

**Quality Design, Construction and Development enterprises: Exploring
the model and marketing strategies for integration.**

**By
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**This thesis is submitted in partial fulfillment of the requirements for the degree of
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Sofia Kioussi

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Quality Design Construction and Development (QDCD) firms, provide an alternative to the outsourcing trends in construction – competing on the added value derived from producing high-quality design – which is reinforced by the ability to further enhance value across the integrated activities. A QDCD enterprise model is developed, drawing upon several sources, including QDCD origins and scope, design-led organisational issues (structure, culture, processes), systems integration, marketing (investigating the 6 markets framework and relationship against transactional approaches).

Six case studies, highlight QDCD as an advantageous market niche, where competition is minimised on the basis that all tangible and intangible routines across DCD will be coordinated to conform to the value proposition, enhancing the prospect of customer identification through design. The Key Account Manager (KAM) role can ensure coordination across DCD activities, by building on the emerging hierarchy/adhocracy cultural pattern to make strategies and routines more explicit internally. KAMs can also activate the tacit RM practices becoming more explicit, by reinforcing the relationship between the internal and external organisational interfaces, namely the organisation and the 6 markets. Finally, branding emerges as a comprehensive solution to marketing QDCDs. Then, branding and the contribution of KAMs in embedding it in the organisational context are further explored.

KEYWORDS: quality, integration, value, KAM, branding

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1.1 ■ Emerging enterprise model:

Firms engaged in integrated activities

During the twentieth century, construction enterprises were forced into a dramatic restructuring, as specialisation became a prerequisite for their survival in the construction marketplace (Elvin, 2007). Specialisation and outsourcing strategies created crowded and contested construction marketplaces, where adversarial behaviours and fragmentation dominate (Cox et al, 2006). Latham (1994) and Egan (1998) have identified and highlighted this as a problem for the UK market; however this is an international phenomenon.

The marketplace responded, by elevating tactical tools (SCM, lean-agile production) to strategic level, consigning the reduction of these negative effects to collaboration and long-term relationships (Smyth, 2005). Design and Build (D&B) contracts have been a partial attempt for integration while PPP/PFI contracts provided a refined procurement alternative by establishing a concession contract with the Special Purpose Vehicle. However, in both cases, the separation of the players entails organisational and operational problems that inhibit integration (cf. Smyth and Edkins, 2007).

As an alternative, some firms adopt a more radical approach, offering an in-house provision of all the key services needed to create a one-stop-shop in a construction project (Elvin, 2007). This seems to emerge on a selective basis but on an international level by firms that typically have been established as architecture practices, bypassing conventional reservations and outdated codes of professional conduct that condemned architects as the instigators of vertical integration (cf. Higgins, 1991)¹. Driven by the architect's quest for quality (cf. Renier and Volker, 2008), those firms perceive the closer collaboration among the different disciplines to be vital in delivering quality products that conform to their design aspirations, promoting innovation and enhancing both their products and services.

This paper aims to demonstrate that a successful enterprise of this kind should house Design, Construction and Development activities, enhancing the designer-led D&B model that is often adopted by architecture firms (cf. Elvin, 2007). In this context, Development creates the opportunity to fully capitalise the added value by design, inherent in these firms. Therefore the research is devoted to examine Quality Design, Construction and Development (QDCD) firms and to develop a relevant model. The first part of the paper will try to gradually unfold the conceptual framework within which QDCD firms operate. Firstly, it will analyse and justify their strategic decision for integration, followed by discussing the marketing perspective and its relevance to QDCD enterprises, ending in proposing an ideal model for QDCD enterprises to be tested in the primary research.

¹ For example, RIBA (UK), had been criticising vertical integration, as professionally unethical (Higgins, 1991 p.28)

1.2 ■ Market making

Integration as a niche market as an alternative to the dominant trend of core business/specialisation and outsourcing strategies

Economists have traditionally emphasised the importance of exploiting a firm's resources in improving competitiveness, linking its offers' development to focusing on organisational strengths and hence achieving quicker capital and knowledge circulation. The resource-based view of the firm articulated this argument (Penrose, 1959; Barney, 2002) and determined the extensive restructuring of many industries during the past decades. Exploiting the benefits of specialisation and focusing on core business became the trend (Smyth, 2000), resulting in downsizing endeavours by outsourcing all non-core activities and focusing on operations (Spulber, 1998)

In a complex industry like construction, allocating all resources to specialists may distort the overview ability – on top of changes in clients' demand over time – explaining the industry's poor performance in handling the outsourcing trend (cf. Egan, 1998). Fragmentation impacted heavily upon the continuity and quality of service and (subsequently) the product, as contractors have proven incapable of handling service (Smyth and Edkins, 2007) and supply chain management improvement (Edkins et al, 2008).

Evidently, construction requires a different approach, focused on flexibility and diversification strategies (Ai-Lin, 2008). By diversifying, construction enterprises gain flexibility towards fluctuations in demand (Ai-Lin, 2008), and create opportunities to develop more complete business offerings by integrating products and services (cf. Penttinen and Palmer, 2007). In fact, integration is expected to be a key issue within the next decade (Edkins et al, 2008) as an alternative to current outsourcing trends. QDCD enterprises lead that route, by offering complete solutions/packages to customers, who could favour them against using current market channels to turn themselves packages of supplies, services and information into solutions (cf. Penttinen and Palmer, 2007).

QDCD firms potentially manage their diversified portfolio and offer, through allocating resources along some core competencies (cf. Prahalad and Hamel, 1990) that assist integration. Leveraging such existing competencies through creating and seizing integration opportunities, is vital in construction competitiveness (Ai-Lin, 2008). Architects' eminence in the integrator's role boosts the QDCD potential in leveraging competencies through "out-of-the-box" thinking and the ability to integrate "the individual contributions of the various disciplines in their design and role towards innovation" (Renier and Volker, 2008 p.3) that are inherent in the architect's role.

QDCD firms are essentially generating a niche market, characterised both by the integrated offer and the focus on quality. They are strong in delivering quality deriving from design enhancement; the cross discipline, architect-led collaboration in the project's front-end, and the architects' involvement across the building process (cf. Elvin, 2007). Additionally, bypassing inefficient actors vertically in the supply chain facilitates one-stop shopping (Spulber, 1998). So, QDCD firms are product and process innovators (cf. Oostra, 2001), but primarily are market innovators as they are potential modifiers of the market state (cf. Renier and Volker, 2008). Their ground-breaking approach towards the complete offering aims to support the value creation process (cf. Gorman and Thomas, 1997) and highlights them as forward thinkers that may have an impact upon shaping future markets.

2.1 The QDCD value proposition

Added value through the contribution of design and service enhancement

Customer's purchasing decision is generally motivated by the perceivable value they will derive (Christopher et al, 2006). In construction this becomes fundamental as client investment is usually high, particularly seeking product/services of added value (Smyth, 2005). QDCD firms address that need, using their systems and resources for the creation and delivery of added value, while focusing on accumulating that at premium profit. Therefore, value creation in QDCD firms requires their adjustment to aligning the firm's and the customer's value chains (cf. Ballantyne, 1991). Evidently, identifying the QDCD firms' "value proposition" (Christopher et al, 2006) to potential clients, through summing the benefits of the integrated output for both, becomes particularly relevant to the discussion.

The output of the three organisational activities – Design, Construction and Development – can be conceptually located across a continuum of pure service, service build into a product and pure product respectively (cf. Smyth, 2000) (fig. 1,2). QDCD firms can potentially add value, directly and indirectly, across this continuum: by exploiting design enhancement (direct) and/or by securing the superiority of the final result through controlling the production and development process (indirect). The prospect of adding value across all stages ranging from the intangible service to tangible product, creates a unique selling proposition (Smyth, 2000) for QDCD firms, and is directly linked with quality.

Quality in the QDCD context is interlinked with the value creation process, as every step towards value creation is translated in a quality dimension: quality of aesthetics (Design), quality of service delivery (Construction) and quality of specification, ("fitness for purpose", "quality of finishes") (Development) and is respectively subject to review by different stakeholder groups (cf. Winch and Schneider, 1993)². These functions/roles can vitally assist in narrowing the "quality gap", namely the difference between the customer's perceived quality and the actual quality in the firm's output (Ballantyne, 1991)

In order to address the issue of quality and added value across the QDCD offer continuum, it would be useful to analyse how value is created through each one of the three activities.



Fig. 1 Product and services continuum (source: Smyth, 2000)

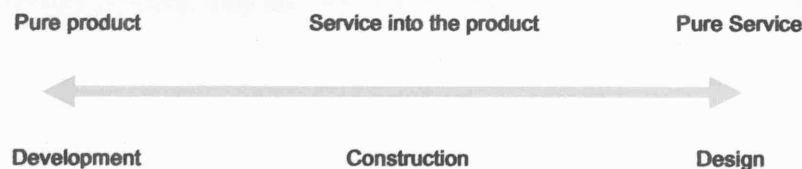


Fig. 2 Product and services continuum in relation to the QDCD offer

² Winch and Schneider (1993) use this threefold definition of quality in the context of typical architecture practices. In this study, they are perceived to be applicable across the QDCD firm.

2.1.1 ■ Design

Good design, is a valuable intangible asset against competition (Schmitt et al, 1995) and a strong differentiation tool that can influence customers' perceptions about a products' quality and value, especially in opening and exploiting new markets (Bruce and Daly, 2007). Design can contribute in enhancing product quality along two dimensions: aesthetics and functionality. Design can help producing more functional products³ with lower production and maintenance costs (DTI, 2005). But primarily, aesthetics adds to the product experience –often through facilitating the creation of mental images (akin to “an entire lifestyle) allowing for “premium pricing” (Schmitt et al, 1995).

Those two quality dimensions help differentiate the product and prove decisive factors in client identification with the firm and its offer. The client identifies with the firm, as good design shapes client perceptions on what the company and its products represent, assisting them in defining their social identity through a purchase (Ahearne et al, 2005). That is because good design can create a myth – in the sense of symbolism and self-expression – that the stakeholders can identify with, feeling that they know the organisation and are part of the “myth” it creates (cf. Holt, 2004). Put simply, good design enhances the quality, and adds value to the offer, shaping the firm's perceived capacity (image) in the clients' eyes, who decide to buy the product/service as a medium of self-definition, identifying themselves with the organisation which produces that design.

In QDCD firms, the relation between good design, customer identification and product purchase is exploited as design enhancement is safeguarded through the in-house Construction and Development activities. Quality derives mainly from the firm's capacity to produce good design, potentially underpinning all the other quality dimensions across its different activities. That justifies architecture firms as an advantageous point of entry to the QDCD model as they have the skillset and the tools to compete on adding value through design quality and innovation (cf. Smyth, 2000).

However, architects usually have inhibitions on the ethical side of promoting their work, which creates difficulty in marketing their business offer, and thus allowing a set of external stakeholders to have considerable influence over the marketplace (Iloniemi, 2004). Interestingly, architects' professional peers have immense power in appraising their aptitude – and hence design quality – as clients are often unqualified to evaluate the quality of the conception and rely totally upon experts' referrals (Winch and Schneider, 1993). This creates an issue for QDCD firms, as although they compete on a broader field than a typical architecture practice, they still rely heavily on design to add value to their offer.

³ In construction: spatially and operationally

2.1.2 ■ Construction

In QDCD firms, where quality is strongly interlinked with design, construction serves the design-led process rather than the self-interest of an individual contractor. So, construction potentially creates new ways of serving QDCD clients, mediating between the design and development processes, possibly through allocating existing resources in different ways during the construction process, informed by the introduction of architects as cross-discipline leaders. That ensures that the design aspirations will be best realised in the final product, indirectly enhancing service to clients.

Consequently, QDCD firms comply with Bruce and Daly (2007) observation that firms which strategically initiate investment in design are usually good at everything, not just design. In fact, service quality is a critical component for customer satisfaction in cases where services and physical products are integrated in an offering (Zeithaml and Bitner, 2000). So, the QDCD model brings together key actors in the front-end, strategically seeking to improve project success, in this case product and service quality. This is essentially a step towards better project control that can support learning across disciplines, boost creativity and leanness of the production process, right in the front-end as identified in the management of projects (Morris, 1994). Also, design and construction integration can lead to innovation (cf. Renier and Volker, 2008) and create the opportunity to tailor the final product to customer needs, moving towards a complete offering which is valuable to customers (Pentinenn and Palmer, 2007).

However, even though design quality is assessed by professional peers, service quality is reviewed by customers/end users (cf. Winch and Schneider, 1993).

2.2 ■ Development and the “making” against “buying” decision

Added value, risk and returns upon investment

Design and Construction emerge as decisive quality factors, adding value to the QDCD offer. Still, it is Development that differentiates the QDCD value proposition against a perfectly orchestrated designer-led D&B. Clients identify more easily with the final tangible product, thus the QDCD-client interface is stronger across Development. Development can add value by being sentient to client needs and aspirations, communicating them inter-organisationally to be realised through the other activities. Essentially, it is a decisive factor for clients to attribute the final product directly to the firm (conversely to traditional procurement where no firm takes full credit for the added value of the final product), ensuring that it will fully capitalise the added value by design and service enhancement

However this increases risks for QDCD firms, as they oppose to the current construction trend of “buying” skills through collaboration, instead of “making” skills in-house. “Buying” spreads the high risk of construction projects derived from significant variations in type, size and complexity (Cox et al, 2006). But risk and returns, are closely related; minimum risk not allowing for high profit margins (Smyth, 2000). The QDCD model can be financially rewarding for two main reasons. First, controlling the whole continuum of added value helps identifying and controlling the value creation process and Development ensures the capitalisation of the derived added value. Second, the probability of complete client satisfaction and loyalty increases, boosting profitability (cf. Christopher et al, 2006) (fig.3)

QDCD firms comprise a set of vertically related business activities – essentially a product's value chain –benefiting from controlling the value creation process (cf. Barney, 2002). Still, they do more than integrating vertically, by “making” instead of “buying”, seeking more than the mere provision of products or services, they are potentially creating operational and service routines (core competencies and/or dynamic capabilities) to articulate delivery processes, to maintain high quality standards and add service value through looking upstream and downstream along the supply chain (cf. Prahalad and Hamel, 1990). However, the considerable investment and the fact that most QDCD companies originate from design firms, where margins are small, suggest that DCD activities will be legally established as spin-offs to overcome some risk (cf. Renier and Volker, 2008), without that inhibiting integration in practical terms.

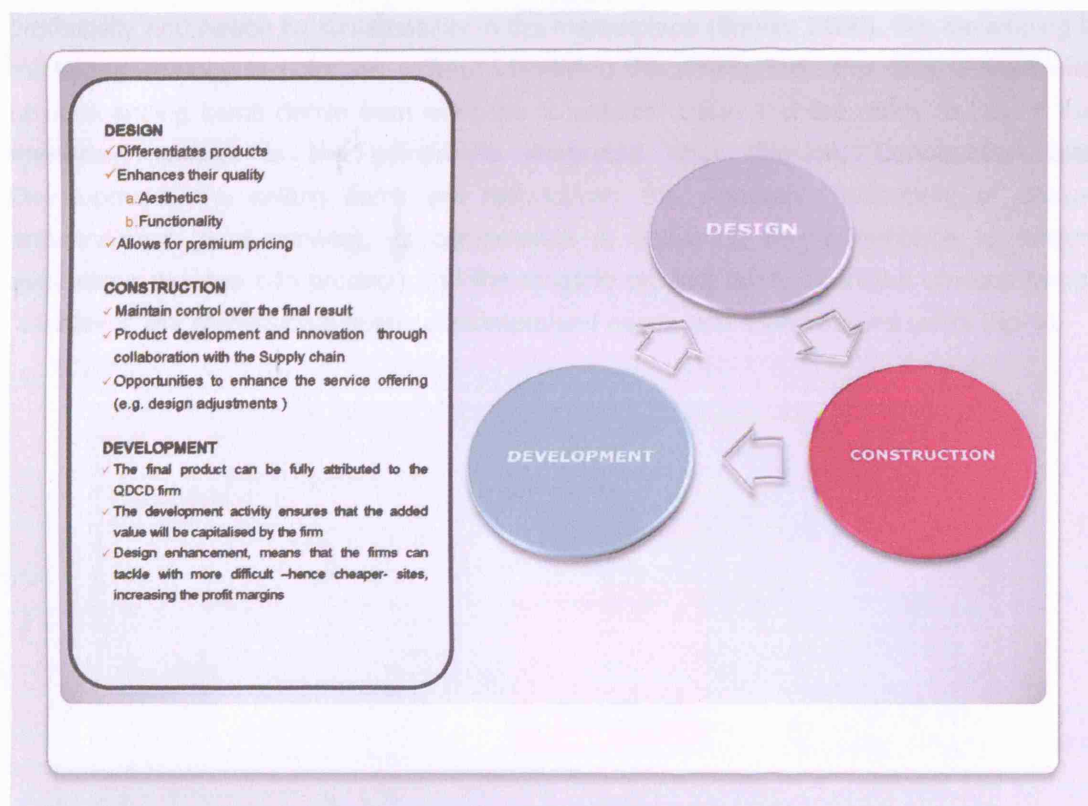


Fig. 3 Value creation across DCD activities and benefits for QDCD firms

2.3 Marketing and its vital role within the QDCD context

Relationship marketing and Marketing Mix in the QDCD context

Evidently, in QDCD firms, integration affects both market management and positioning, as well as the marketing strategies related to the integrated offer uniqueness that highlights them as potential market makers. This unique offer has to be defined and communicated in the market (Christopher et al, 2006), and the right clientele in terms of its consistency with the “niche, vision and mission of the organisation” (Dunn and Baker, 2003) has to be identified and targeted. QDCD “clienteles” comprise of all these stakeholder groups who are potential marketplace’s influencers on the quality of the QDCD offer⁴ and are distinct from individual customer groups who are service and product purchasers. In that sense “clients” are not necessarily purchasers but different actors within the clientele groups. The unique QDCD offer needs to be communicated to these different clienteles (largely: customers, peers, investors) that would traditionally be the target audience of each activity.

Marketing strategy aims to enhance the selling proposition, in order to increase the firm’s profitability and hence its sustainability in the marketplace (Smyth, 2000). So, developing a marketing strategy is pointless without identifying the selling item. For QDCD firms, the obvious selling items derive from what the “clienteles” value and are ready to buy. If the marketing subject is the company’s integrated offer (Design, Construction and Development) the selling items are respectively the company’s capability of design enhancement (pure service), its competence in delivering in conformance to design aspirations (service into product) and the tangible product itself. Then the obvious target “clienteles” are professional peers, customers/end users, and investors/end users (fig. 4).

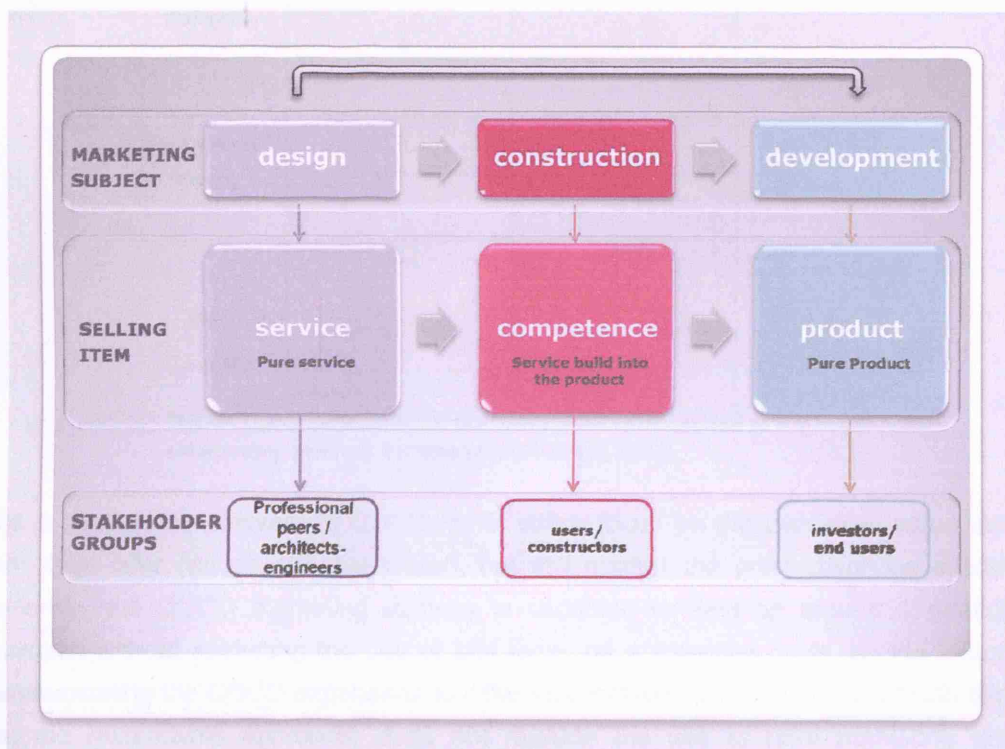


Fig. 4 The marketing and selling subjects of QDCD and the related market groups

Obviously marketing holds a threefold strategic role in QDCDs as a means to tackle organisational change, deriving from internal and external forces on organisational structures and processes (cf. Smyth, 2000). First, it can reinforce the QDCD strategic

⁴ (2.1.1, 2.1.2)

plans, through encouraging inter-organisational structural and procedural adjustments, (Smyth, 2000) generated by the integration decision. Second, it can provide the base for a seamless strategy of marketing and selling the different tangible and intangible products and services (Smyth, 2000) by communicating the integrated offer to all stakeholders and potential buyers. Finally – fundamentally for QDCDs – it can be the moderator of the value exchange process occurring throughout the organisation (Christopher et al, 2006; Bagozzi, 1974).

Although products and services are the “media of exchange”, the exchange itself is often more experiential and involves intangible features, surpassing the transactional approach (Bagozzi, 1975). This requires emphasis on people that ends in adding value and potentially profiting (Pryke and Smyth, 2006). Literature suggests that the transactional approach is related to incomplete offerings, but more complete offerings require a relational approach (Penttinen, and Palmer, 2007) (fig. 5)⁵. In other words, Marketing Mix (MM) is often sufficient in marketing and selling the product, but marketing and selling the product and the service, cannot be sustainable without a relationship approach (Smyth, 2000).

		Nature of Buyer-Seller Relationship	
		Transactional	Relational
Completeness of Offering	Less Complete	I Basic Components	II Integrated Components
	More Complete	III Basic Solution	IV Integrated Solution

Fig. 5 The completeness of the firm’s offering in relation to the buyer-seller relationship (source: Penttinen and Palmer, 2007)

This is particularly relevant to QDCD firms, which focus on the perceived value deriving from their offer (an experiential factor), but still market the product/service continuum. Evidently, the QDCD marketing strategy is expected to develop around a relationship approach without excluding the use of MM tools, on a selective basis, as the focus is in communicating the QDCD experience to different clienteles. This is consistent with the view that the relationship approach, does not exclude the use of hard marketing tools in implementing a firm’s marketing strategy (Ford et al, 2003)

⁵ Adopting a Relationship Marketing approach , instead that of relational contracting (found in the transactional approach)

2.4 The six markets framework

In QDCD context, building relationships with market stakeholders as prospective marketplace influencers can be articulated using the IMP Group approach to Relationship Marketing (RM). Ford et al (2003) suggest perceiving organisations as nodes in a network comprising of producers, customers, suppliers and other stakeholders, and observe that every firm addresses at least two markets: customers and suppliers. They also remark the inadequacy of single measures of relationship “quality”, since there is no any exclusive relationship type that is applicable to all nodes of the network, and suggest that an organisation should manage its diverse relationship portfolio by tailoring its marketing strategies to each one of them (Ford et al, 2003).

Christopher et al (2006) offer a more sophisticated view to the same idea, through their Six Markets RM framework that identifies six key stakeholder groups (markets) that determine an organisation’s success in the marketplace: internal, recruitment, influence, referral, supplier/alliance, and customer markets (the major stakeholder group) (Table 1). Christopher et al (2006) emphasise creating and maintaining relationships with those key stakeholders through the exchange of value, and describe their framework as a helpful tool in “reviewing the role of an extended set of stakeholders in creating total organisational value” both in transactional (MM) and relationship (RM) terms. This framework proves particularly relevant to the developing model of QDCD firms as it addresses the issue of marketing different products and services to a wide group of stakeholders/market influencers.


The six markets framework	markets	Description
	Customer	Central to the model as customers are central in marketing activity. In QDCD customer markets can be distinguished in two important components: the developer client (internal) and the customer (the external buyer/renter)
	Supplier/alliance	Suppliers and alliances provide physical resources or knowledge-based competencies and capabilities, essentially creating an “extension of the firm” which can be fundamental for the value creation process (Christopher et al, 2006)
	Internal	Similarly to Suppliers/Alliances, employees and departments are assuming the dual role of internal customers and/or suppliers (Christopher et al, 2006)
	Recruitment	Organisations need to attract high quality employees who can communicate the organisational image to other markets. Attracting and retaining them involves investing in internal markets to create an appealing organisational climate and then communicate those benefits to stakeholders outside the organisation (Christopher et al, 2006)
	Referral	Comprises that group of people who can provide word-of-mouth referrals, becoming part-time marketers of the organisation (Christopher et al, 2006). The strength of referrals lies in that they are often considered to be objective as they usually seem to be motivated by satisfaction.
	Influence	The influence market consists of a diverse group of people “shareholders, financial analysts, the business press and media, user and consumer groups etc” (Christopher et al, 2006) who can directly or indirectly influence the marketplace.

Table 1 The six markets framework

2.5 ■ Developing the QDCD enterprise model

2.5.1 ■ The general framework

This paper aims to develop an organisational model for the ideal QDCD firm, derived from the previous analysis, with a double objective: to locate the value creation path inter-organisationally and to explore the ways of communicating value to a number of stakeholders related to the organisation through different markets.

QDCD organisations attempt to integrate three activities: Design, Construction and Development (DCD), through, reviewing organisational issues as structure, culture, processes and tools across these prime functions to comfort the integration effort (fig. 6)

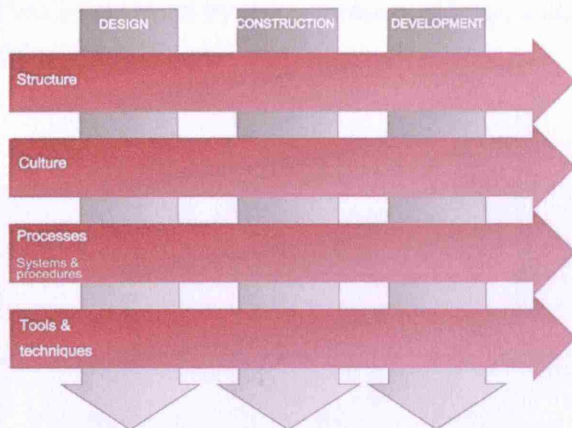


Fig. 6 Step 1: organisational issues in relation to organisational activities

The organisation selects DCD activities as means to trade with its environment, and structure, culture, processes and tools, as internal means of integration which are indirectly linked to the environment through organisational activities. So, DCD can be considered as the organisation's *outwards* expression, while organisational issues can be considered as the organisation's *inwards* expression. Evidently, focusing inwards can be linked to internal and recruitment markets while focusing outwards can be linked to influence, supplier, referral and customer markets (fig.7). In this model, Development assumes the internal client role of the customer market, being an advocate of the external customer through design and/or through market feedback and research⁶

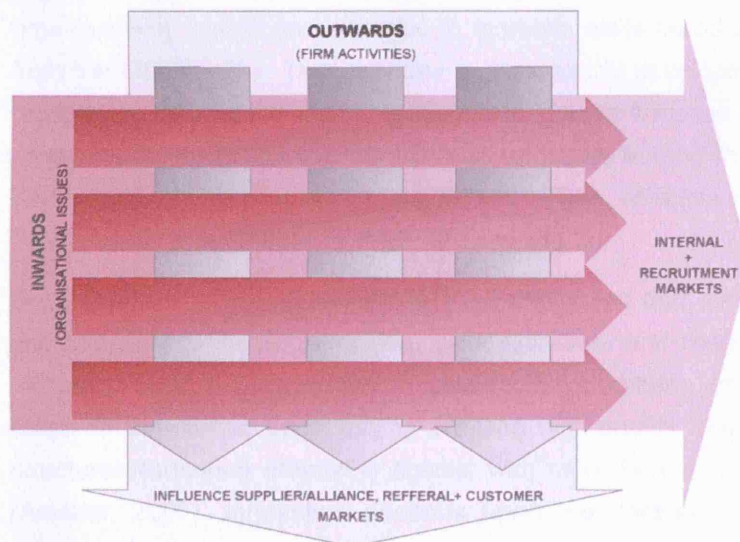


Fig. 7 Step 2: the inwards-outwards expressions of the firm in relation to the 6 markets

The intersections of each facet (inwards-outwards) with the market environment signify the existence of a relevant selling item. In its outwards expression, the organisation aims to sell

⁶ See 2.2

its integrated offer (the pure service - pure product continuum). This is informed by its inwards expression where the organisational image is built, communicated to/by internal and recruitment markets. Staff and potential recruits are peer groups, who can have an impact in initiating, maintaining and communicating the organisation's capability of delivering quality products and services, enhancing its reputation to external peers and customers (cf. Winch and Schneider, 1993). These two dimensions of the selling item come together as quality (Q), namely the perceivable type and amount of value (value added and added value) received by the external customer, initiated through the design-led approach of QDCDs (fig. 8)

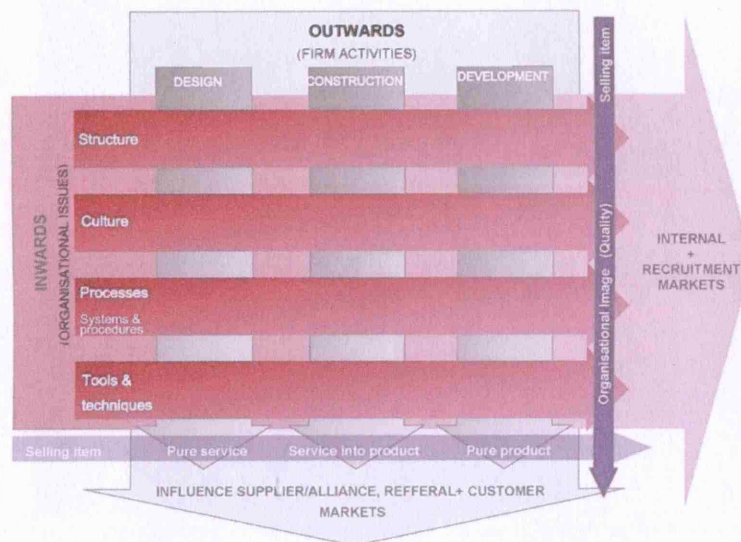


Fig. 8 Step 3: The selling items as the intersection of the firm's expressions and the market environment

2.5.2 The value creation path

The above framework considers the organisation both inwards and outwards, linking organisational issues and activities to markets, while introducing the selling items deriving from the QDCD offer. This provides a great tool in developing the QDCD model as it can facilitate identifying the value creation path, and its linkages to the organisation's business environment, by examining the intersection points among the organisational activities and issues, as possible places of value creation. Then, effective marketing strategies will derive from a closer examination of these findings (fig. 9).

Organisational structure addresses the formal roles and mechanisms that help controlling and integrating, "decision-making, work activities, and resource flow in the organisation" (Ainamo, 2007 p.843). Often, in product development, cross-functional teams adopt a range or structures, especially in creating high-quality new products where participative structures (ensuring creativity) coexist with more bureaucratic ones (ensuring efficiency) (Ainamo, 2007). Innovation depends upon the degree that "inter-functional integration achieved, matches the ideally required level of integration" (Ainamo, 2007 p.846). Accordingly, QDCD firms are expected to adopt a multi-structure scheme across their activities to achieve innovation, effectiveness and maintain the high quality standards.

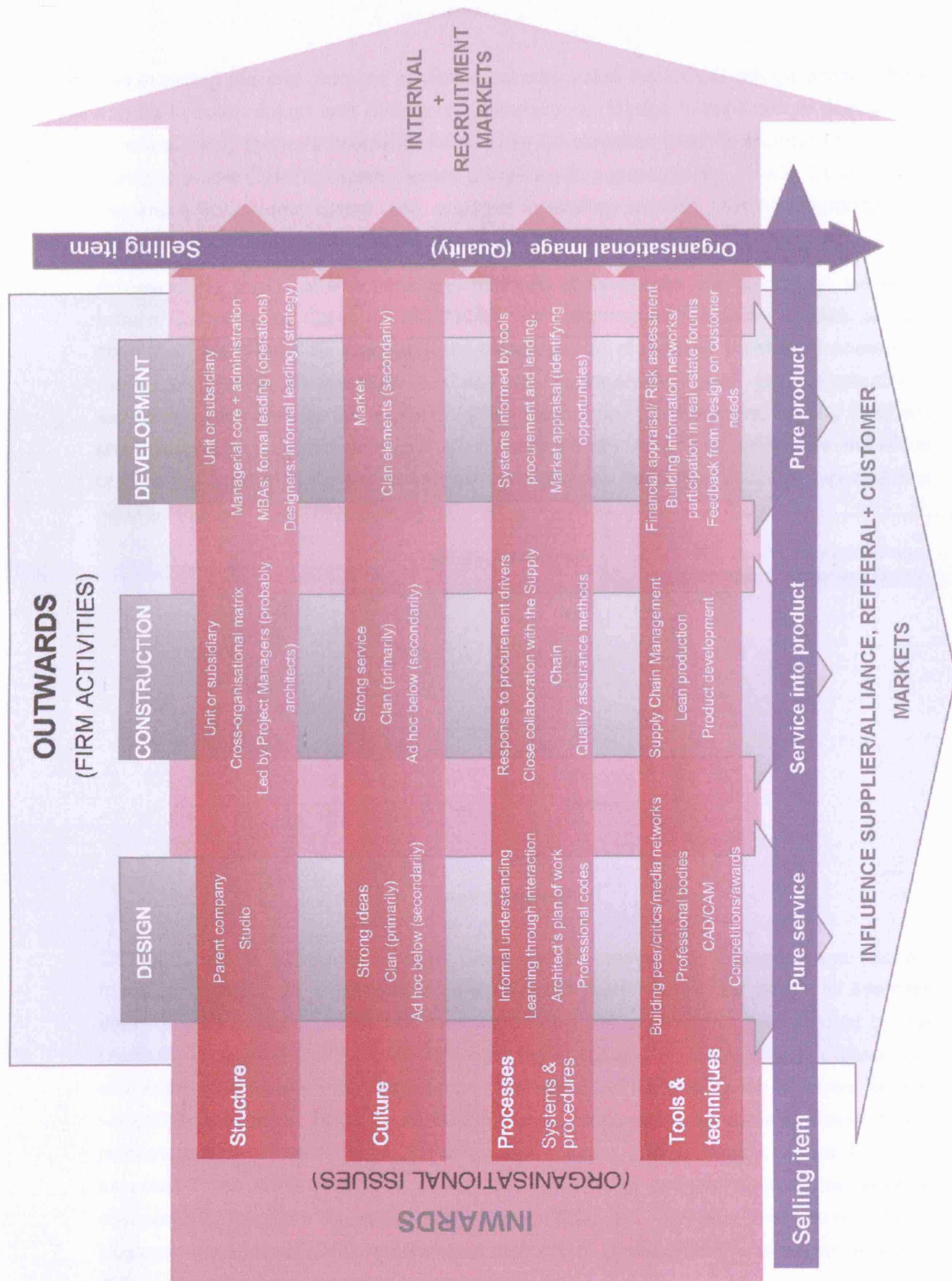


Fig. 9 The QDCD model

In Design, a traditional studio structure is expected to foster collaboration and innovation along with taking initiative in forwarding added value creation. Arguably, the design-led character of QDCD firms, postulates that designers will be part of other activities' structures, reassuring conformance to design specification in Construction and scoping project requirements instead of a traditional developer. Presumably they will also have a

However, the choice of culture is not random. Cameron and Quinn, (2006) identify four culture types (hierarchy, market, clan) that are related to organisational effectiveness, presenting them in a 2x2 matrix mode, along two dimensions: flexibility to stability/control and inter-organisational focus/integration to external orientation/differentiation (fig. 10). For them, leadership is characterised by a distinctive culture that is easily identifiable by their employees. A leader who creates the conditions for organisational success, while they often adopt all four equally (Cameron and Quinn, 2006).

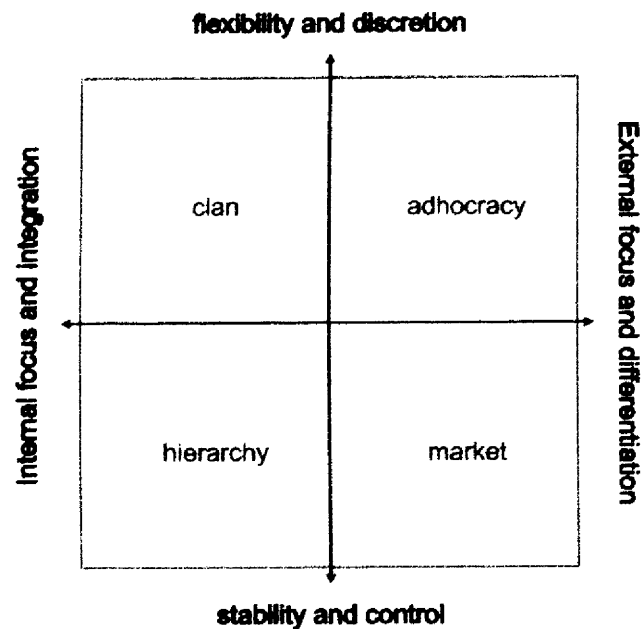


Fig. 10 The four culture types (source: Cameron and Quinn, 2006)

QDCD culture is expected to adopt cross-cultural elements in Cameron and Quinn's framework (2006) as organisational effectiveness derives from the ability to integrate different values, expectations and practices. Design is expected to be informed by its creativity requirement and architects' professional culture, imposing a clan-like structure with elements of adhocracy that facilitate communication and foster a sense of shared values and teamwork. This also applies to Construction, where the drive for technical problem-solving is evident (cf. Cameron and Quinn, 2006). Finally, Development is expected to be dominated by a market culture, as it is oriented towards a competitive environment, focusing on transactions and profiting (cf. Cameron and Quinn, 2006). However, the special QDCD requirements may inform Development, with elements of a clan culture, imported from Design and Construction.

Finally, processes and tools comprise all these repetitive patterns of activities aimed to reassure effectiveness across the organisation, namely the organisation's core competencies (Nelson and Winter, 1982). These facilitate linking the DCD activities, offering synergies and adding value across them (e.g. learning through interaction), and also help in developing competencies and creating competitive advantage that will strengthen the firm's position in the niche (e.g. networking) (cf. Hamel and Prahalad, 1994) (fig. 9)

3.1 ■ Research Objective

QDCD firms create and operate within a niche market – that of high quality products and services, developed through an integrated offer. According to the model, they exploit their diversified activity to create and capitalise added value, through design enhancement, product innovation, and competence in the production and development processes.

This research aims to develop a conceptual model for firms operating within this niche, along with exploring practice among active QDCD firms, perceiving this conceptualisation and empirical investigation as original research contributions. The main research objective is double: testing the model (i) in creating value inter-organisationally in a systematically integrated way and (ii) in managing to communicate this value across the different markets. This can initiate (a) evaluating the relevance of the model and (b) identifying best practice in perceiving and implementing management and marketing processes in QDCD firms. Finally, conceptual and empirical integration can contribute in assessing the existing and potential significance of QDCD firms as a growth niche for market-makers.

3.2 ■ Selection of research methodology

QDCD context and marketing is completely unexplored in the existing literature. This indicated the exploratory nature of the research, revealing its potential of becoming a theory-building study, in contrast to usual marketing research practices which focus on confirming theory (Deshpande, 1983). So, a qualitative approach was considered more suitable as it answers the “why” and “how” questions that arise in an exploratory context (cf. Yin, 1994) and offers more flexibility, depth and intensity in collecting and analysing data (Montaña et al, 2007). However, the value of qualitative research lies in that it can be both inductive and deductive, namely can concurrently build and test theory (Hyde, 2000).

The chosen method entailed developing and testing the QDCD model through an iterative process (inductive and deductive) which has many conceptual similarities to the “pattern matching” concept (Campbell, 1975). The model provided a pattern of theoretically anticipated outcomes (inductive) through literature and observation, to be tested and compared with the primary research findings (deductive) ending in recording “hits and misses” (cf. Hyde, 2000). Evidently the theory-building contribution of the research lies in the refinement and redevelopment of parts of the model while the strength of the method lies in the model’s role as a deductive tool.

Testing the QDCD enterprise model in primary research postulated choosing the case study method. Case studies provide a whole approach to the research, not a single qualitative method, essentially seeking depth in enquiries where analytical generalisation and theory-testing are an issue (Hyde, 2000). In other words they can offer the most complete and systematic qualitative investigation of organisational issues, especially in conjunction with clear research objectives (the model) (Mintzberg, 1979, p.585). Multiple case studies were chosen as a means to exploit the model as a deductive tool, facilitating a multi-level exploration, and shaping and refining initial constructs (cf. Eisenhardt, 1989).

3.2.1 ■ Case studies

The distinctive nature of QDCD enterprises limited the utilisable population of cases. So the research was expanded over three European countries, to develop the most representative sample. Yet, it was restricted to EU, to avoid imbalances in the economic environment which would dilute the findings, and to conform to financial and time constraints.

Ten firms were initially identified as potential case studies, using personal contacts, referrals, the internet and FAME. All firms were chosen for theoretical reasons, providing the selection criteria through their relevance to the QDCD model, (all are significant players in this niche market) instead of traditional statistical criteria of size or turnover. The response rate was 60% while, the firms declining were the least relevant to the research (outsourced one of the DCD activities). The final six case studies are considered adequate to provide a balance of analysis depth and enough information to apply compare and contrast methods (cf. Eisenhardt, 1989). Of those cases that responded, statistical differences of size and age were expected to enhance the analysis, as dissimilarities and polar types can often illuminate the enquiry, bypassing research limitations (Pettigrew, 1988). So six distinctive cases, helped to dynamically explore the QDCD model, through investigating their mode of entry to QDCD, their size and other background factors.

3.3 ■ Data collection methods

Case studies combine a range of data collection methods through a range of sources (Eisenhardt, 1989). Here, multiple sources were used, focusing on qualitative data which would lend support to, and help develop the theory. Some key secondary data was also collected, through publications, websites, company reports and non-intrusive observation.

However, the main research focus was primary data collection through in-depth interviews. In-depth interviews can facilitate the exploratory nature of the research fostering the interviewer/interviewee understanding and trust, easing the latter in responding fully and honestly, perhaps sharing commercially sensitive information and revealing unidentified aspects of the topic (cf. Malhotra and Birks, 2005). Additionally, they offer the opportunity to develop and tailor the questions across cases, facilitating the deductive process. Hence, semi-structured questionnaires were used, while each interview was followed up by a short cross-checking questionnaire to facilitate information review without "being carried away by vivid, but false, impressions in qualitative data" (Eisenhardt, 1989 p. 538).

The interviews were conducted between June and July 2008, in the firms' premises with the exception of one company, Cepezed, where a phone interview was considered more practical. Two main reasons motivated interviewing people *in situ*. Firstly it facilitates observation of the workplace, premises image, and staff's soft skills which can prove useful in data analysis. Second, interviewees are eased in developing rapport with the researcher feeling more relaxed in their space. All interviews were conducted with senior staff (executive/managing directors or owners). The objective was to take 2-3 interviews within each firm (preferably with people employed across DCD activities), but constraints in doing so in some cases, required flexibility – either a revised meeting or some informal chatting with other staff. All interviews were taped and later fully transcribed and analysed.

The intended interview duration was one hour, but interviews ranged between 55' and 1h 40'. A list of issues and specific questions guided each interview, providing a reference point as they all developed in ad-hoc discussions. A possible explanation is the research topic originality, and the fact that all participants have difficulty themselves in explicitly identifying QDCD competition and practices. In that sense, the research gave the opportunity to interviewees to make the tacit knowledge – that is usually in line with emergent issues and markets – explicit (cf. Nonaka and Takeuchi, 1995).

4.1 Background to case studies

CASE STUDIES	COUNTRY	MODE OF ENTRY TO QDCD
ISV	Greece	Design
SPRUNT	UK	Design
CEPEZED	The Netherlands	Design
WORKSHOP	Greece	at establishment/ Design
JOHN SMART ARCHITECTS	UK	at establishment/ Design
SIMONS GROUP	UK	Construction

Table 2 Case studies, their country of origin and the entry mode to QDCD

All cases in this study (table 2) represent significant QDCD market players. Five out of six comply with the anticipated, architect-initiated mode of entry to QDCD model. Among them, ISV, Sprunt and Cepezed, – initially established as architecture practices – shifted promptly to a design-led D&B, before entering Development during the last five years.

ISV has been focusing on innovation and cutting-edge design since its establishment, becoming gradually one of the leading Greek architecture practices. In mid-80's they shifted to a design-led D&B in order to keep the high quality standards, and deliver the high-end products they are renowned for (mostly housing /commercial interiors) managing to retain a practice's ethos despite the augmenting workload commissioned both from individuals and speculative developers. Diversification in property development was instigated by the accumulated knowledge of practicing high-quality D&B. So, five years ago, ISV merged with one of its best clients – an experienced developer in high-end projects –creating a QDCD with three subsidiaries ISV Design/ISV Construction/ ISV+B Developments, employing 55 in total.

Likewise, the Netherlands-based architecture firm, Cepezed, shifted early to a design-led D&B, as the only way to produce buildings on technical, financial and aesthetic specification. The Bouwteam General Contractors has been established to assume the role of management contractor, and more recently, Cepezed Systems, became the property development subsidiary (Vollaard, 2007). Today the three firms employ 40 in total, and undertake very demanding projects (mostly commercial).

For Sprunt, managing the construction process has been inseparable from designing, again by commitment to quality. Similar to others, the accumulated knowledge through working for third parties motivated Sprunt to enter development –on the basis that entrepreneurialism does not clash with their design ethos – which remarkably coincided with the firm's decision to shift towards high-end design. Today, the practice employs a

multi-skilled staff, that undertakes designing and construction activity, while Sprunt Solutions is the property development subsidiary. In London, Sprunt employs 85 people, while in its recently set up South African branch it employs 15.

The two other design-led cases, Workshop-Sotovikis (Workshop-S) and John-Smart-Architects, are distinguishable as they adopted the QDCD model since their establishment, which noticeably coincided with the time the other design-led cases decided to enter development (about 5 years ago). Although considerably smaller – fewer than ten people employed by each – both have demonstrated some special characteristics.

Workshop-S is a strongly design-led firm based in Greece. The owner's architecture studies were combined with a family entrepreneurial background in construction and property development, offering a diverse knowledge base after Workshop-S was established as an autonomous company. Remarkably, the firm adds an interiors service with in-house designed furnishings and objects, to its QDCD offer, exploiting its design competence and creating a boutique one-stop-shop. Workshop-S perceives integration as the only practical way to express the architect's vision holistically.

Conversely, John-Smart-Architects, produces high-end design, but focus on delivery being the only firm that employs a disproportionate sized direct labour force of around 30. Through its three subsidiaries John-Smart-Architects (Design), Urban Eye (Contractors) and Bespoke Homes⁷ (Development) the company tries to achieve high quality with less unnecessary costs and with decisively higher speed. The firm exploits the architect's diverse knowledge base: from dealing with planning permission through to being able to supervise construction (quote 1).

QUOTE 1

source: interview with
John Smart
Architects

"We said: Let's just take out the middle man and be the kind of the person that introduces the whole at the beginning [...]. It is about knowing how to play the system. When it is in-house, the speed you can work at is phenomenal, because it is the self-interest."

The sixth case, Simons Group, can be seen as a medium to compare and contrast the other five, and benchmark the model itself, being the only firm that entered the QDCD model while its construction element tends to dominate, against the design-led character of the other case studies. This case can help explore the ease and difficulties of entering the QDCD market from a different standpoint as for Simons quality seems to be primarily an issue of construction and service excellence, rather than design focus. Entering QDCD was not planned, but emerged through organic growth, personal interests and competencies of its people, and of aspirations to deliver better services to clients. The UK-based firm is renowned for its construction excellence and its competence in service delivery. Moreover, it is considerably larger than all cases, employing 360 people in its three subsidiaries (Simons Design, Construct and Developments), with Construction (employing 220) outweighing Design and Development (sharing the rest).

⁷ Hereafter "John-Smart-Architects" will imply all the three subsidiaries.

4.2 ■ The QDCD offer in relation to market positioning

The background to case studies provides a cross-case validation to the theoretical framework. Clearly, inner forces instead of environmental influences instigated QDCD integration, informed by unexploited opportunities to capitalise the added value derived from the accumulated knowledge in design and construction. Remarkably, all firms were unable to identify competition in QDCD offering, stating that they continue to perceive as competitors, companies with a single or hybrid offer like D&B.

Evidently, all cases have achieved a level of differentiation sustainability, through multiple sources (value-chain integration, focus on quality, design enhancement), that make their offer unique, explaining competitors' inability to imitate them (cf. Hamel and Prahalad, 1994). So, the QDCD value proposition essentially raises the switching costs for clients, strengthening differentiation sustainability for firms (cf. Porter, 1985), and creates a niche market where competition is confined to the minimum.

ISV provide explicit evidence validating this argument. They suggested that customers and other stakeholders can perceive more easily the added value that is incorporated in a tangible good (particularly a high-quality one) than that in an intangible service (like design alone) and the ability to offer both, decisively strengthens the firm's market position, outperforming competition. This validates the argument that more complete offerings are more comprehensible by the marketplace (Penttinen and Palmer, 2007). Evidently, competition proves a secondary issue for QDCDs against sustainability in the QDCD niche, which highlights the need to manage integration.

4.3 ■ The organisational consequences of integration

The dominance of Design across structure, culture and processes.

Whether planned (John-Smart-Architects, Workshop-S), or through organic growth (Cepezed, ISV, Sprunt, Simons), the integration decision impacted upon the organisational structure, culture and processes across cases, in a dynamic way that was still in progress during the research.

4.3.1 ■ Structure

All design-led firms were found to rely heavily on their design staff to undertake several roles across DCD activities. As a general "rule" for the five design-led firms, Design, Construction and Development, engaged respectively 70-20-10% of their total staff, adapted into 10-80-10% for Simons Group. Yet, Simons adopted an unexpected approach for a construction-oriented firm, as it accepted and promoted designers' capability in understanding the whole process, detecting possible inefficiencies and articulating this knowledge into a useable knowledge management system that promotes inter-organisational integration. Surprisingly, they remarked that construction people are not intimidated by designers' dominance as integrators, because they are "doers" who eagerly follow every practical approach that seems to work.

This belief derived from a different point of market entry, validates the theoretical suitability of designers as integration promoters, and lends support to the designer-led QDCD model followed by other firms. Moreover, the acceptance of architects in the integrator role

postulates a greater probability for successful integration. Therefore, empirical evidence highlights Design as a decisive factor for sustainability in the QDCD niche and reveals indirectly the impact that organisational culture can have on integration endeavours.

4.3.2 ■ Culture

Even though all firms expressed difficulty in distinguishing among elements of the model's four culture types (insisting on the presence of all four across the organisation), two patterns emerged, in combining all data⁸. The design element was found to culturally dominate all cases –with the predictable exception of Simons Group (Construction)– imposing either a hierarchical culture (primary) with ad-hoc below (secondary), or ad-hoc with clan below. Then, elements of market culture appeared to underlie all cases.

The first stream (hierarchical with ad hoc below), was less expected than the second (ad hoc with clan below), as integration and Design dominance in QDCD sets the framework for more participatory cultures to facilitate creativity (cf. Ainamo, 2007). Actually, cases in the ad-hoc/clan group provided further support to the hierarchy/ad-hoc pattern. For example, Sprunt –informed by the decision to shift towards the high-end– suggested that although they were closer to clan, they also identified with elements across the other three types, and stressed the need of adopting more of their elements, emphasising hierarchy.

A possible explanation is that – in view of strategy as a top down issue – the strategic importance of Design in QDCDs requires a hierarchy to be effectively communicated and implemented to the organisation. Moreover, a hierarchy can be more effective in managing resources and steering the creative process (cf. Smyth, 1994; cf. Beverland, 2005). Then, the adhocracy or clan elements assist operationally, in achieving a good coordination between design development (inputs) and delivery into the market (outputs) which requires creativity, knowledge sharing and flexibility. So Design is found to be organised across cases, as a two-tier hierarchy, with senior designers on top (concept design) and juniors below (details), allowing adhocracy in the background. However, in contrast with usual architectural practice, managers are required to carry the strategy through DCD, and be effective in switching (cultural) roles (hierarchy/clan/adhocracy) on the basis of functional requirements.

Then, along with the hierarchy/ad hoc bias, the detection of market culture elements could imply that apart from profiting as a natural entrepreneurial aspiration, QDCDs are concerned about their high risk and investment. Therefore, they are expected to attempt strengthening their position by controlling their environment (cf. Cameron and Quinn, 2006). This implies reinforcing the developing relationship with all stakeholders through design rather than adopting brutal, commercially-oriented marketing approaches.

4.3.3 ■ Processes and tools

The model has been fully validated in terms of confirming the usage of all anticipated processes and tools across cases. The close collaboration with the supply chain (Cepezed,

⁸ Culture bias was estimated through the interviews and observation, and was cross-checked through questions 4 and 5 (See appendix).

Sprunt, Simons), networking (all), and market appraisal (ISV, Sprunt, Simons) were found to be the most important, evolving around adding value to the offer in a supportive way towards design, and facilitating the identification process (for example, ISV suggested that processes and tools can assist in creating a "myth" around the offer⁹)

Inter-organisational movement varied greatly across cases: from clarity and distinctive roles (ISV), to selective shifting based on competencies and interests (Cepezed, Simons Group) and to a nearly free staff flow (Sprunt, John-Smart-Architects, Workshop-S). However, the organisational routines did not varied significantly, as they were driven by the hierarchy element. Certain people (mostly, architects/partners in design-led cases and dedicated staff in Simons), were overseeing cross-functional working and routines, in review of external market drivers.

This essentially introduces the Key Account Manager (KAM) role in QDCDs. KAMs build and maintain multilevel and cross-functional relationships within the organisations and with its customers (clienteles), which span over an extended time period conforming to the company's objectives (Kempeners and van der Hart, 1999). This role is consistent with all the findings, in that entails working in a cross-functional way, having authority in implementing strategies in internal markets (primarily a hierarchic role), while achieving a level of togetherness and trust in operations (secondarily a clan-leader) (cf. Mc Donald et al, 1997). So, whether labelled KAMs or not, these people hold a vital position in QDCDs which is to be further explored.

4.4 ■ Marketing

Planned or emerged strategies? The balance of MM and RM.

The previous analysis of structure, culture, processes and tools, in relation to stakeholder identification, provides an explanation when it comes to the empirical findings on the cases' marketing function. All design-led cases stated that although they have been undertaking some marketing action, they didn't perceive it as a competence, revealing different levels of what Kotler and Connor (1977) name professionals' disdain of commercialism¹⁰ inherent in the architect's culture (Iloniemi, 2004). Evidently, the strength of QDCD firms lies in gaining clientele through identification, bypassing traditional marketing and transcending commercialism. Marketing then, becomes an unconscious function that is difficult to be located and appreciated as a competence.

This explains one of the most significant findings of the research. That although all cases have been found to use a balance of RM and MM strategies –as anticipated by the model– the level of consciousness in doing so, varied greatly. Most of them, while adopting in practice successful RM behaviours, perceived their marketing strategy to be principally a set of MM tools (table 4), often appearing to confuse marketing to selling. This is typical in construction (Smyth, 2000) but unexpected for QDCDs. It is possible, that selling products

⁹ See 2.1.1

¹⁰ Hostility towards "any suggestion that they are motivated by money rather than service to their clients." (Kotler and Connor, 1977).

(after integration) in addition to selling services (before integration), has confounded their perceptions on marketing in that they have to adopt “harder” tools applicable to products.

Marketing techniques	Low use	Med. use	High use
Press (magazines, newspapers, trade papers etc)			
The firm's own publications (monographs, press reports, brochures etc.)			
Internet			
Advertising			
Events organized by the firm			

Table 3 Some MM tools and their usage by the case studies

However, although not every case could perceive RM, they were all able to identify a series of influential stakeholders (6 markets), listing several actions they take to maintain these relationships. Sprunt, Cepezed and Simons appeared to be RM-conscious, adopting a range of relevant practices, while ISV, Workshop-S and John-Smart-Architects related successful RM practices to the competence of certain individuals (tacit), appearing slightly geared towards MM (more explicit). Interestingly, in all cases, certain people from each discipline had a continuing role across QDCD functions, essentially providing the internal base for RM with the internal and external markets. In the RM-conscious firms, this was activated, though people who were dynamically involved in undertaking certain clients and coordinating the inter-organisational offer to them (Sprunt, Simons). In the less RM-conscious, this was part of the partners' role instead of dedicated staff (ISV, Workshop-S.).

This implies a sophisticated approach towards RM, reinforcing the Key Account Manager role in QDCDs, and provides evidence that the apparent bias towards MM is deceptive. Remarkably, the RM-conscious cases were found closer to a service ethos, in contrast to the “less” RM-conscious cases which were found closer to a design ethos. Arguably, the deceptiveness of the apparent MM focus lies in the identification issue, which the latter achieve easier (though design), reducing the need for a visibly proactive approach (RM).

Finally, all cases noticeably stated that they perceive their marketing function to be important but under-developed. In fact, during the research, four cases were in the process of evaluating and redesigning their marketing function¹¹, with the rest two stating that it would soon occupy their agenda. Considering that all six cases have entered the QDCD model nearly together, it is possible, that the consequences of integration and the following growth entailed the need to develop a systematic and proactive approach to marketing that would reinforce sustainability in the niche. Thus, the concurrency of this endeavour, confirms the importance of marketing for QDCD firms.

¹¹ They all favoured developing marketing in-house, while ISV suggested that it would be also useful to get some external specialist advice.

4.5 Inwards-Outwards orientation

The analysis of the short questionnaires, qualified also by interviews and observation, revealed that all cases maintain a rather balanced approach towards their inwards and outwards markets. However, based on minor differentiations, one could argue that ISV and Workshop-S appear slightly inwards focused in contrast to Cepezed and John-Smart-Architects, while Sprunt and Simons Group appear to maintain an almost perfectly balanced approach (fig. 11).

Again, this can be linked to the previously analysed level of RM consciousness and focus on design. ISV and Workshop-S ("less" RM-conscious) appear to communicate the design quality dimension more consistently than the other firms. This justifies the inwards focus, as both internal and recruitment markets are found to be vital in delivering design quality. Conversely, Cepezed and John-Smart-Architects seem to prefer communicating the effectiveness of their offer to potential customers and other influential stakeholders, and therefore focus outwards. Sprunt and Simons balance, probably reflects their long track record in building and keeping relationships with internal and external stakeholders.

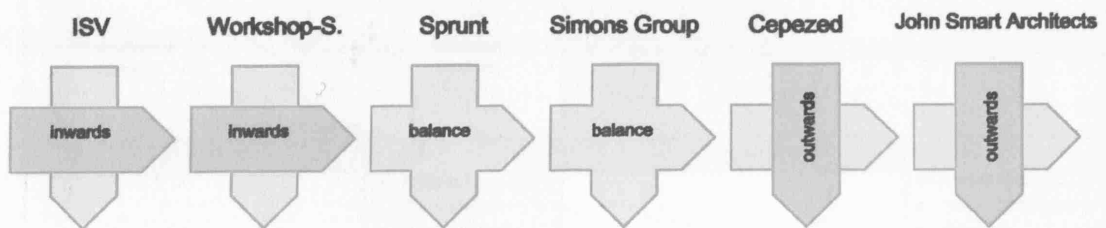


Fig. 11 The inwards-outwards orientation of cases

4.6 Six markets

All cases were able to identify a series of influential stakeholders when prompted. However, not everyone could perceive those as a target group of a cohesive and planned marketing strategy. Expectedly, this was more evident in the inwards-focused cases, while the outwards-focused and those keeping an inwards/outwards balance, appeared to comprehend the need to articulate and target a cohesive strategy towards different markets. Cepezed (outwards-focused), is distinguishable as they explicitly identified the existence of different markets and the need to tailor and target marketing to them (quote 2).

QUOTE 2

source: interview with

Cepezed

"All buildings are prototypes. Every time you work on a different facet of the market. One of the main mistakes that are usually made in thinking marketing and building is that you market one product in one market. No. You market a variety of products in a variety of markets. And this is essentially where people, who think they can do marketing in building, make their mistakes."

Table 4 displays the results, of all short questionnaires given to senior managers across cases and represents the significance of each one of the six markets for their organisation¹². This combined results diagram reflects the balance of the inwards and outwards orientation across cases, revealing a relative balance among the six markets. All

¹² Using the spidergram adapted by Christopher et al (2006)

firms favour gaining new clients, which probably relates to their characteristic of being market-makers (a wider clientele reduces risk). Referral and internal markets appear rather important, while influence markets prove less significant than expected. The reasons for these findings will be discussed below.

6 MARKETS : COMBINED RESULTS			
	<ul style="list-style-type: none"> • Balance of inwards-outwards markets • General balance among six markets • Slightly geared towards gaining new customers. • Influence market proves less significant than expected 		
<p>ISV</p>	<p>Focus:</p> <ul style="list-style-type: none"> • Referral • Recruitment • New customer <p>Conforms to:</p> <ul style="list-style-type: none"> • New product development (new customers) • Professional skills required across DCD to ensure high quality : (recruitment) 	<p>SPRUNT</p>	<p>Focus:</p> <ul style="list-style-type: none"> • New customer • Suppl./alliances • Internal <p>Conforms to:</p> <ul style="list-style-type: none"> • Shifting to high-end (new customers) • Delivery quality (suppl./alliances) • RM-consciousness
<p>WORKSHOP-S</p>	<p>Focus:</p> <p>(equal distribution)</p> <p>Conforms to:</p> <ul style="list-style-type: none"> • Highly cohesive strategies for integration (informed by the firm's size) 	<p>CEPEZED</p>	<p>Focus:</p> <ul style="list-style-type: none"> • Referral • customer • Suppl./alliances • Internal <p>(equal distribution)</p> <p>Conforms to:</p> <ul style="list-style-type: none"> • Expressed understanding and appreciation of the different markets.
<p>SIMONS GROUP</p>	<p>Focus:</p> <p>(equal distribution)</p> <p>Conforms to:</p> <ul style="list-style-type: none"> • Long track record in RM. 	<p>JOHN SMART ARCHITECTS</p>	<p>Focus:</p> <ul style="list-style-type: none"> • Referral • customer • Suppl./alliances • Internal <p>(equal distribution)</p> <p>Conforms to:</p> <ul style="list-style-type: none"> • Highly cohesive strategies for integration (informed by the firm's size)

Table 4 The significance of the six markets across cases, and the combined results

4.6.1 Outwards

Considering the central market (customers), the five design-led firms adopted a radically different approach from Simons Group, stating that they generally do nothing specific to attract a target clientele. They also suggested that customer attraction appears to be automatic (especially ISV, Workshop-S, Cepezed) and that the only thing they commit to, is to not work for clients who do not fit with the organisational values. Simons Group sympathises with the latter, yet they proactively work on retaining and expanding their client base through sophisticated selectivity criteria that meet these requirements.

Arguably, "automatic" customer attraction is the way the design-led firms experience customer identification. Design can activate identification as a tacit marketing tool (can be communicated to the market, without the customer actually getting involved with the company or buying its products) (cf. Schmitt et al, 1995). This works in the background requiring minimum proactive support from design-led firms (who reactively control their clienteles, rejecting customers in terms of cultural incompatibility)¹³. Conversely, excellence in service delivery can be a more explicit marketing tool, as it requires the customer getting involved with the firm and experiencing its products. Then, identification is inhibited, justifying a more proactive approach for delivery-focusing firms. The fact that both parties use cultural compatibility as the benchmarking point supports this argument, as culture actually reinforces the identification process (Ahearn et al, 2005).

Remarkably, more than half cases stated that influencers approach them automatically as well. ISV and Cepezed have gained significant automatic (peer) press coverage over the years. Workshop-S and Sprunt have also enjoyed automatic press. Although not pursuing it, all cases value peer influence greatly as a means for customer attraction. ISV suggested that specialist magazines are very influential, while Cepezed emphasised that publications and academic research can create marketplace confidence in the architect's perceived capacity and knowledge, securing their credibility.

In the QDCD niche, competition is based on quality and design enhancement justifying the significance of peer review (cf. Winch and Schneider, 1993) – particularly through a public medium like press– which can create wider opportunities for customer and other stakeholder identification (implied in the word "credibility", used by Cepezed). Evidently, the stronger the QDCD offer is, the easier identification can occur among those peers too, since they are *per se* architecturally literate and can be directly influenced by QDCD design enhancement (cf. Winch and Schneider, 1993). So, the influencers' automatic attraction provides an explanation on influence markets appearing less important than anticipated.

Brown and Hayes (2008) emphasise the power of influencers in modern markets, suggesting that there are about 50 influencers in any market segment who can directly influence a purchase or customer's perception on the firm's credibility, and are worth targeting. Hence, apart from peer press and academia, the cases also identified urban planners, local authorities, award bodies, consultants and professionals as key influencers. Simons Group emphasised the latter two, referring to them as "gatekeepers".

¹³ And can be more explicitly expressed as brand value, which will be discussed later.

All cases could identify possible referrers across influencers, yet they all highlighted their customers as their best word-of-mouth referrers. ISV suggested (quote 3)¹⁴ :

QUOTE 3

source: interview with
ISV

"(Customers) refer us with excitement, so others are affected, because they know that our customers have no interest in referring us, as a supplier would have. It is very honest. It's the best advertisement."

Evidently, the QDCD offer can achieve complete customer satisfaction, turning customers into advocates, which can be immensely effective in strengthening the firm's positioning over and above any MM referral practice (like advertising) (cf. Christopher et al, 2006). However, Sprunt identified contractors as non-customer referrers, providing further evidence of good RM across the supply chain, and Simons suggested that prioritising marketing messages to gatekeepers can turn them into good referrers.

Finally, the supplier/alliances market proves quite important for QDCD firms as most cases link the value creation process with the supply chain (SC), emphasising its contribution in developing better products and delivering quality. Sprunt suggested that utilising the strengths of the SC can add value to the product without adding costs, boosting profitability. ISV remarked that suppliers/alliances (e.g. real estate agents) can provide valuable information and Workshop-S proposed that an expanding SC can make every project unique. In contrast, John-Smart-Architects prefer maintaining a cosy SC and treat suppliers as partners to avoid becoming the manager of legal contracts, which entails many organisational problems and impacts on delivering quality¹⁵.

In QDCDs, the KAM role can foster good communications with customers, referrers and suppliers/alliances. They can ensure that the relationship with gatekeepers is active, and that they actually facilitate rather than treat the gate as a source of market power in any one of the six markets. They can also ensure that suppliers and subcontractors identify with the design-led approach taking all the necessary steps to add value to the offer. In that sense, KAMs operate as the firm's "boundary-spanning agents" assuming a vital role in communicating the quality and character of the company, and decisively reinforcing identification in finding favour with the different stakeholders (cf. Ahearne et al, 2005). However, marketing to external stakeholders can only be feasible if internal markets are actively involved in that process, and tackle the organisational change entailed in the integration decision (cf. Ballantyne, 1991) where again, KAM input is vital.

4.6.2 Inwards

All cases perceived internal markets to be very important. The cross-case finding is that QDCD organisations require people with diverse background and competencies in order to facilitate cultural integration (Workshop-S) and to ensure the presence of the professional and communication skills required in QDCDs (ISV, Cepezed, Sprunt, Simons). That creates a framework where internal communications prove vital (Cepezed, Sprunt, Simons) and the ability to maintain a human philosophy, a bonus (Cepezed, Sprunt, Workshop-S).

In QDCDs, design and people, are the indispensable means for integration, yet formal and informal systems (e.g. routines/ KAM function) can reinforce integration. Linking people,

¹⁴ Interviews with Workshop-S and ISV were conducted in Greek and then translated to English by the author.

¹⁵ This explains John-Smart-Architects' decision of employing direct labor.

processes and systems can provide the internal quality drivers that conform to external marketing goals (Ballantyne, 1991). In other words, ensuring quality delivery in QDCD is closely linked to the internal routines that guarantee the implementation of the marketing plans addressing the external markets; staff's diverse background and competencies along with good internal communications provide the base for that.

However, this entails creating an appropriate organisational climate, ensuring that processes facilitate inter-organisational integration (Ballantyne, 1991). Moreover, it entails embedding marketing as an inseparable function to staff's routine, essentially turning staff into part-time marketers (Dunmore, 2002). Sprunt explicitly identified the benefit in that approach. They suggested that the marketing department (usually employing non-architects/non-developers) can provide specialist knowledge on the marketing toolset, while employees are more familiar with the QDCD context; the two in conjunction can be highly synergistic. However, Sprunt identified the need for a mindset shift among these people to conform to the requirements of a "part-time marketer" role in QDCD.

This essentially implies the need for an internal marketing strategy, to influence behaviour, which eventually links to culture shaping (Dunmore, 2002). Internal marketing should ensure that culture is cohesive and shared inter-organisationally, creating a base for employees to identify with the organisation and proactively participate to organisational routines (Dunmore, 2002). This is imperative for "front line" people, who have more possibilities of becoming "boundary-spanning agents" (cf. Ahearne et al, 2005), and whose marketing performance should be enhanced by some training along with reconsidering quality improvement in "the design of work activities, the environment in which service is delivered and the work processes involved" (Ballantyne, 1991).

Cases identified two ways of ensuring cultural compatibility between the firm and its employees: developing better recruitment skills and performing some training. Cultural compatibility emerged as the most decisive factor in the recruitment decision across cases. According to John-Smart-Architects potential recruits may perceive their role in a QDCD to be more demanding; therefore they should get forewarned on what this involves. 'Buying people' in, should be avoided as it could have an impact on external markets (quote 4).

QUOTE 4

source: interview with
John Smart
Architects

"You can obviously buy people but we are not really into the ethos. It gives to our clients the idea that people do it for the money [...] and if you need to pay people they are fundamentally the wrong people."

Approaches to training varied: Cepezed actively tries to identify its people's strengths by engaging them in different tasks, Sprunt and Simons Group provide a mentoring program to managers and foster continuous professional development, while Workshop-S informally instructs everyone involved, to the integrated knowledge (quote 5).

QUOTE 5

source: interview with
Workshop-S

"We are trying to communicate the integrated knowledge to everyone involved. Even the site foreman is good to know basic stuff about furniture."

In that framework, KAMs can work on external marketing feedback, diagnose and coordinate internal dynamics, to motivate people towards a culture shift and steer the learning process towards value chain improvements to narrow the "quality gap" (Ballantyne, 1991)

4.8 Branding

So far, findings and analysis have evolved around validating and informing the QDCD model developed in this paper. However, the model has been simultaneously used as a deductive tool seeking unforeseen findings and raising a discussion on the empirically relevant context to QDCD.

One of the deductively emerging findings across cases has been the perceivable significance of branding as a comprehensive solution to QDCD marketing. ISV explicitly emphasised developing a brand around their integrated offer; Sprunt, Simons and John-Smart-Architects clearly consented to this idea, while Cepezed and Workshop-S appeared to adopt some branding elements, yet on a secondary and subconscious level.¹⁶ A metaphor was used to introduce and ease the discussion (table 5), which largely revealed the importance of Design in branding the QDCD offer.

QDCD case	Car Metaphor (used by interviewees)	Comments (by interviewees)	Analysis
ISV	Ferrari	They use themselves the car analogy to explain the added value deriving from their offer to potential clients.	Consistent with the high-end profile. The deliberate use of a metaphor to customers is consistent with the conscious branding attempt.
Sprunt	From Vauxhall (past), to Audi (present) to Mercedes (future)	"The need is there for everything. (Shifting towards high-end) is for personal satisfaction."	Consistent with the design enhancement endeavour.
Workshop-Sotovikis	A hybrid ("Both technologically and aesthetically challenging")	"We are not interested in making a Ferrari to impress, or a Fiat to be cheap. We are interested in something that would change the way of automotive."	Consistent with the high level of integration achieved by the firm, which is also linked to design enhancement, product development and innovation.
Cepezed	Reject the analogy	Know it is related to branding : "we are pretty innocent. It's nothing like trade marking [...] We are Cepezed. We just want to make pleasant buildings"	The firm rejects the idea of branding in its transactional context. However the repeatedly used phrase "We are Cepezed. We make pleasant buildings" reveals an attempt for internal identification, which is also communicated to the market, perhaps subconsciously.
John Smart Architects	Audi	"They are producing really good design at the same price as Ford, who can't just produce that quality or design. [...] We engineer really high quality design, and we also search new materials for the "engines" or the "interiors"."	Make explicit the link between design and branding in QDCDs.
Simons Group	Honda	"Sits between volume and prestige" "it has a quirkiness in it [...] if you had one before you probably want one next"	Consistent with the focus on delivery. Quality is a matter of product experience, and therefore branding gets detached from design. The delivery rather than the design excellence, adds "prestige" to "volume"

Table 5 The car metaphor as it has been used to raise branding issues

The general acceptance of branding in QDCDs is justified, as it can embrace the whole range of tangibles and intangibles in a firm's offer (the pure service/pure product continuum) hence embraces and can represent integration. Branding can maximise the perceived value to customers and minimise the risk and complexity inherent in the buying decision, constituting a "quality, origin and performance" guarantee (Blackett, 1998), particularly in an integrated high-end offering. ISV provides an example, as it enjoys selling its products literally "on paper", as the firm's developing brand minimises its clients' perceivable risk (design creates a base for branding). Additionally, its brand diminishes the

¹⁶ With branding issues raised during all interviews, some questions were tailored accordingly, to exploit each subsequent interview in testing the finding's relevance across cases.

firm's risks of being engaged in QDCD, allowing the development of a wider product-service range, addressing a wider clientele.

For Sprunt, branding has been an effective means to combine marketing the integrated offer and resuming positioning in the high-end. Entering development instigated the need to shift towards a more identifiable (design) offer. Sprunt was capable for the change, but it was also aware of the difficulties in changing the market's established perceptions. So, Sprunt chose to set off its first development project through its South African branch, creating both the opportunity to learn from positioning in the high-end of the local market, and a high-end precedent to be marketed in the UK.

Evidently, in QDCDs – instead of the norm where marketing follows the brand – brand follows the design. Developing a brand is realised through the firm's design capacity and the organisational ability to evolve around that, transmuting it into a quality offer. In that sense, branding as traditionally conceived proves limited, perhaps naïve. A Sprunt senior manager remarks that branding surpasses aesthetics and “showing consistent output and propaganda” (an MM function), entailing also an internal and external reassessment of the organisation, its habits and culture. In other words, culture facilitates keeping the brand dynamic (establishing design as the brand cornerstone), while avoiding the transactional trap, though focusing on both the internal and external QDCD organisational context.¹⁷

The need for a pan-organisational orientation of branding was also evident in other cases. Simons emphasised the relevance of branding to QDCD (when detached from a sole communication strategy and being embedded in the organisational context). John-Smart-Architects identified the psychological cost of not following a unified brand strategy across the organisation (different branding strategies across DCD conforming to different markets –creating a sleek image for design and development, and a modest one for construction – cause inter-organisational conflict). Finally, individuals across cases forewarned against branding becoming a MM tool instead of underpinning the organisation both inwards (structure, culture, processes) and outwards (external relationships, identity and image).

These findings are in line with recent research that introduces branding in the organisational studies. Karreman and Rylander (2008) relate branding to image and reputation “which are traditionally defined as the views held by the organisation's others” (outwards) as well as a way to “instruct and direct inter-organisational members about organisational values” (inwards). So, branding aligns the organisation's expressions (inwards/outwards) to the different markets' impressions of the firm – its mission and culture – becoming a medium that facilitates different market stakeholders in creating “mental conceptions” (“image”) about the firm (Schmitt, et al, 1995), and generating an organisational “identity” (Schmitt, et al, 1995; Kotler and Pfoertsch, 2007).

However, in QDCD firms, design is the organisational expression that branding is aligned to, as organisational image and identity derive from it. Distinctive design, addressing targeted clienteles, facilitates identification across the company's brands; the object of the identification being the company rather than the brand (Ahearne et al, 2005). Design is not a sub-function of branding for QDCDs. It gives rise to the brand which is supported through

¹⁷ Remarkably, Sprunt identified the need for a culture shift after entering QDCD (see p.23)

marketing generally and RM specifically (to address both internal and external markets). The brand is in that sense subjective and experiential, gets detached from MM (Karreman and Rylander, 2008), and becomes a medium that facilitates the identification process. Put simply, design is linked with the firm's strategic positioning (the high-end QDCD niche) and creates the "marketing envelop" providing the brand context (cf. Dunmore, 2002). Then the brand can be used as a coherent tool internally and externally to the organisation to communicate the firm's vision, easing stakeholder identification.

The KAM role proves decisive in orchestrating this process. Having the offer's overview, they can identify both internal stakeholder groups recognising that they "fulfil the brand promise" (Karreman and Rylander, 2008) through their professional skills, and then support their interaction with external stakeholder groups and manage the "moments of truth" (critical interfaces)(Smyth and Fitch, 2007) between the brand promise and those stakeholders. This requires an understanding of the identification process, that KAMs can ensure by facilitating linkages among the organisations' internal and external audiences and by communicating the firm's distinctive market position as they link two audiences in the market and through operations – identification and design, and added value and integrated delivery.

5.1 ■ Conclusions and Recommendations

This research explored a distinctive enterprise model –QDCD firms– and their (market) management approach. This under-researched area, required drawing upon several sources, including the origins and scope of QDCD enterprises, design-led organisational issues (structure, culture, processes), systems integration, marketing (investigating also the QDCD internal and external markets), and branding. The contribution of the research lies in its originality, and in methodologically developing and testing the QDCD model through an iterative inductive and deductive process. The findings largely support the model enabling drawing initial yet significant conclusions.

QDCD is an advantageous market niche, where competition is minimised by ensuring that the DCD system will contribute in tangible (formal systems and routines) and intangible ways (tacit knowledge, branding), to enhance the QDCD value proposition. This involves emphasising the high-quality output of design, and securing that the added value derived, will be enhanced through construction and development, boosting the customer identification prospect. Yet, this implies the risk of QDCD firms becoming systems controllers instead of systems integrators, on the basis that construction and development may not deliver added value, becoming simple points of control for the design output.

Evidently, the design element dominates in QDCDs; yet issues arising through DCD integration, postulate adaptations of culture, structure and processes when compared to traditional architecture practices –typically the advantageous point of entry to the niche. The hierarchy/adhocracy cultural pattern that emerged from most cases signifies that carrying a unified design-led strategy that adds value across DCD, requires a level of hierarchy in terms of implementation and an adhocracy background to facilitate (operational) creativity and communications.

In this framework, the KAM role is an important option for strategy implementation across the DCD activities, making tacit strategies and routines more explicit, thus fostering systems integration. Evidently, this also applies to one of the major findings of the research. That QDCD firms use both RM and MM –RM dominantly, but rather unconsciously– and identify the need for redeveloping their marketing strategies. KAMs can ensure that RM processes will become more explicit and organised, facilitating the interaction of the firm with the markets it addresses. Particularly the external ones: referral and supplier/alliances markets where identification is not always automatic, in contrast to customer and influence markets. However, this requires a strategic approach towards internal and recruitment markets, which prove vital in creating and delivering added value and nurturing the identification process, by being also potential “part-time marketers” to external markets.

Finally, branding has been unpredictably identified as a comprehensive solution to marketing QDCDs, appearing to follow design instead of the norm where design follows the brand. KAMs and their adjustability in managing the iterations that the bipolar hierarchy/adhocracy culture imposes to the organisation, can boost the branding potential by influencing the organisational routines (structure and processes) through making the tacit branding elements that span across the organisation more explicit (design “is” the brand, thus those elements can be found across the organisation, as design dominates). This can ensure that branding will be embedded in the organisation as a core competence.

5.1.1 ■ Limitations

As this research topic has scant literature in the field, limitations to confidently identify relevant concepts, access to cases, and establish key findings were present. For example, the QDCD case selection required geographical spread and findings may have been influenced by geography and national regulations. Geography also hindered direct access to the Dutch case. The scope and duration of the research, respondent availability and time, and interpreting respondent perceptions are examples of other types of limitations. Methods were applied to properly manage these, which have largely proved successful. Yet, the field will benefit from further research to confirm and develop the findings.

5.1.2 ■ Recommendations

The conceptual arguments and empirical findings of this report signal important messages for QDCD practitioners:

- A proactive approach, turning the tacit RM function an explicit one, is needed, through reconsidering the strategies addressing internal and recruitment markets. High-quality design output should be safeguarded and training/modelling could communicate the "part-time marketer" role.
- Branding can provide a comprehensive solution in marketing the integrated offer to internal and external markets. However, this should avoid sole MM practices, involving internal audiences in identifying with, and communicating the brand.
- The KAM role should be explicitly established as a key integrating function – reinforced inter-organisationally – and be provided with all the necessary tools to foster brand development and systems integration.

The exploratory nature of the research, points to significant, if epigrammatic, recommendations to practitioners. Further research could:

- Delve into the KAM role in QDCDs and introduce best practices, especially in managing inter-organisational requirements in terms of structure, culture, processes and tools.
- Further explore branding as a comprehensive marketing solution, covering the relevant methods and applications along with ways to develop a more active relationship between branding and RM.
- Further explore (in operational terms) the value creation path (which has been addressed here mostly on the strategic level), especially in C-D functions.
- Identify more QDCDs internationally, and explore if size, entry mode and geographical location affect them. Also explore if further diversification has any potential of adding further value to the offer.
- Explore QDCDs as system controllers and enhancement to full systems integrators.
- Explore the resource implications and allocation
- Finally, future research could revise the QDCD model and the relevant marketing strategies, in a more mature QDCD market framework.

These original research areas address some key issues on the current market offers, demonstrating considerable scope for further development and practice that could highlight the potential of the QDCD niche to evolve into a significant segment.

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John Smart architects: <http://www.johnsmartarchitects.co.uk/>

Simons Group: <http://www.simonsgroup.com/simonsweb/simons-group.html>

Sprunt: <http://www.sprunt.net/>

Workshop-S: <http://www.workshop-s.com/>

FAME: <https://fame.bvdep.com>

Semi-structured questionnaire

QUESTION Group 1: introductory questions/ strategy

1. **What was your motivation in offering in-house integrated services?**
 - Why did you decide to be engaged into development?
 - Was that a matter of competition or an inner force?
2. **Could you briefly give me some insights on the way your firm operates on its three functions? Please comment on business unit size, on who has management responsibility, and on staff's responsibilities as opposed to the managers' responsibilities.**
 - Where is the value (especially the added value) created in the firm?
 - Who (individuals and teams) is responsible for making sure this happens?
 - a. The value creation process
 - b. The value delivery.
3. **What drives development?**
 - Identifying sites that have design opportunities (projects where no site is bought yet)
 - Working with real estate agents to buy sites on which our product will sell at a premium and/or at great speed.
 - Tailor our development projects to client needs
 - Offering a range of choices/design options to (prospective) clients

inwards (2 out of 6 markets)

QUESTION Group 2: Culture

4. **What are your criteria for measuring success?**
 - If you had to choose, would you be happier with market recognition (and economic benefit) though servicing your clients, or with producing architecture that expresses your vision and achieving a stimulating inter-organisational environment?
 - Would you compromise design for a good client?
5. **What of the following phrases better describes the values of your organisation and its people (or: what could be the motto of the organisation):**
 - ✓ Achieve effectiveness and efficiency, deliver what is best for the client.
 - ✓ Do our best, get recognized by the market, guard our competitive advantage
 - ✓ Freedom of ideas and communications, flexibility
 - ✓ Be happy about what we do, act as a family

QUESTION Group 3: Internal and recruitment markets

6. **What is your major concern when recruiting people?**
 - Do you mostly look for professional skills or for communication ability and extroversion?
 - (if the second) Where do you think communication ability can be applied? Inter-organisationally or out of the organisation?
7. **How do you ensure their integration to the organisation and their compliance with the organisation's goals considering the development of the firm's image and reputation?**
 - How and when do you reward them?
 - Do you do any formal or informal training? What are the basics of that training?

outwards (2 out of 6 markets)

QUESTION Group 4: Internal and recruitment markets

8. **(customer markets) Do you use real estate agents to sell the units you develop? Do you have a policy to attract certain sorts of customers? If so who might they be?**
 - Are there any investment customers with whom you actively try to develop relationships?
 - Are you generally interested in gaining new customers or keeping the existing ones and develop your relationship?
9. **(supplier/alliance markets) Do you practice Supply Chain Management? Are you in any strategic alliance of any type?**
10. **(if yes) What is your motivation for doing so?**
 - How do you think these alliances help you to add value to your products? (Do you use that relationship to develop your products?)
 - Do you practice any cross-selling with your suppliers? (Identify possible specification referrals)
 - Who manages those alliances?
11. **(referral markets) Whom do you consider to be your best referrals?**
 - a. Your customers through word of mouth
 - b. Your staff and third party due to your general reputation
 - c. Other groups that you directly influence as referrals (e.g. Supply chain stakeholders)
 - Do you use the supply chain for referral to potential clients?
12. **(influence markets) Who do you think are the stakeholders outside your organisation that can influence the marketplace considering your work? How do you gain their support?**
13. **If you were a car manufacturer which one would you be? Could you use a metaphor or an image/symbol to describe your firm?**
14. **How important is relationship longevity for your firm?**
 - How do you ensure longevity with clients/ supply chain/ influencers?

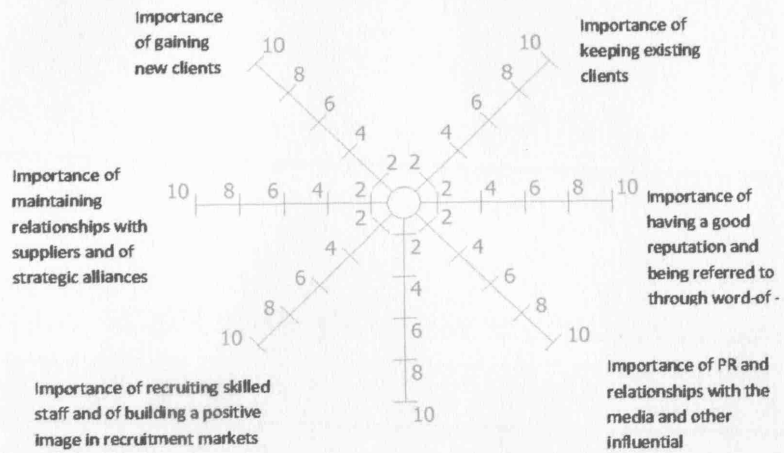
QUESTION Group 5: explicit marketing and selling procedures

15. **How do you identify market need and forces?**
 - Do you have a specified marketing plan and budget? What is the percentage in capital expenditure? How is it allocated?
16. **What do you think is unique in your firm's offer to the market?**
 - What is the difference (in percentage) between the selling price of your products and services and the average market price? What do you think is the reason for that?
 - Where do you think this derives from?
17. **Could you comment on who is the person who closes a sale for each one of the three activities?**

QUESTION Group 6: open questions

18. **What are your aspirations for the firm's future development?**
19. **Please comment on any points not covered that you feel are important for your firm's marketing**

20. Assess the importance of what is described in each one of the notes using "2" for "not important" and "10" for "really important". You don't need to assess them relatively to each other.



21. Which of the following do you think are the most effective as marketing techniques? Indicated their usage by your firm by choosing "low", "medium" and "high" respectively. Press (magazines, newspapers, trade papers etc)

	low	medium	high
The firm's own publications (monographs, press reports, brochures etc)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Internet (web site)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Advertising	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Events organized by the firm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Participating in public and professional events	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Public relations	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Relations with media	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Friendly staff	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Nurturing clients (including real estate agents)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Building and keeping relationships with the SC	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Achieving effective word of mouth	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Being influential in recruitment markets	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>