Limited motivation to network if had enough 'experience' and confidence.
- Expectations of networking low.
- Outcomes minimal or difficult to ascertain as contacts belong to others and networking practice limited.

Style:
- Small network of 12 strong and weak ties.
- Relies heavily on contacts provided by senior practitioners (the owner manager and manager contacts).
- Does not use friends or family.

Barriers:
- Negative perceptions of networking.
- Lack of confidence.
- Lack of experience and client knowledge.

STAGE 2
ADOLESCENT NETWORK

Content:
- Negative perception of networking.
- Increased motivation to network with the consultancy's current media and clients.
- Expectations of networking low.
- Outcomes reveal more rewarding ties established with clients and the media than in the junior network, enabling client retention.

Style:
- Network doubles in size with 25 strong and weak ties.
- Relies partly on owner manager's contacts and partly on own contacts.
- Small-scale use of family.

Barriers:
- Negative perceptions of networking.
- Lack of confidence due to embarrassment.

STAGE 3

MATURE NETWORK

Content:
- Negative perception of networking.
- Higher motivation to network with external contacts to increase consultancy value.
- Expectations of networking low.
- Outcomes reveal even greater and more rewarding ties established with contacts, many leading to client retention and acquisition.

Style:
- Network size similar to adolescent with 23 strong and weak ties.
- Uses own contacts with little reliance on other practitioners' contacts.
- Significant use of family and friends.

Barriers:
- Negative perception of networking.

The contribution of the final study will be on a number of levels. It will reveal the role of networking as a driver of professional service SMEs' survival and growth. More specifically, it will provide an understanding that is currently lacking into public relations practitioners' network relations, and in particular how networking contributes to public relations consultancy value in terms of winning and keeping clients. A deeper appreciation of the content areas of networking in different contexts will also increase the understanding of the process of networking (O'Donnell *et al.*, 2000) and further theory in these areas. An exploration of the style of networking will provide a deeper insight into practitioners' networking practices.

The study will also further theory on the relational perspective of public relations form and function (e.g. Ledingham and Bruning, 1998; 2000; Grunig, Grunig and Ehling, 1992). The pilot study findings appear to support Grunig and Huang's (2000) suggestion of the role of networking as a 'maintenance strategy' but are here extended to maintaining relationships between practitioner and client. The potential for exploring networking as an 'acquisition strategy' for public relations practice is also revealed with the identification of networking as a business tool for winning clients and gaining referrals. A deeper insight into the relational perspective of public relations may also be provided by a greater understanding of the importance of the 'key contact relationship', which emerged here as a strong driver of practitioner activity. A further contribution will be to provide an insight into the barriers to networking which practitioners may experience.

And finally, it is hoped that the final study findings will have managerial implications in as much as they may help advise public relations practitioners and consultancy owner-managers in their efforts to acquire and retain clients, and contribute to consultancy survival and growth.

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