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**Do Givers really gain? –  
A study of relationship benefits and sacrifices in  
BNI- a referral network organisation**

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***Master Thesis***

June 2009  
BUSM08 International Marketing and  
Brand Management  
Department of Business Administration  
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## Abstract

- Title:** Do Givers Really Gain? A study of relationship benefits and sacrifices in BNI a referral network organisation
- Date of the Seminar:** 2009-06-04
- Course:** BUSM08 Master Thesis in International marketing and Brand Management
- Authors:** Annika Andersson, Tina Ornstein, Susanna Wlosinska
- Advisors:** Johan Anselmsson
- Keywords:** Referral networks, Relationship Marketing, BNI, Customer Satisfaction Index (CSI), Relationship benefits, Relationship sacrifices
- Thesis purpose:** The purpose of this study is to explore how relationship benefits and sacrifices matter in relation to members of referral networks and how these aspects affect overall member satisfaction.
- Methodology:** This study has an explanatory research approach since it aims to, by testing hypotheses; explain the impact relationship benefits and sacrifices have on satisfaction. It is based on both qualitative and quantitative data, where the qualitative material acts as preparation for the quantitative data collection in order to structure reliable and relevant hypothesis and survey questions.
- Theoretical perspective:** This study builds on previous existing literature and theories on relationship marketing as well as referral networking. Relationship benefits and sacrifices have also been studied as well as the Relationship Profitability Model.
- Empirical data:** This study builds upon a case study about BNI- Business Network International, in Sweden and Denmark. The study has three explorative parts; firstly face-to-face interviews were performed in order to develop relevant hypotheses. Surveys were conducted based on the qualitative data as well as on previous research with the purpose to identify the referral network member's opinions on relationship benefits and sacrifices. Observations during the BNI meetings further assisted in understanding the structure of BNI.
- Conclusion:** All benefits, functional, social and psychological, have an impact on the BNI members' CSI and all benefits have a positive correlation with the members' CSI. All sacrifices except one have a negative impact on BNI members' CSI. Functional benefits have the greatest impact on overall member satisfaction, both when analyzing the benefits individually and in totality. Psychological benefits have in totality the second highest impact on overall member satisfaction, which leaves social benefits with the least impact on overall member satisfaction. Functional benefits are also considered most important to the BNI members.
- This study contributes to the relationship marketing field since it applies mentioned previous theories regarding B2C and B2B to a relationship network context where power is more equal than in a buyer-seller relationship. The theoretical contribution of this study is therefore that referral marketing is studied in a network context as well as at member level. In summary this study contributes to an overall understanding of the impact and importance of relationship benefits and sacrifices in a referral network.

## **Acknowledgements**

We would like to thank our supervisor Johan Anselmsson at Lund University, for his excellent assistance, support and knowledge sharing during the thesis period.

Moreover, we would like to give our sincere acknowledgements to René Bruun (Executive Director of BNI Denmark), Alex Rasmussen (Sales manager of Akademisk Boldklub A/S) and Michael Bosholdt (Owner of Bosholdt & Bennich) for their participation in the this study.

Furthermore, we would like to show our appreciation to all 124 members in the various chapters of BNI Copenhagen and BNI Malmö, who participated in the survey.

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*Lund, June 4th*

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# 1. Introduction

*This chapter introduces and problematizes the research area, followed by a presentation of this study's theoretical and practical contributions related to the research area. Furthermore, the case of this study, BNI, is presented. Eventually the discussion leads up to the study's purpose.*

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Relationships are important in all contexts of life, including in business; nevertheless according to Gummesson (2008:15), there has long been a lack of theoretical research regarding relationships. From the importance of relationships the concept of relationship marketing emerged. This marketing strategy is different to traditional marketing since it focuses on the co-creation of long-term value and win-to-win relationships instead of instant sales (Gummesson, 2008). Young et al (1996:139) claims that networks are a part of relationship marketing, where the strategy of collaboration instead of impersonal contacts is used, since it results in advantages such as increased knowledge, efficiency and business opportunities. Furthermore, Harrison-Walker (2001:60) argues that within marketing, word-of-mouth play an important role in shaping customers attitudes and behaviour.

The importance and benefits of networking along with the positive effects of word-of-mouth have emerged a new relationship marketing area: referral marketing. Ugbah and Evuleocha (2007:52) define referral marketing as: *a process of developing business networks through which information flows to prospective customers whereby clients are produced with little or no overt marketing activities*. Ugbah and Evuleocha (2007:52) state that referral marketing occurs in different forms, where one is referral business networking. Moreover, Hollensen (2003:10) claims that referral marketing can be seen as a highly structured relationship marketing strategy where recommendations are exchanged. Ugbah and Evuleocha (2007) argue that in spite of known usefulness of referral networking and its great influences on marketing, there is very little research conducted in this area. In the limited research of referral networking, the studies are from a customer perspective, not from a network members' perspective. This study will therefore contribute to this relatively unexplored field of referral marketing by applying relationship marketing theories on the worlds' largest referral network; Business Network International (BNI). The founder of BNI (Misner, 2007:219) describes BNI as a unique referral network organisation due to the highly standardized program and structured professional business environment, which enables the

concept to be applicable all over the world. BNI implements a relationship marketing approach in order to help companies grow. Misner (2007:73) means that by passing qualified referrals to members within the network, business opportunities are created and long-term relationships are maintained BNI's global presence makes it an outstanding example when studying referral business networks.

Referral business networks like BNI creates relationships between companies. Hunt et al (2006) argue that the reasons why firms enter into relationships with other businesses are because it enhances the competitiveness and relationships create both financial and interpersonal outcomes. Sweeney and Webb (2007:475) claims that in year 2007 there existed only two studies concerning both economical and interpersonal effects of relationships. These two studies by Murry and Heide (1998) and Wathne et al (2001:62) show that the economical outcomes are more critical for firms than the interpersonal outcomes. However, Gummesson (2008) and Frenzen and Davis (1990) have claimed that relationships cannot be isolated from the social aspect. This study differs from previous relationship marketing research since it includes both the financial and the social outcomes from a referral network perspective. Since BNI is a highly business-oriented referral network where referrals and gained business opportunities are in focus, the importance of social aspects are of interest to examine in order to evaluate if only economical aspects matter.

The outcomes of relationships need to be evaluated in order to state the prosperity of the relationship. According to Anthony and Govindarajan (2007:53-54), one way to measure the effects of business initiative is through Return on Investment. However, Gummesson (2008:260.261) argues that within the marketing field, Return on Relationship (ROR) is a more relevant way to measure relationship profitability. Storbacka et al (1994) have created a model to illustrate the return on relationship and the model has mainly been used in a business-to-customer (B2C) context (Gummesson, 2008:260-261). Due to the lack of suitable B2B models regarding financial as well as interpersonal outcomes of relationships, this study will apply the model by Storbacka et al (1994) to a referral network context. The model explains how perceived quality and sacrifices affect perceived value and satisfaction, which is the aim of this study from a referral network perspective. Hence, this study contributes to the general understanding regarding what relationship benefits and sacrifices impact overall member satisfaction the most within a referral network. It also contributes to an understanding of which factors that are most important for members in a referral network.



Furthermore this study provides a guideline for managers and BNI groups as well as other referral network organisations with an interest in evaluating the impact benefits and sacrifices have on overall member satisfaction as well as which aspects of the referral network the members consider most important.

## **1.1 The case of BNI**

BNI (Business Network International) was founded by Ivan Misner in year 1985 in the U.S. It is a word-of-mouth based organization with the purpose to assist companies to exchange skilled business referrals. BNI was created in order to support business people to create referrals in a specialized and controlled environment. Today the organization has ten thousands of members in almost all continents and the founder claims that participants of BNI together gain billions of dollars from millions of passed referrals (Misner, 2007). McKeown (2006) explains that all the chapters are franchise businesses and the members and their networks constitute the customer base. The organizational philosophy can be summarized in two words: “Givers Gain” – if you give business to people you will receive business from them. There is no competition within each chapter since only one representative from each profession is allowed. BNI is designed to develop long-term relationships that lead to trust and referrals. Du Toit, (2005) argues that the BNI organization is open to all types of businesses as long as the owners believe he or she is capable of contributing to and benefit from the membership.

BNI is classified by Misner (2007:72-73) as a “strong contact network”, with the main focus to build long term relationships for professionals. The groups meet weekly with the primary focus of exchanging referrals. The meetings are highly structured and start with free networking, where the members can small-talk. After this, a short presentation, limited to 60 seconds, by everyone in the group follows where they present their company and the client they aspire to contact. After that, a longer presentation by one group member follows. The meetings end with members passing referrals to each other. Network groups like these both have benefits and sacrifices. It is quite time consuming and members have to be committed in order to gain success. However each member will have people “working for them” as salespersons, since the members will refer each other outside the network if a business opportunity is noticed (Misner, 2007:72-74). Since the focal aspect of this paper is to explore

the importance of benefits and sacrifices in a referral network the above discussion leads to the purpose of the study:

*The purpose of this study is to explore how relationship benefits and sacrifices matter in relation to members of referral networks and how these aspects affect overall member satisfaction.*

Based on the purpose, hypotheses regarding relationship benefits and sacrifices have been constructed in order to explore what impact benefits and sacrifices have on overall member satisfaction in BNI Copenhagen and BNI Malmö. The hypotheses will be presented in the second part of the conceptual framework. By using the hypotheses this study will identify which benefits and sacrifices that have the greatest impact on overall member satisfaction as well as considered most important by the members.

## **2. Conceptual framework**

*The conceptual framework begins with a purely theoretical framework regarding business-to-business from a network point of view, relationship marketing and referral networking. The latter section regarding relationship benefits and sacrifices contains a combination of both theoretical perspectives, non-scholar perspectives and answers from three BNI respondents (Executive Director of BNI Denmark, 2008's award winning member of BNI Denmark and a regular member of BNI Denmark) in order to develop hypotheses from both a theoretical and practical viewpoint.*

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### **2.1 No business is an island – B2B & Networking**

Business-to-business (B2B) occurs when companies are carrying out business with each other (Online Advertising, 2001-2009; Hollensen, 2003:129-130,762). Networking is according to Hunt et al (2006:75) a form of B2B where *a group of independently owned and managed firms /.../ agree to be partners rather than adversaries*. Furthermore, Hunter (1997:5), Parker (2004:103) and Peters (1996:107-108) claim that external business relationships between firms need to be built on a mutual interdependence and a win-win spirit in order to be successful Therefore, relationships need to be created and maintained, which can be made by the using relationship marketing (McGoldrick, 2002:121).

## **2.2 Relationship marketing**

*Relationships are at the core of human behaviour* (Gummesson, 2008:14). Everywhere in society relationships exist, and they are central in both private as well as in professional life. In a business context, relationships are used among other things to establish partnerships and networks, which a part of relationship marketing. According to Gummesson (2008:5) the definition of relationship marketing is the *interaction in networks of relationships*. When parties agree to create a relationship, they have certain expectations, such as gaining benefits and a long-term interaction. According to Brashear, et al (2003:192) this increases the commitment among them and consequently trust becomes an important key component in relationships Gummesson (2008:24) underline that instead of focusing on one-shot deals between parties, relationship marketing focuses on creating loyalty and long-term commitment According to Hollensen (2003:10), relationship marketing can appear in different ways and one category of relationship marketing is referral marketing

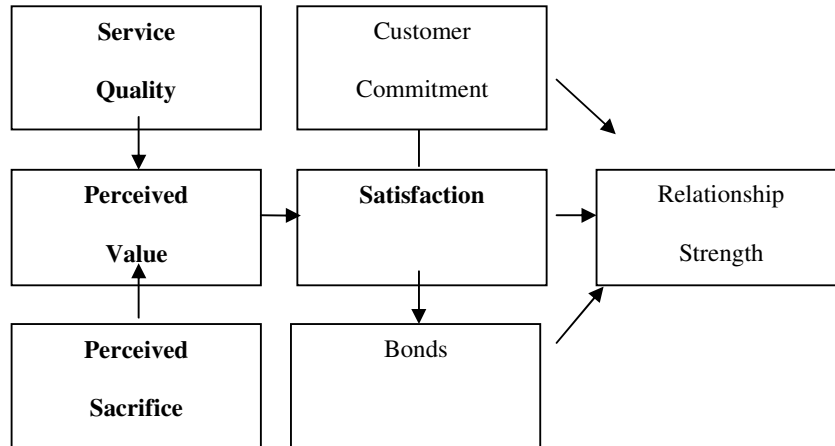
## **2.3 Referral marketing**

According to Harrison-Walker (2001:60), word-of-mouth plays an important role in shaping customers attitudes and behaviour within marketing. Referral marketing is truly based on the word-of-mouth since it, according to Hollensen (2003), is based on the creation of recommendations. There are certain risks involved in purchases, such as less value for the price or that the product or service does not live up to expected standard. These risks can be minimized when a product or service is recommended by someone who has experienced it and has an opinion about it. This is called referral marketing. Reichheld (2003) argues that recommendations might be the strongest indication of customer loyalty since the customers put their reputation at risk, which will not happen if they did not truly believe in the company's offers. Recommendations, or referrals, can be created between consumers as well as between companies. According to Ugbah and Evelocha (2007:52-53) a referral business network in a business context is when one company in a network can intervene on another network members' clientele and clients are created without any, or less, marketing activities. The use of a referral network creates benefits as well as demands sacrifices which in turn affect the member satisfaction of the relationships in the network. Following section will further explain the connection between satisfaction and other aspects within relationships.

## 2.4 Return on relationship

It is generally assumed that improved customer perceived quality results in increased customer satisfaction, loyalty and profitability, since increased value creates a win-win situation. Satisfaction with the relationships is strongly linked with the profitability of relationships (Gummesson, 2008:258-259). Storbacka et al (1994) have tried to illustrate these linkages. They introduced a model that demonstrates the links between in one end, the perceived qualities and sacrifices and in the other end, relationship profitability. For the purpose of this paper only selected parts of the model are used (See Appendix 1 for an illustration of the entire model). Perceived service quality is defined by Storbacka et al (1994:25) as: *customers' cognitive of the service across episodes compared with some explicit or implicit comparison standards*. The perceived service quality is most often based on the experience that customers have with the service but it may sometimes only be based on knowledge about it and hence not experienced. Perceived sacrifices are defined as: *price, other sacrifices across all service episodes in the relationship compared with some explicit or implicit comparison standard* (Storbacka et al, 1994:24-25). Gummesson (2008:269) further explains that the model illustrates that perceived value is the outcome of perceived quality and the perceived sacrifices. The perceived value additionally affects satisfaction with the relationship which further affects commitment and bonds to the relationship and all together the strength of the relationship. Together with other related aspects, such as customer commitment and bonds, the perceived value and satisfaction of the relationship have an impact on the relationship profitability or the Return on Relationship.

Storbacka et al's (1994) ideas concerning service quality are similar to what Hunt et al (2006), Gwinner et al (1998), Henning-Thurau et al (2002:234) and Sweeny and Webb (2007) define as relational benefits. Moreover, perceived sacrifices, defined by Storbacka et al (1994) are similar to Hunt et al's (2006) ideas of relational sacrifices or costs. This is why the concepts of relational benefits and sacrifices of the mentioned authors can be applied to the model created by Storbacka et al (1994), see next page.



**Figure I:** Selected parts of the Relationships Profitability Model (Storbacka et al, 1994:23)

## 2.5 Relationship benefits

According to Hunt et al (2006), a firm enters relational exchanges when the benefits of the relationship overcome the costs. Gwinner et al (1998:102) and Armstrong and Kotler (2002:12-13) are some of several researchers who have studied relational benefits, but those studies concerns B2C and not B2B. Gwinner et al (1998:102) define relational benefits as *those benefits customers receive from long-term relationships above and beyond the core service performance*. This approach of relationship marketing is based on the assumption that both the service provider and the customer must benefit from the relationship in order to create long-term relationships (Henning-Thurau et al, 2002:234). Sweeny and Webb (2007) have introduced a classification of relationship benefits, divided into three categories; functional, social and psychological benefits. The three categories have different characteristics which will be explained further in the following sections.

### 2.5.1. Functional Benefits

Sweeny and Webb (2007:475) define functional benefits as the economic and strategic advantages derived through an interaction with another firm, which enhances firm competitiveness and drive its financial position. Among the three types of relationship benefits, the economic benefits are those that have gain most attention within B2B research. Following sections describe the most essential functional benefits connected to referral networking.

### **Business opportunities**

Some of the relationship benefits which can be classified as functional benefits are, according to Sweeney and Webb (2007:475), economic advantages. Hollensen (2003:609) argues that in long-term B2B-relationships, communication becomes easier since companies know what their partners need and the customer can therefore encourage business opportunities through e.g. recommendations. Misner (2007:110-111) claims that organizations which are good at networking will be able to develop and exchange business referrals of prospective clients and that networking is one of the most effective ways to generate word-of-mouth business. In accordance to the mentioned authors, the respondents state the main reasons for being a part of the BNI network are business opportunities and finding new clients (Rasmussen, 2009-04-01 & Boshold, 2009-04-06). One respondent describes the reason for being a member in BNI: *They enter because they want more business. That is the only reason why they enter* (Bruun, 2009-04-03). However Misner (2009) points out that being a member of a referral network do not automatically enable referrals; members need to earn them by creating relationships with other members. Based on the above discussion the following hypothesis related to functional benefits is proposed:

**H1:** The creation of new business opportunities has a positive impact on overall member satisfaction within a referral network.

### **Increased turnover**

As mentioned earlier the economic advantage is one aspect of functional benefits according to Sweeney and Webb (2007:475). Misner (2007:110) claims that a well-functioning network results in a “free sales force” or in “business ambassadors”, as one of the respondent defines it (Rasmussen, 2009-04-01). The members need to earn referrals by creating relationships with other members (Misner, 2009), which means that referrals are not equal to guaranteed sales or increased turn-over. As an example of the business opportunities and increased turn-over which could be created through a referral network, Misner (2007-08-16) conducted a survey for his doctoral studies in the beginning of the 1990's. Thus survey showed that 34 % of the business referrals turned into sales and the study was repeated in 2006 with the identical result. One respondents comments on increased turnover by giving an successful example: *He has receive around 70 bigger or smaller jobs and the average value of a job is around 100 000 DKK, meaning in these 1,5 years he has got 7 million DKK in turnover from his BNI membership* (Bruun, 2009-04-03). Based on these arguments the following hypothesis related to functional benefits is proposed:

**H2:** Increased turnover has a positive impact on overall member satisfaction within a referral network.

### **Increased competitiveness**

What Misner (2007:110) calls a “free sales force”, and one respondents calls “business ambassadors” (Rasmussen, 2009-04-01) are aspects that are regarded as positive outcomes of a referral network. This benefit can be argued to create a stronger competitive position in the market and business continuity since there are other organizations that are recommending your business. Both stronger competitive position and business continuity are according to Sweeney and Webb (2007:475) considered being functional benefits. The respondents mention growth as one of the main reasons for being a member in BNI, hence the respondents indicate that a membership in BNI enhances the competitiveness of the firms and help the company to grow (Bosholdt, 2009-04-06, Bruun, 2009-04-03). Based on this discussion the following hypothesis related to functional benefits is proposed:

**H3:** Increased competitiveness has a positive impact on overall member satisfaction within a referral network.

### **Saving money and price reductions**

Gwinner et al (1998:102) argues that consumers can obtain economic advantages as a result of business relationships. In addition, Peterson (1995) mentions that the prime motive to engage in relationship exchange is saving money. Customers may, according to Gwinner et al (1998:102), for example receive special pricing by companies to which they have built a long-term relationship. However, the respondents claim that their network do not result in price savings and reductions among the members. Instead the reason for buying a product or service from members is that they trust them and know that they will receive high service and quality. One respondent explains: *You should not have special discount just because it is BNI, take the market price and do a good job instead* (Bruun, 2009-04-03). Answers from the respondents indicate that price savings are not benefits derived from the referral network. However there is still need for a hypothesis related to this functional benefit, since many scholars claim that this is an essential relationship benefit. The hypothesis based on the above discussion is therefore:

**H4:** Price savings and reductions have a positive impact on overall member satisfaction within a referral network.

### **Time saving**

Another functional benefit which derives from relationships is the time saving aspect. Gwinner et al (1998:104) have identified this aspect in addition to monetary benefits, and is a nonmonetary time saving benefit. The time saving aspect and monetary benefits have been argued by Peterson (1995) to be the prime motive for developing relationships. According to Misner (2007:39-40), developing word-of-mouth as a marketing strategy may not only result in decreased costs but also save time in comparison to e.g. cold-calling. None of the respondents explicitly mention the time saving aspect as a relationship benefit. However one respondent mentions the benefits as follows: *it is one of the best ways to do business at all cause. Being a part of a group means that you have like 20 people, 25 people that is working for you every week. If you are good at your job and good in using BNI you can make them your ambassadors in the market and if you do that and use it every week then there is a lot to gain of business opportunities that you wouldn't get otherwise* (Rasmussen, 2009-04-01). Instead of making cold-calling this member considers himself having 20-25 people working for him every week. Even though he needs to spend at least 1, 5 hours in helping his group members each week, he saves time due to his membership in BNI (Rasmussen, 2009-04-01). From the above arguments the following hypothesis was purposed:

**H5:** Time saving benefits has a positive impact on overall member satisfaction within a referral network.

### **Faster service**

As mentioned in the previous section, saving time is according to Peterson (1995) one of the two most important motives to develop relationship exchange. Moreover, Gwinner et al (1998:104) argue that quick service due to an established relationship can be seen as a nonmonetary time saving benefit. This study argues that another way to save time for the members could be to receive faster service when dealing with fellow members in the network. One respondent comment on the service purchased from fellow members: *I'm getting the best service because they know if they deliver something bad I will not recommend them and if they have good service I will recommend them to other people* (Bruun, 2009-04-03). This study argues that one part of receiving really good service is to get fast service. Hence the above statement indicates that the members, in order to be recommended by fellow members, strive to provide excellent service to each other (which should include fast service). However, none of the other respondents explicitly mention faster service as a benefit. Nevertheless since



this study claim that faster service can be seen as time saving and time saving has been claimed to be an important relationship benefit, the following hypothesis was proposed:

**H6:** Faster service when purchasing from fellow members has a positive impact on overall member satisfaction within a referral network.

### **Access to expertise**

Sweeney and Webb (2007:475) argue that benefits which can be classified as functional benefits are not only economic benefits and enhanced competitive position, but also increased operational efficiency and quality. Increased operational efficiency can be seen as a strategic advantage derived from the interaction in the relationship, and one way to increase the business efficiency is to share knowledge and provide access to expertise within the business network (Sweeney & Webb, 2007). One of the respondents mentions that BNI helps the members with their strategies (Bruun, 2009-04-03). Another respondent explain the expertise sharing as following: *I would say that some companies use BNI also to if they have some problems regarding their company, share some business views of how to do things, because one thing is meeting new clients and selling your product but it is also good to be a part of a group to share ideas and different perspectives on how to run a business* (Rasmussen, 2009-04-01). The above discussion leads to the following hypothesis:

**H7:** Access to expertise has a positive impact on overall member satisfaction within a referral network.

### **Training and education**

*No one wants to refer to somebody that can't promote their own business. BNI plays an important role here, and educate members in presentation techniques to become better speakers* (Bosholdt, 2009-04-06). Due the above statement as well as another statement from a respondent: *I mean the training and the business are the most important* (referring to strategic advantages) (Bruun, 2009-04-03), this study argues that training and education can be seen as a strategic advantage which can increase the operational efficiency. Hence, training can be seen as a functional benefit. Training and education is an important core competence in the BNI network according to Misner (2004; 2007:75) which further strengthens the argument that it can be seen as a strategic advantage and therefore a functional benefits, provided to the members. BNI's directors and the members follow a 500-page manual which is aimed to guide them to a lasting and growing success. Misner (2004) claims the training both serves to conserve the system and the culture of the organization, and by studying old mistakes the

members of BNI learn how to avoid the mistakes and how to run an organization properly. One respondent explains the strategic advantage as: *Training is a part of the membership, how they present themselves and sell themselves and make relationships in a good and positive way* (Bruun, 2009-04-02). Based on the above discussion the following hypothesis is proposed:

**H8:** Supply of training and education has a positive impact on overall member satisfaction within a referral network.

### **2.5.2 Social Benefits**

In an exchange between firms, it is not only the economic aspects that determine the destiny of the business; the social variables are just as important, according to Parker (2004:50-51). Anderson et al (1993) as well as Cunningham and Turnbull (1982), state that social elements are equally important as the functional benefits when trying to understand relationship behaviour. Moreover, Sweeney and Webb (2007:474) underline the importance of considering social benefits especially in a B2B context and have chosen to define social benefits as: *perceptions of affinity, friendship and sharing with other parties*. Bonds between companies are important since they structure the stability base of the relationship. If a strong relationship exists between companies, they will usually cooperate for a long time, argue Storbacka et al (1994). The relationship strength is affected by how strong bonds companies have to each other and can be seen through examples of informal relationships, social activities as well as friendship and information exchange. Following sections will describe the most essential social benefits connected to referral networking.

#### **Social activities**

One way to create social bonds between persons is to encourage informal interaction (Håkansson, 1982). This study argues that such an informal interaction is e.g. social activities outside the formal business meetings. Instead of business relations these social activities (e.g. after work) focus on informal relationship between the members which will enable a more relaxed and personal relationship compared to the more formal discussions before and after the business meetings. The aspects of social activities or informal relationships are not particularly highlighted by the founder of BNI. Only one respondent indicates that social activities occur: *Of course you will get invited to a lot of different things and you can use the things you think are interesting and benefitting for you so of course there is a lot of a personal*

*benefit* and continues with an example: *get invited to football games, to concerts, to theatre shows, where you can meet other people* (Rasmussen, 2009-04-01). Based on the above discussion, the following hypothesis was proposed:

**H9.** Social activities have a positive impact on overall member satisfaction within a referral network.

### **Informal relationships**

Informal relationships occur when bonds of different kind are created and maintained. Members feel more relaxed and can interact in a more personal and social way than in a formal relationship. Social bonds are highlighted by Håkansson (1982) and that they are created between persons in companies that cooperate and not between the firms themselves. One respondent claims that the membership consists of: *a lot of personal benefits* (Rasmussen, 2009-04-01). However, according to Misner (2007:73) the primary purpose of BNI as a network is to pass qualified referrals to the members and is designed for businesspeople. The focus is not on informal relationships. All respondents agree that BNI is not a network where the focal point is on social aspects or benefits and one respondent state as follows: *We are not members of BNI because of social reasons. We are members because we want to find new clients and new suppliers* (Bosholdt, 2009-04-06). Naturally the relationships are still very important, since trust and exchanging referrals are in focus. *BNI is not only about selling; it is about creating good relationships as well* (Bosholdt, 2009-04-06). Another respondent states: *Yes of course, you get to know a lot more people, a lot of people* Rasmussen (2009-04-01) which indicates that this might be a social benefit which can lead to informal relationships. The hypothesis based on the above discussion is therefore:

**H10:** Informal relationships have a positive impact on overall member satisfaction within a referral network.

### **Friendship**

Zaheer et al (1998) claim that the most essential social benefit is friendship and that personal relationship, also called friendship is created when individuals in firms or between diverse firms, work together and share their leisure time together. Entering friendships can enhance loyalty, trust, commitment and communication. Grayson (2007) has studied friendship in business relationships and argues that combining friendship with business can be valuable but can also generate problems. In general the effects are positive, but in some cases conflicts can rise, which may have negative impact on different business outcomes. In business, the

friendship is associated with the desire to maintain the naturally enjoyable features. Grayson (2007) further states that friends are more likely to have valuable exchanges in relationships. They are more helpful, have a better attitude and greater loyalty. Also mentioned is the commitment and productivity factors, which both increase in friendship relationships. The negative effect of friendships roles can be that friends are being used instead of being useful. One part may take advantage of the other, for example of economic gains.

BNI tries to keep the “fun” in mind when members go to the meetings. Misner (2007:161; 2004) has created “Meeting stimulants”, which are several dozens of different ways of how to liven up breakfast meetings, without replicating themselves. But having fun is, according to Misner (2004) something more than just members amusing other members with presentations. It is also about creating and preserving the honour of the process. BNI is classified as a business network, however Misner (2004:90) states following: “*One of BNI’s strengths is that we are all friends - and it’s also one of the weaknesses - we like and trust each other and we don’t like to find ourselves in the position of having hold a friend accountable. This reluctance can turn a disciplined networking organization into a coffee klatch. Positive accountability makes it easier to maintain without alienating friends*”. The respondents agree that the main reason for being a member in BNI is not to create friendships, but they confirm that they do get along better with some parts than others. One respondent explains: *I wouldn’t consider them friends because they are still business partners* (Rasmussen, 2009-04-01). Another respondent explains that camaraderie (friendship) is very important but at the same time it is not the main purpose in business networks. *We are not a club, it is not a social thing, it is a business.* He continues and states that; *it’s a difficult thing because a part of it is with the heart, with the friendship and so on, but sale, marketing and running a business is with the brain. So we say to people to run this business as a company not a social club, because that’s not what it is* (Bruun, 2009-04-03). The respondent concludes that the mix of two sides, having a good social relationship and the focus on business is the reason why people come to the meetings. The respondent believe that the camaraderie aspect is a positive side effect of a business, it is not something BNI has created, but the members themselves (Bruun, 2009-04-03). The respondents’ answers concerning the importance of friendship are not fully consistent with scholars’ arguments; however the importance of these social benefits needs further investigation which leads to the following hypotheses:

**H11:** Friendship has a positive impact on overall member satisfaction within a referral network.

### **Information exchange**

Mavondo and Rodrigo (2001) claims that when a friendship relationship is created, it leads to consequences such as information sharing outside work. One of the BNI respondents comments on information exchange: *Yes, but only information that will lead to something. "Need to know-nice to know" we say. Again, there are people that I get better along with, and often it is those persons that are in the same position and situation as you. They have their own business as we do and need to take the same decisions as we do. /.../. It is the same with people that have children and those that don't. You can't tell, unless you have experienced it* (Bosholdt, 2009-04-06). The members seem to share information with each other, however not with everybody only with those that are considered closest and most often the purpose of the information sharing is business oriented e.g. asking for advice not only to share thoughts. *I would say that some companies use BNI also to if they have some problems regarding their company, share some business views of how to do things, because one thing is meeting new clients and selling your product but it is also good to be a part of a group to share ideas and different perspectives on how to run a business* (Rasmussen, 2009-04-01). Based on the above discussion, the following hypothesis was formulated:

**H12.** Information exchange (beyond business) has a positive impact on overall member satisfaction within a referral network.

### **2.5.3 Psychological Benefits**

Hunt et al (2006:75-76) state reasons why consumers enter into relationships. One reason is because consumers want a partner they can trust since a trustworthy partner reduces risks that are associated with the purchase. Another reason is to find partners who share the same values concerning what is right or wrong, important or not important. These aspects are considered to be psychological benefits of a relationship. Sweeney and Webb (2007:474-476) and Hennig-Thurau et al (2005:14) and Gwinner et al (1998:104) have also identified this type of psychological benefits for the B2B context. Sweeney & Webb (2007:476) argue that the psychological benefits arise when the uncertainty of an exchange is being reduced, and when the parties feel comfort and security towards each other. It is related to the characteristic which other authors call trust, which is a large part of psychological benefits, but the benefit also involves more aspects, such as understanding each other and keeping promises to each other in a business relationship. Gwinner et al (1998:109-110) claims the psychological benefits to be the most important for customers in a B2C context, but the concept is not yet

well-mapped in the B2B area (Sweeney & Webb, 2007:476,483). Following sections will describe the most essential psychological benefits connected to business networking.

### **Trust**

Trust is a significant part of psychological benefits. Several authors, Morgan and Hunt (1994), Smith and Barclay (1997), Anderson and Weitz (1989), Wilson (1995:337) and Brashear et al (2003:189) consider trust to be one of the central elements in relationship marketing and a determinant factor to create long term relationships between buyer and seller. Sivasdas and Dwyer (2000:32) further claim that successful partnerships have trust as a key factor; if no trust exists, the partnership tends to fail. Also, trustful behaviour must be mutual from both sides if the relationship strives for being constant and have continuity according to Smith and Barclay (1997) and Anderson and Weitz (1989).

The referrals that are exchanged in BNI are between people that trust each other. Misner (2007:189) states that to gain trust, trust needs to be given as well. All respondents agree that trust is the fundamental aspect in BNI, and the need to feel security and confidence in the members is essential when referring each other. If they do not find a member in the network trustworthy, it is hard to give that member a reference (Rasmussen, 2009-04-01; Bruun, 2009-04-03; Bosholdt, 2009-04-06). One respondent explains: *It (trust) is very important; it is determining in some cases* (Bruun, 2009-04-03). One respondent claims that trust is build upon confidence, and that BNI train their members in being trustworthy. *if I am going to recommend somebody I need to know that their product is good and that that person is trustworthy. I would never recommend somebody that I didn't trust completely. Of course it is hard to say that you trust them 100 % but it is always nice to have sat down for one hour and talked about each others business because you can always...*(Rasmussen, 2009-04-01). One way to be trustworthy is by using names on previous clients, partners etc., then it is more likely to be true than if all sources are anonymous (Bruun, 2009-04-03). Based on these arguments the following hypothesis related to trust was formulated:

**H13:** Trust has a positive impact on overall member satisfaction within a referral network.

### **Keeping promises**

Sweeney and Webb (2007:476) argue that keeping promises to business partners is a part of the psychological benefits of being in a relationship. Misner do not mention keeping promises specifically, but since he claims that business relationships need to be building on trust, and

trust needs to be deserved, it can be argued that keeping promises to each other is a way to build trust. One respondent does not believe that all members in BNI are trustworthy and estimates that 2/3 could be trusted to keep their promises. *Some, I mean 1/3 doesn't obviously, they are not building up a confidence and they fail. I say 1/3 is extremely good and 1/3 is what you can expect* (Bruun, 2009-04-03). Based on these arguments the following hypothesis related to psychological benefits is formulated:

**H14:** Keeping promises between members has a positive impact on overall member satisfaction within a referral network.

### **Risk reduction**

Gwinner et al (1998:104) argues that there is a reduced risk when buying something from a known or recommended contact, since the uncertainty of exchange is minimised. Sheth and Parvatiyar (1995:258) have studied customer behaviour in a B2C context and discovered that relationships rise partly due to the customers' willingness to reduce the risk of the purchase. Misner (2007:41-42) highlights the risk reduction when he claims that choosing a service or product from an unknown provider means a higher risk when it comes to the received service and quality. This risk can be reduced significantly if a service or product is delivered from a referral of someone who has experience about the provider. It leaves the buyer with more confidence, reduced risk and most important; a stronger sense of loyalty and trust (Misner, 2007:41-42). All BNI respondents claim that choosing a service or product from a member of the chapter is better than choosing from outside. If a referral is used, the one who referred the contact has experience from the supplier and can tell about the quality and service, which is preferred by the respondents (Rasmussen, 2009-04-01; Bruun, 2009-04-03; Bosholdt, 2009-04-06). That is why using a recommended company is better than an unknown; since it reduces the risk. The above discussion leads to the following hypothesis:

**H15:** Reduced risks when dealing with BNI members has a positive impact on overall member satisfaction within a referral network.

### **Reduced anxiety**

When the uncertainty in an exchange is minimised, the partners in the exchange feels less anxiety. The feeling of reduced anxiety develops over time, when a relationship is established (Gwinner et al, 1998:104). Misner (2007:41-42) mention that choosing a service or product from a recommended provider, instead of an external provider result in less risk and provides the buyer with better service and quality. One respondent explains: *I'm getting the best*

*service because they know if they deliver something bad I will not recommend them and if they have good service I will recommend them to other people* (Bruun, 2009-04-03). The above discussion leads to the following hypotheses:

**H16:** Reduced anxiety when buying a service or product from a member in the BNI network has a positive impact on overall member satisfaction within a referral network.

### **Shared values**

Hunter (1997:10-11, 33) discovered that shared values can be considered being the foundation of relationship, creating strong interdependence and being an effective way of doing business. Brashear, et al (2003:191) says that when two parties have the same intentions and desire, they rely on each other. Therefore shared values can be considered to be related to trust in relationships (Morgan & Hunt, 1994). Brashear et al's, (2003:195) states that *when /.../ salespeople hold similar values, trust is more likely to develop*. The authors also state that shared values are the most important way to build trust (Brashear, et al, 2003:195). Yilmas and Hunt (2001:340) argue that the parties share values when they share a common goal, behaviour and policy regarding what is important, right and appropriate. Several authors (Morgan & Hunt, 1994; Yilmas & Hunt, 2001:340; Smith & Barclay, 1997) claim that when those values are congruent, trust and commitment will be stronger and common social norms can be developed. Misner (2004) argues that BNI is the world's most successful referral networking organization because of their shared values and shared implementation of the vision of the givers gain culture. He further argues that organizations gain lots of power and competitive advantage when all people in the organization strive in the same direction.

Moreover, one of the respondents means that the strong culture of BNI is one of the main reasons for its success. It is a "givers gain culture", where all the members are involved to help each other, not to just receive. According to the respondent all the members say to share this vision (Bruun, 2009-04-03). Based on the above arguments the following hypothesis is formulated:

**H17:** Shared values have a positive impact on overall member satisfaction within a referral network.



## 2.6 Relationship sacrifices

According to mentioned scholars there are several benefits connected to relationships. However relationships are demanding and therefore also result in sacrifices for members in business networks. The relational sacrifices have not been studied to the same extent as the relational benefits. Hunt et al (2006) are some of the few authors who have studied the sacrifices of relationships and choose to call the sacrifices costs, but in this study the term sacrifices will be used in order to not confuse them with the monetary related term cost. The possible sacrifices connected to a referral network will be explained in the following section.

### Effort

When choosing a service, the 'effort' related to the service is considered by customers, and is regarded as an important aspect, which can determine the purchase, according to Dabholkar (1995:34). The author further claims that the effort required using a product or service is mainly evaluated in a technology context, but some elements of it can be used in other service settings as well (Dabholkar, 1995). Davis, et al (1989) and Bagozzi (1990) claim that effort is related to the ease of using something; if the effort is minimized the service or product is considered as easy to use. The effort will affect the attitude towards a service or a product and eventually also the intention to use the service or product. Therefore the minimizing of effort for the customers is a strategic decision for companies (Davis, 1989). One of the respondents highlight being away from the family as an effort of the membership in BNI: *The problem with BNI is that the meetings are early in the morning and that can be a problem for some of people. If you have children for example it can be problematic. I know that from my own experience. I.../ In my case it affects my family since I have three children; my wife is forced to take care of all three of them during the morning when the BNI meeting is held* (Bosholdt, 2009-04-06). The above discussion leads to the following hypothesis:

**H18:** Effort has a negative impact on overall member satisfaction within a referral network.

### Expensiveness

Hunt et al (2006:76) claim that relationships are also cost consuming, since firms need to maintain and build the relationships. Misner (2007:74) argues that it is important to choose a network with a national or international base and a network that has structure, support and effective policies. He claims that a more costly network provides these attributes while others lack recruitments and are inexpensive. Consequently, in the long run you get what you pay for

(Misner 2007:74). All respondents agree that the cost of being a part of BNI is low, around 6380 DKK per year. The price is not important for the respondents when deciding whether to stay in the network or not (Rasmussen, 2009-04-01; Bruun, 2009-04-03; Bosholdt, 2009-04-06). One respondent means that companies in BNI are not that price sensitive, they rather pay more to use a recommended product or service, since it is more trustworthy (Rasmussen, 2009-04-01). Although the respondents' answers indicate that the cost of being a member of BNI is not considered a sacrifice, there is still need for a hypothesis related to this aspect since authors claim it to be a relationship sacrifice. The hypothesis is therefore:

**H19:** Expensiveness has a negative impact on overall member satisfaction within a referral network.

### **Missed business opportunities**

Hunt et al (2006:76) further argue that the consequence of prioritizing offers from member sin a network is that offers from external providers will be excluded, and therefore missed business opportunities is a sacrifice. One respondent says that he does not feel a pressure to buy a product from a BNI member but mostly he does, due to the service and quality he receives. The same respondent also agrees that loyalty is a part of why members prior a service from another member: *Loyalty is very important. We don't focus that much on price, but rather the products. If their (a provider outside BNI) products are better, then we can decide to purchase from them instead. The products are the determining aspect* (Bosholdt, 2009-04-06). The respondents' answers concerning the missed business opportunities provided by external providers are not fully consistent with scholar's arguments; however the importance of these sacrifice needs further investigation which leads to the following hypothesis:

**H20:** Missed business opportunities provided by external providers have a negative impact on overall member satisfaction within a referral network.

### **Prioritizing offers from members**

Another sacrifice is the fact that other alternatives outside the network are being rejected in advance, even if the offer might be better than from a company inside the network. This decision, caused by loyalty to members within the network, may not be the best decision for the business, according to Hunt et al (2006:76). One respondent states that even if another firm has a better offer, the service and quality cannot be determined in beforehand in the same way as it can be done with a recommended contact since it has not been tested (Bruun, 2009-

04-03). Another respondent agree: *if somebody recommend me something, that from the experience I have. /.../ Then I don't care if I go into a store and the computer cost 10 000 or 10 500 from the guy I know, I would rather buy from the guy I know* (Rasmussen, 2009-04-01). Based on this discussion, the following hypothesis was formulated:

**H21:** Prioritizing offers from BNI members even if there are superior external offers has a negative impact on overall member satisfaction within a referral network.

### **Time consuming**

Finally, Hunt et al (2006:76) states that another sacrifice is the fact that networking takes time. The relationship need to be taken care of to maintain as strong as possible which takes time. Misner (2004) argues that networking may be time demanding but that the longer the membership lasts the greater the chances to get better referrals. Successful networkers simply need to find the time since networking is a contact sport, which is based on reliable relationships. All of the respondents agree that the main sacrifice of being a part of BNI is the time it takes (Rasmussen, 2009-04-01; Bruun, 2009-04-03; Bosholdt, 2009-04-06). *But they have to invest some time, and I believe that we meet 1,5 hours every week but they have to invest at least 1,5 hours between the meetings, calling people, help colleagues of the BNI chapter* (Bruun, 2009-04-01). The meetings are held 48 times a year, and the members should attend every time to make the most out of the network. *It is really important to be there every time, because the way you help the other companies is by being there and listening to what they have to say. And listen to what companies they need to talk to. If you are not there for three weeks then you can't help them for three weeks, and it is all about helping, so of course the sacrifices is time* (Rasmussen, 2009-04-01).

The respondent also says that it takes time every week, but the time invested in BNI is well spent and can be considered as sales and marketing time, which most sales people need to do much more of (Rasmussen, 2009-04-01). Based on this the discussion, the hypothesis is as follows:

**H22:** Time consuming sacrifices has a negative impact on overall member satisfaction within a referral network.

## 2.7 Summary of the hypotheses

The hypotheses related to benefits and sacrifices are summarized in Table I below.

	Hypotheses regarding Benefits	Scientific literature	Non scientific literature	Respondents of BNI
H1	The creation of new business opportunities has a positive impact on overall member satisfaction within a referral network.	X	X	X
H2	Increased turnover has a positive impact on overall member satisfaction within a referral network.	X	X	X
H3	Increased competitiveness has a positive impact on overall member satisfaction within a referral network.	X	X	X
H4	Price savings and reductions have a positive impact on overall member satisfaction within a referral network.	X		
H5	Time saving benefits has a positive impact on overall member satisfaction within a referral network.	X	X	X
H6	Faster service when purchasing from fellow members has a positive impact on overall member satisfaction within a referral network.	X		
H7	Access to expertise has a positive impact on overall member satisfaction within a referral network.	X		X
H8	Supply of training and education has a positive impact on overall member satisfaction within a referral network.		X	X
H9	Social activities have a positive impact on overall member satisfaction within a referral network.	X	X	X
H10	Informal relationships have a positive impact on overall member satisfaction within a referral network.	X	X	X
H11	Friendship has a positive impact on overall member satisfaction within a referral network.	X	X	X
H12	Information exchange (beyond business) has a positive impact on overall member satisfaction within a referral network.	X		X
H13	Trust has a positive impact on overall member satisfaction within a referral network.	X	X	X
H14	Keeping promises between members has a positive impact on overall member satisfaction within a referral network.	X	X	X
H15	Reduced risks when dealing with BNI members has a positive impact on overall member satisfaction within a referral network.	X	X	X
H16	Reduced anxiety when buying a service or product from a member in the BNI network has a positive impact on overall member satisfaction within a referral network.	X	X	X
H17	Shared values have a positive impact on overall member satisfaction within a referral network.	X	X	X
	<b>Hypotheses regarding sacrifices</b>			
H18	Effort has a negative impact on overall member satisfaction within a referral network.	X		X
H19	Expensiveness has a negative impact on overall member satisfaction within a referral network.	X	X	
H20	Missed business opportunities provided by external providers have a negative impact on overall member satisfaction within a referral network.	X		
H21	Prioritizing offers from BNI members even if there are superior external offers has a negative impact on overall member satisfaction within a referral network.	X		X
H22	Time consuming sacrifices has a negative impact on overall member satisfaction within a referral network.	X	X	X

**Table I:** Hypotheses regarding relationship benefits and sacrifices. X indicates that the hypotheses are mentioned by the source and a blank square means that the hypotheses is not supported by a source or not mentioned.

### **3. Method**

*The following chapter presents and describes several methodological choices this study has made, such as research design, measurements and data collection. Furthermore, this section motivates why the chosen research methods are the most relevant in order to fulfil the purpose of the study. The section ends with explaining how the hypotheses and survey are reinforced.*

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#### **3.1 Research design**

This study uses a case study as research design, since the aim of the study is to in detail analyse benefits and sacrifices in a specific referral network. Using a case study when the aim is to gain detailed insights is supported by Bryman and Bell (2007:62) and Malhotra and Birks (2003:140). Bryman and Bell (2007:62) defines a basic case study as: *it entails a detailed and intensive analysis of a single case*. The case study design of this study is based on a single organisation: BNI (Business Network International), where chapters in two regions are chosen; BNI Copenhagen and BNI Malmö. In this study, the case will only be called BNI when referring to both chapters and when the chapters are discussed separate, the terms BNI Copenhagen and BNI Malmö are used. According to Bryman and Bell (2007:63) a case study is useful when employing both quantitative and qualitative data which this study consist of. However, as Bryman and Bell (2007:63) argue it can be questioned whether the external validity or generalizability can be seen as representative or not, since only one single case is being analyzed and the conclusions of the case may not be valid in other cases. Hence, it is questioned to which degree the BNI Copenhagen/Malmö case can be seen as representative for other BNI cases as well as for other referral network organisations. Even though, the researchers of this study argues that since BNI is a standardized concept, the conclusions of this study are more appropriate to apply on other BNI cases, than if BNI were an unstructured organization.

There is a lack of research regarding member satisfaction in referral networks. Consequently, this study will have an explanatory research approach since it aim to explain member satisfaction, which is similar to Lundahl & Skärvad (1999:48) description of an explanatory approach. The study is based on quantitative statistics in order to test hypotheses and explain the impact relationship benefits and sacrifice have on satisfaction. The study also involves elements of an explorative study, since known theoretical frameworks (e.g. relationship

profitability model, relationship theories etc.) are tested on empirical material, and the aim of the study has been problematized (Lundahl & Skärvad, 1999:47). This study applies a relationship profitability model by Storbacka (1994) in order to explain the connection between benefits and sacrifices and perceived value and satisfaction. Benefits and sacrifices will act as explanatory variables to members' overall satisfaction, which is a structure in comparison to Holme and Solvang (1997:283-284) arguments how to use explanatory variables.

Qualitative and quantitative research methods are combined in this study. Qualitative interviews and observations and a quantitative survey is used in order gain empirical insights from several perspectives. The combination of methods used is similar to one of Grønmo's (1982) strategies of qualitative and quantitative methods. The chosen combination strategy consists of using the qualitative method (interviews with BNI-respondents as well as an unstructured observation during a BNI-meeting) as a foundation for the quantitative investigation (surveys among the members). In accordance to Holme and Solvang (1997:86) the qualitative part of the method is applied as a pre-investigation to ensure that the study has an empirical ground from which knowledge was gained in order to develop relevant hypotheses. This strategy is also in accordance to Bryman & Bell (2007) who argues that qualitative research facilitates quantitative research for example when providing hypotheses in order to test them. The qualitative material also acted as preparation for the quantitative study in order to structure a reliable and relevant survey. Furthermore, since the study is explanatory, some qualitative material will be used as a conceptual framework, not as a determinant for the result. This study aim to explain rather than understand the relationship between the determinants (benefits and sacrifices) and satisfaction, which is characteristic for quantitative research method according to Lundahl & Skärvad (1999:48).

### **3.2 Data collection**

Primary as well as secondary sources have been used in this study, in order to test current relationship marketing and relationship benefit/sacrifice theories on an existing case, BNI. The primary sources consist of an open observation at a BNI meeting, semi-structured interviews with three respondents from BNI as well as the 124 respondents of the survey. The secondary sources consist mainly of research concerning relationship marketing and referral networks, since those areas are of focus in this study. Due to the limited research of referral

networks, other research is used and applied in a referral network context. Scholar articles as well as, to some extent, non-scholar sources are used.

### **Observation**

An open observation was chosen in order to understand how BNI works in practice. The researchers attended seven meetings in BNI Copenhagen and in BNI Malmö, where one meeting acted as a preparation for the researchers to be able to understand the structure of BNI. Remaining meetings were attended partly because of distribution of surveys, but also to further enhance the understanding of the structure of BNI meetings. The leaders of the meetings informed the BNI members of the study to make them aware of why the researchers attended the meeting. A passive profile was held by the researchers and no interaction was held during the meeting, in accordance to how an open observation is carried out according to Holme & Solvang (1997:111-115). The benefit of using observation as a method for this study is due to how it helps the researchers to interpret the result since the behaviour of the members also have been studied. The researchers gain understanding of how members act and interact during meetings, which provide this study a more truthful reflection of BNI than would have been possible if only surveys and interviews were used. The observation provided an insight of the BNI organization, however there is awareness that the presence of the researchers might have affected the behaviour of the members, and therefore not provide an entirely representative view of a BNI meeting.

### **Interviews**

The interviews were based on pre-established questions concerning relationship benefit theories, which needed to be confirmed by the respondents in order to know if the benefits and sacrifices were valid in BNI or not. This type of semi-structured interviews allowed in accordance to Bryman and Bell (2007) the interviewer to be flexible and open minded during the session. The respondents in the qualitative interviews were chosen due to their different roles in BNI. Two BNI members were interviewed regarding their opinions of BNI, member satisfaction and relationship benefits and sacrifices connected to BNI. Moreover, a semi-structured interview was conducted with the Adm. Dir/ executive director of BNI Denmark regarding BNI and managerial insights of member satisfaction and relationship benefits and sacrifices. Even though the aim of using respondents with different experience of BNI was to gain a less subjective view, there is awareness that opinions from only three BNI respondents can not represent all members. The respondents highlighted different benefits and sacrifices

and more interviews could have lead to a more scattered view. However, since the purpose of using the interviews was to conduct accurate hypotheses and to confirm already stated facts from previous research, this study argues that interviews with more respondents would result in a similar range of hypotheses.

## **Survey**

This study uses what Lundahl and Skärvad (1999:168) defines as a descriptive survey in order to explain a phenomenon; the impact that benefits and sacrifices have on members' overall satisfaction in BNI. The Adm. Dir/ Executive Director of BNI Demark as well as the Regional Director of BNI Malmö were contacted in beforehand to approve the survey. The reason for distributing the surveys personally was both that directors preferred this method instead of email distribution, as well as the answer frequency was considered to be higher among the members if receiving the survey in person and not electronically. Email distribution might have resulted in that the respondents would have forgot to answer the survey, but could have provided more detailed answers, because the respondents might have had more time to fill in the survey.

All questions except two were multiple-choice answers and without possibility of writing an individual answer. In Accordance to Bryman and Bell (2007) a self-completion survey was considered favorable since it is filled out by the respondent without the aid of an interviewer, which made the data collection more efficient. The survey was pre-tested in order to minimize misunderstandings and errors, in accordance to the recommendations by Holme and Solvang (1997:175-176).

This study focuses on BNI chapters in the Copenhagen region in Denmark as well as in the Malmö region in Sweden because some restrictions of the extensiveness of the study were needed. Out of 16 BNI chapters in Copenhagen, surveys were distributed in five chapters and out of eight BNI chapters in Malmö, surveys were distributed in five chapters. The surveys were distributed during chapters' morning meetings (7a.m-8:30a.m) or the lunch meeting (11:30a.m-1:00p.m) during one week. The groups have between 17 and 40 members and in total 124 surveys were collected. These chapters were chosen to represent answers regarding relationship benefits and sacrifices as well as member satisfaction within the BNI chapters in the two regions.



According to Bryman and Bell (2007) there are diverse exceptional criteria's for evaluating a study. Reliability examine whether research results are repeatable or not, hence if the study can be relied upon or not. Validity focuses on if the measures match or are in harmony with the reality. This study has a general character and can be applied in other countries as well since no specific cultural differences were identified (see discussion on pg. 37-38). The standardized concept of BNI is evidently a reason for this but since the study is focusing on member opinion the results can differ between chapters.

### **3.3 Measurement**

#### **Hypotheses**

The reason for using hypotheses was that the aim of this study includes many different aspects which cannot be lumped together. There was a need to break down the broader aspects (social, functional, psychological benefits and sacrifices) into more defined factors in order to make an accurate empirical data collection and analyses. The hypotheses of this study consist of reason variables (benefits and sacrifices) in relation to effect variables (satisfaction). These variables assist in fulfilling the purpose of the study, as well as test related theories. The hypotheses are reinforced by arguments from three different perspectives of sources; the scientific perspective (previous research), the non-scientific perspective (professional papers, and texts authored by the founder of BNI) as well as from the three BNI respondents. The reason for using three different perspectives when developing the hypotheses was to gain relevant hypotheses which were not entirely based on theories but also on a practical viewpoint that has not yet been identified by scholars, because of the subject's relatively novelty. Lundahl & Skärvad (1999:48) argue that the hypotheses in an explorative study is well defined and is reliable variables that can be measured, which is why the hypotheses were transferred into questions in the survey in this study.

In this study 20 hypotheses are tested. Table I (pg. 28) illustrates a summary of the hypotheses regarding if they are supported by scientific literature review, non-scientific literature review and qualitative interviews. H1-H8 measures the functional benefits. H1 represents the impact of new 'business opportunities' which is supported by all three analytical categories; scientific, non-scientific and by the BNI respondents. H2 captures the impact of 'increased turnover' and is also supported by all analytical categories. H3 focuses on 'increased competitiveness' and is supported by all three categories as well. H4 represents 'saving

money and price reductions’ and is only supported by the scientific category. H5 measures ‘time saving’ and is supported by all three analytic categories. H6 includes ‘faster services when purchasing from members’ and is supported by the scientific category. H7 encompasses ‘access to expertise’, which is supported by the scientific category and BNI respondents. H8 cover ‘supply of training and education’ and is supported by all three categories. H1-H8 were transferred into one question each in the survey as well as one multiple-choice answer each in the broader question regarding which aspects the members find important in BNI (See Appendix 3). H9-H12 measures the social benefits. H9 captures ‘social activities’ and is mentioned by all three categories. H10 captures ‘informal relationships’ is supported by the scientific and non-scientific categories. H11, ‘friendship’, is supported by all three categories. H12, which covers ‘information exchange’, is supported by the scientific category and by the respondents. H9-H12 was transferred into one question each in the survey. H9 and H12 was transferred one multiple-choice answer each in the broader importance question whereas H10 and H11 both were represented by the multiple-choice answer ‘friendship’, since ‘informal relationship’ and ‘friendship’ was argued to be nearly identical aspects (See Appendix 3). H13-H17 describes the psychological benefits. H13 covers ‘trust’ and H14, ‘keeping promises’ and are both supported by all three analytical categories. H15 focuses on ‘reduced risk’ and is supported by all three categories. H16 measure ‘reduced anxiety’ also has support from all three categories. Finally H17, ‘shared values’, and has support from all three categories. H13-H16 were transferred into one question each in the survey and one multiple-choice answer each in the broader question regarding which aspects the members find important in BNI (See Appendix 3). H18-H20 consists of the perceived sacrifices of the membership. H18 covers ‘demanding efforts’, which is supported by the scientific category and by the BNI respondents. H19 measures the ‘expensiveness’ of being a member and has support in the scientific and non-scientific categories. H20 covers ‘missed business opportunities’ and has support from the scientific category. H21, ‘prioritizing offers from BNI members’, has support from scholars and respondents. H22, ‘time consuming’, is supported by all three categories. H18-H22 was transferred into one question each in the survey. By using the quantitative data collection the hypotheses H1-H20 will be either proven to be correct or proven to be wrong.

## Survey

Since BNI has a very structured programme without redundant time beyond the schedule, it was important to create a survey that was easy and quick to fill out. The survey consists of 35 questions, where four questions aimed to categorize the members by four criteria; company size, membership duration, nationality; Swedish or Danish, and whether the company was product or service orientated. However, only nationality and membership duration were used for the descriptive analyses, since number of employees and type of company are not considered relevant in order to fulfil the purpose of this study. Eight questions regard functional benefits, four questions regard social benefits and five questions regard psychological benefits. Five questions in the survey focused on sacrifices, however since two of the sacrifice questions lowered the recommended by Malhotra and Birks' (2003:314) alpha value to less than a threshold of 0,60, these two sacrifices had to be excluded from the results. Therefore, the two hypotheses of these two sacrifices were ignored. The survey acquires approximately five minutes to fill in. A five-degree interval Likert-scale is used ranging from 1 to 5. For question 1, ranking 5 means 'very satisfied' and 1 means 'not satisfied', for questions 3-26 the ranking 5 means 'totally agree' and 1 means 'totally disagree', for question 27 ranking 5 means 'completely' and 1 means 'not at all', for question 28 ranking 5 means 'very close' and 1 'not close at all, and for question 30 ranking 5 means 'very likely' and 1 'not likely at all. The survey also has two open questions (2 and 35) to give the members the opportunity to specify recommendations and opinions concerning their satisfaction with the membership. The survey also includes five satisfaction questions, however in order to create an overall satisfaction variable only three of the satisfaction questions were used. The satisfaction questions used are the three questions which are inspired by Mägi (2003:105); "overall how satisfied are you with your membership in BNI?", "how well does your BNI network match your expectations?" and "imagine the perfect network. How close to this ideal network is BNI?". When creating the hypotheses loyalty was considered an interesting aspect of BNI, which is why one satisfaction question (no. 29) was inspired by Reichheld (2003) and why loyalty was one multiple-choice answer in the importance question (no. 30) (See Appendix 3). However, loyalty was chosen to be excluded from this study, which is why the question and multiple-choice answer regarding loyalty will not be used.

## 4. Results

*This chapter consists of the empirical results of the study. The results are based on information gathered from self-completion surveys, which were handed out to members during BNI meetings in the BNI Copenhagen and BNI Malmö chapters.*

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The intention in the beginning of this study was to categorize the respondents by nationality and by membership duration. This resulted in a slightly bias regarding nationality and membership duration where 55 of the respondents (44 per cent) are Danish, 69 of the respondents (56 per cent) are Swedish. Moreover, 70 of the respondents (57 per cent) have been members for 0-12 months, while 53 respondents (43 per cent) have been members for 13-60 months. However, since no major differences were found (as shown later in 4.1, Descriptive statistics) the categorization will not be used in the analyses.

Before analyzing the possible impact of the relationship benefits and sacrifices on member satisfaction, the survey questions (H1-H22) needed to be investigated. Therefore an  $\alpha$  (alpha) test for reliability were performed in order to assure that the selected benefits and sacrifices in each category (functional, social, psychological and sacrifices) correlate. As described earlier in this paper H1-H8 cover the functional benefits, H9-H12 the social benefits and H13-H17 involves the psychological benefits. All three benefit dimensions have  $\alpha$  values above what Hair et al (1995) recommend of 0,70. Functional benefits have an  $\alpha$  value at 0,771, social benefits an  $\alpha$  value at 0,826 and psychological benefits a value at 0,803. The sacrifice dimension was reduced from five questions to three, in order to increase the  $\alpha$  value to 0,61 and therefore assure the highest correlation possible. Therefore the sacrifice dimension consists of H18-H20 and H21-22 was excluded from the study. The  $\alpha$  value for the sacrifice dimension is not above the threshold value 0,7, recommended by Hair et.al (1995) but it is above the suggested threshold value at 0,6 recommended by Malhotra and Birks (2003:314) and it is therefore considered relevant to use these three sacrifice aspects to fulfil the purpose of this study.

The survey consisted of five general satisfaction questions. When the empirical data was collected it was decided to only use the questions inspired by Mägi (2003:105). These satisfaction questions are: “Overall how satisfied are you with your membership in BNI?”, “Imagine the perfect network. How close to this ideal network is BNI?” and “How well does

your BNI network match your expectations?” The reason to use only these three satisfaction question and not include “Being a member of BNI only result in benefits” and “How likely is it that you would recommend BNI to a friend or a colleague” is that the selected satisfaction questions previously been used by researchers, e.g. Mägi (2003) in order to create a sum variable for satisfaction. Since a sum variable similar to the variable in Mägi (2003) is needed in order to fulfil the purpose of the study this method is considered the most accurate. The two neglected satisfaction questions were considered to contribute less to an insight of the overall members’ satisfaction and are therefore excluded.

#### 4.1 Descriptive statistics

T-tests were performed in order to track possible differences between the Danish and Swedish respondents regarding satisfaction with the relationship benefits and sacrifices. Table II below illustrates the mean values for members’ satisfaction regarding the three benefit categories (functional, social, and psychological) as well as the sacrifices, separated by nationality. The table shows that the functional benefit category is the only one which shows significance, hence the only variable where a difference between the nationalities can be statistically assured. Regarding overall satisfaction with the functional benefits the mean value among the Swedish respondents is 3,72 compared to the Danish mean value of 3,46. However, it can not be statistically assured that there is a difference in mean value regarding the social, psychological benefits or the sacrifices between the nationalities.

	Mean value (SWE)	Mean value (DK)	Sig 2 tailed	Sig.	t-value
<b>Functional benefits</b>	3,72	3,46	0,022**	,937	2,322
			0,021**		2,341
<b>Social benefits</b>	3,54	3,31	,169	,796	1,383
			,170		1,382
<b>Psychological benefits</b>	3,84	3,98	,202	,109	-1,284
			,193		-1,309
<b>Sacrifices</b>	2,09	2,14	,699	,149	-,387
			,693		-,395

**Table II:** T-test comparing mean values based on nationalities.

\*\* means that the differences in mean values show significance.

T-tests were conducted in order to track potential differences between the members’ satisfaction with the relationship benefits and sacrifices based on their membership duration.

These mean values are shown below in Table III. The functional benefit category is the only factor which shows significance, hence the only category where a difference in mean value based on membership duration is statistically assured. The mean value for the respondents which have been members of BNI for 0-12 months were 3,48 in comparison to a mean value of 3,76 for the respondent with a membership duration of 13-60 months. The other categories (social, psychological and sacrifices) do not show significance differences. Hence, it cannot be statistically assured that the members' considerations regarding these categories differ based on the length of their BNI membership.

	Mean value (all)	Mean value (0-12 months)	Mean value (13-60 months)	Sig 2 tailed	Sig.	t-value
<b>Functional benefits</b>	3,61	3,48	3,76	0,010**	,272	-2,619
				0,012**		-2,570
<b>Social benefits</b>	3,44	3,31	3,62	,065	,501	-1,860
				,068		-1,840
<b>Psychological benefits</b>	3,90	3,97	3,80	,128	0,007*	1,533
				,144		1,475
<b>Sacrifices</b>	2,11	2,11	2,11	,994	,437	,008
				,994		,008

**Table III:** T-test comparing mean values based on membership duration  
 \*\* means that the differences in mean values show significance.

The importance of different relationship benefits when being a member in BNI is an essential part of the study. Therefore a cross-tabulation test was conducted in order to track potential differences based on nationality or membership duration regarding which benefits are considered important in BNI. As shown in Table IV and V (See Appendix 4) all benefits consist of too limited samples in order to statistically assure a difference based on nationality or membership duration. Hence, it can not be statistically assured that there is a difference between the Danish and the Swedish respondents regarding which benefits they consider important in BNI, or be statistically assured that there is a difference based on their membership duration in BNI.

The result from the descriptive statistics show no particular differences in opinions connected to nationality or membership duration. Therefore, the following results will be analysed without focusing on members' nationality or membership duration. The members' opinions can be seen as representative for the BNI Copenhagen/Malmö case, regardless of nationality or membership duration.

## 4.2 Mean Value and Adjusted R<sup>2</sup> value

Tables VI-X show the mean value for all hypotheses. The tables also show the hypotheses' impact on overall member satisfaction, CSI (Customer Satisfaction Index) which have been tested through multiple linear regression analyses and are illustrated by their adjusted R<sup>2</sup> value. Furthermore, the tables consist of significance values (Sig.) to display if the hypotheses are statistically assured or not. Moreover the F-value is displayed as well as the Beta-value, which basically displays the level and direction of correlation between the hypotheses and members' CSI. A positive Beta-value means that there is a positive correlation between the hypothesis and the member's CSI. Therefore a positive Beta-value assists in confirming that the hypothesis has a positive impact on overall member satisfaction (given that the hypothesis *has* an impact on member's CSI). If the Beta-value is negative there is a negative correlation between the hypothesis and members' CSI. Hence, a negative Beta-value confirms that the hypothesis has a negative impact on overall member satisfaction (given that the hypothesis *has* an impact on member's CSI).

### Functional benefits

Table VI illustrates the values of functional benefits. In order to gain knowledge of how the functional benefits in general affect satisfaction, the mean values of each functional benefit (H1-H8) were added into one satisfaction mean value for all functional benefits. The last row in Table VI (total functional) shows this value as well as how the total functional benefit category impacts members' CSI.

The satisfaction value of the total functional benefit category is 3,61 which is the second best mean value, after the total psychological benefit category. The functional benefits which has the highest satisfaction score is 'access to expertise' (H7) with a mean value of 4,08. 'Saving money and price reduction' (H4) has the lowest mean value; 3,17. Total functional benefits show an adjusted R<sup>2</sup> value of 0,52 which means that all functional benefits explains 52 % of the variation in members' CSI. 'Business opportunities' (H1) can explain 44 per cent of the variation in the members' CSI, which is the highest value among all benefits. 'Training and education' (H8) is the hypothesis which has the lowest adjusted R<sup>2</sup> value among the functional benefits, 0,05, which means that H8 only explains only five per cent of the variation in the BNI members CSI. The remaining satisfaction mean values and adjusted R<sup>2</sup> values of the functional benefits are shown on the next page in Table VI.

Hypotheses	Satisfaction (Mean value)	Impact on CSI (Adj. R Square)	Sig.	F	Beta
H1	3,56	,44	,00*	96,72	,67
H2	3,37	,23	,00*	37,76	,49
H3	3,75	,32	,00*	59,04	,57
H4	3,17	,08	,00*	11,93	,30
H5	3,94	,25	,00*	40,99	,50
H6	3,44	,19	,00*	29,46	,44
H7	4,08	,15	,00*	22,65	,40
H8	3,51	,05	,01*	7,98	,40
<b>Total functional</b>	3,61	,52	,00*	135,10	,73

**Table VI:** Satisfaction mean values and adjusted R<sup>2</sup> values for functional benefits.

### Social benefits

Table VII illustrates the values of social benefits. In order to gain knowledge of how the social benefits in general affect satisfaction, the mean values of each social benefit (H9-H12) were added into one satisfaction mean value for all social benefits. The last row in Table VII (total social) shows this value as well as how the total social benefit category impacts members' CSI.

Results show that the total mean value of the social benefit category at 3,44, is the lowest satisfaction score among the three benefit categories. The social benefit which has the highest satisfaction score is 'information exchange' (H12) with the mean value of 3,82 and the lowest score is 'social activities' (H9) with a value of 3,10, which makes it the lowest mean value of all the benefits. None of the social benefits can explain the member satisfaction to a great extent. Total social benefits has an adjusted R<sup>2</sup> value of 0,12, which means that all social benefits together only explains 12 % of the variation in members' CSI. 'Friendship' (H11) can explain ten per cent of the variation in the members' CSI, which is the highest adjusted R<sup>2</sup> value among the social benefits. If members enjoy 'social activities' with each other (H9), has the lowest adjusted R<sup>2</sup> value, 0,06, which means that this hypotheses only explains six per cent of the variation in members' CSI. The remaining satisfaction mean values and adjusted R<sup>2</sup> values of the social benefits are shown on the next page in Table VII.



Hypotheses	Satisfaction (Mean value)	Impact on CSI (Adj. R Square)	Sig.	F	Beta
<b>H9</b>	3,10	,06	,01*	8,26	,25
<b>H10</b>	3,49	,07	,00*	9,52	,27
<b>H11</b>	3,35	,10	,00*	15,35	,33
<b>H12</b>	3,82	,09	,00*	13,32	,31
<b>Total social</b>	3,44	,12	,00*	18,04	,36

**Table VII:** Satisfaction mean values and adjusted R<sup>2</sup> values for social benefits.

### **Psychological benefits**

Table VIII shows the values for psychological benefits. In order to gain knowledge of how the psychological benefits in general affect satisfaction, the mean values of each psychological benefit (H13-H17) were added into one satisfaction mean value for all psychological benefits. The last row in Table VIII (total psychological) shows this value as well as how the total psychological benefit category impacts members' CSI.

Results illustrate that among the three benefit categories, members are most satisfied with the psychological benefits, since the mean value of total psychological benefits is 3,90. The psychological benefit with the highest satisfaction value is 'trust' (H13) with a mean value of 4,03 and the lowest is 'shared values' (H17) with a value of 3,78. The total psychological benefits category has an adjusted R<sup>2</sup> value of 0,29, which means that all psychological benefits can explain 29 % of the variation in members' CSI. The hypotheses regarding 'keeping promises' (H14) has an adjusted R<sup>2</sup> value of 0,22 which means that 22 per cent of the variation of the CSI can be explained by H14. 'Reduced risk' (H15) and 'reduced anxiety' when buying products or services from BNI members (H16) both explain 13 per cent of the variation in members' CSI, which means that H15 and H16 have the lowest impact on members' CSI. The remaining satisfaction mean values and adjusted R<sup>2</sup> values of the psychological benefits are shown on the next page in Table VIII.

Hypotheses	Satisfaction (Mean value)	Impact on CSI (Adj. R Square)	Sig.	F	Beta
H13	4,03	,19	,00*	29,30	,44
H14	3,98	,22	,00*	36,06	,48
H15	3,81	,13	,00*	19,62	,37
H16	3,90	,13	,00*	19,48	,37
H17	3,78	,15	,00*	23,47	,40
<b>Total Psychological</b>	3,90	,29	,00*	52,33	,55

Table VIII: Mean value and adjusted R<sup>2</sup> value for psychological benefits.

### Sacrifices

Table IX shows the values for sacrifices. In order to gain knowledge of how sacrifices in general affect dissatisfaction, the mean values of each of the sacrifices (H18-H20) were added into one dissatisfaction mean value for all sacrifices. The last row in Table V (total sacrifices) shows this value as well as how the total sacrifice category impacts members' CSI.

The dissatisfaction mean value for total sacrifices is 2,11. The sacrifice with the highest score is 'expensiveness' (H19) at 2,35 and the lowest is 'missed business opportunities' (H20) with a mean value of 1,83. This means that the members consider the 'expensiveness' as the most troublesome and 'missed business opportunities' as the least troublesome. Sacrifices can also impact the members' CSI. The three chosen sacrifices for this study affect CSI to a small extent. 'Expensiveness' (H19) has the highest adjusted R<sup>2</sup> value, 0,08, which implies that eight per cent of the variation in members' CSI can be explained by this sacrifice. 'Missed business opportunities' from external providers due to membership in BNI (H20) has the lowest adjusted R<sup>2</sup> value and can only explain one per cent of the variation in the members' CSI. As mentioned earlier the sacrifices H21 and H22 were removed from the study since they did not correlate well with the other sacrifices and lowered the total  $\alpha$  value. Hence, the result of H21 and H22 are not valid and not displayed in Table IX below.

Hypotheses	Dissatisfaction (Mean value)	Impact on CSI (Adj. R Square)	Sig.	F	Beta
H18	2,15	0,05	,01 <sup>a</sup>	7,13	-0,24
H19	2,35	0,08	,00 <sup>a</sup>	11,22	-0,29
H20	1,83	0,01	,14 <sup>a</sup>	2,20	-0,13
H21	X	X	X	X	X
H22	X	X	X	X	X
<b>Total Sacrifices</b>	2,11	0,08	,00 <sup>a</sup>	12,17	-0,30

Table IX: Dissatisfaction mean value and adjusted R<sup>2</sup> value for sacrifices

### 4.3 Importance aspects

Table X illustrates the importance aspects concerning BNI. The aspect which the 124 respondent consider most important is ‘business opportunities’, since it is stated important by 96 per cent of the members. ‘Increased turnover’ is considered the second most important and ‘trust’ the third most important. The aspects which are considered least important are ‘social activities’ with 22 per cent, ‘discounts and special deals’ with 13 per cent and ‘reduced anxiety’ with the lowest ranking, 7 per cent. The ranking among the benefit aspects is shown below in Table X.

<b>Importance aspects</b>	<b>Percentage of 124 respondents</b>
Business opportunities	96
Increased turnover	70
Trust	57
Time saving	48
Keeping promises	46
Information sharing (beyond referrals)	45
Access to expertise	42
Training and education	32
Reduced risk	32
Friendship	30
Increased competitiveness	30
Faster service	27
Shared values	27
Social activities	22
Discounts and special deals	13
Reduced Anxiety	7

**Table X:** Importance ranking regarding the benefit aspects.

## 5. Analysis

*In this chapter, the analysis of the empirical findings regarding the relationship benefits and sacrifices are presented and the hypotheses will be answered based on empirical data and the conceptual framework. The hypotheses will firstly be analyzed based on how important the BNI members consider the benefit, followed by the adjusted R<sup>2</sup> value in order to measure the impact each benefit has on members CSI (Customer Satisfaction Index). After that, every benefit is analyzed based on the satisfaction mean value in order to evaluate which benefits the members of BNI are satisfied with. The sections finish with stating if the hypotheses are proven to be correct or proven to be wrong.*

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### 5.1 Benefits

#### Functional benefits

##### Business opportunities and increased turnover

H1: The creation of new business opportunities has a positive impact on overall member satisfaction within a referral network.

H2: Increased turnover has a positive impact on overall member satisfaction within a referral network.

The two economic benefits; ‘business opportunities’ and ‘increased turnover’ which are a part of functional benefits proved to be ranked as the two most important benefits for members in BNI. 96 per cent of the members consider ‘business opportunities’ to be important and 70 per cent of the members consider ‘increased turnover’ to be important. This means that the results of this study is in accordance to Murry & Heide (1998) and Wathne et al (2001), who claim that economic outcomes of relationships are more important than interpersonal outcomes. In addition to ‘business opportunities’ being considered the most important aspect, this benefit proves to have the largest impact on overall member satisfaction; ‘business opportunities’ can explain 44 per cent of the variation in the members CSI. This result further strengthens the arguments by Murry & Heide (1998) and Wathne et al (2001) regarding the importance of economic outcomes in comparison to interpersonal outcomes. However it must be noted that ‘trust’, which is a psychological benefit, is seen as the third most important benefit, hence higher than the remaining functional benefits. A possible explanation for this is that they are mainly economic benefits which have been considered most important in previous research and the remaining functional benefits can be seen as more strategic advantages and not considered as purely economical benefits. ‘Increased turnover’ which is seen as the second

most important aspect according to the BNI members, explains 23 per cent of the variation in the members' CSI. Hence, 'business opportunities' can be argued to have both considerably more impact on members' CSI and be seen as the most important economic benefits. The difference between the two economic benefits can be explained by the BNI culture. The founder of the BNI, Misner (2007), mentions that referrals are not equal to guaranteed sales, the rest of the sales process is the responsibility of the person receiving the referral. Hence, it can be argued that in BNI it is more important that the members provide possible business opportunities than if business opportunities actually result in sales, since this part of the selling process does not directly involve the other members. The satisfaction mean value for 'increased turnover' (H2) is 3,37 which is the second lowest mean value among the functional benefits. In similarity to the discussion regarding 'business opportunities', this low value indicates that there room for improvements regarding this important benefit as well.

Even though 'business opportunities' are considered the most important benefit among the members and has the highest impact on members CSI, it is not the benefit which the members are most satisfied with. There are positive comments regarding 'business opportunities' in the surveys such as e.g.: *Good business opportunities, /.../ constant flow of new business contact* (See Appendix 5). Nevertheless, with a mean value of 3,56, 'business opportunities' has only the fourth highest satisfaction value among the functional benefits and has only the tenth highest satisfaction value among all benefits. This could imply that members are not as satisfied as they could be with the aspect which they consider most important and has the most impact on their CSI. The dissatisfaction with this aspect is revealed in negative comments in the questionnaires, e.g. *Lack of references, Give much, and receive little*. (See appendix 5) Hence, there is potential for improvements regarding how to make the members more satisfied with the most important relationship benefit.

Based on this study's discussion, the hypotheses concerning 'business opportunities' (H1) and 'increased turnover' (H2) have proven to be correct; they have a positive impact on overall member satisfaction within a referral network.

### **Increased competitiveness**

H3: Increased competitiveness has a positive impact on overall member satisfaction within a referral network.

Among the BNI members, 30 per cent consider 'increased competitiveness' to be an important aspect of their membership. Even though approximately one third of the members consider 'increased competitiveness' to be an important aspect of BNI, it must be noted that nine benefits are regarded more important. None of the respondents in the qualitative interviews naturally mentioned 'increased competitiveness' as a strategic advantage or economic advantage of their BNI membership. Thus it can be argued that the BNI members have not reflected over the fact that a referral network membership can result in 'increased competitiveness'. This empirical finding therefore questions Sweeny and Webb's (2007) arguments regarding that competitive position is an important aspect of functional benefits.

'Increased competitiveness' can explain 32 per cent of the variation of the members CSI, which makes it the benefit with the second highest impact on member overall satisfaction. From an impact perspective, 'increased competitiveness' can therefore be seen as an important benefit with high impact on members' CSI and therefore be regarded an important functional benefit in accordance to Sweeny and Webb (2007). The satisfaction mean value for the 'increased competitiveness, benefit is 3,75 which means that it has the third highest satisfaction mean value among the functional benefits and the ninth highest value of all benefits. This means that even though the members consider 'increased competitiveness' to have moderate importance, and are only moderately satisfied with the benefit, it is still the benefit which has the second most impact on members' CSI. This can be interpreted as that 'increased competitiveness' is an unexpected outcome of being a member in BNI which is obtained automatically, therefore not thought of as a benefit. The members do not expect it, therefore it is not important to them, but it has a great impact on their CSI, which makes this benefit more important than the actual importance ranking indicates.

Based on this study's discussion, the hypothesis concerning 'increased competitiveness' (H3) has proven to be correct; it has a positive impact on overall member satisfaction within a referral network.

### **Saving money and price reductions**

H4: Price savings and reductions have a positive impact on overall member satisfaction within a referral network.

Some advantages derived from business relationships are claimed to be that the consumers save money or received special deals (Gwinner et al, 1998, Peterson, 1995). Members in a business network can be seen as both seller and buyers, especially in BNI since the aim of the organization is to give referrals in order to receive referrals in a long-term perspective. Since members of BNI can be seen as costumers, 'saving money' and price reductions' could be important benefits. However the empirical result from this study shows the opposite. Only 13 per cent of the members consider 'discounts and special deals' to be an important aspect in BNI, which makes this aspect the second least important among all benefits. This result confirms a comment in one of interviews where the respondents indicated that the members should not receive discounts when purchasing products or services from fellow members (Bruun, 2009-04-03). This paper argues that the reason why the empirical result contradicts the above mentioned theories is that these theories mostly have been applied to B2C and B2B contexts, and not to a referral network context. The relationship that BNI members have with each other is different to B2C and B2B relationships since the purpose of a referral network is not only to make business within the group but more importantly to help each other to make business with companies outside the network. In this study it is therefore argued that 'saving money and price reductions' are not seen as important aspects in referral networks like BNI. 'Saving money and price reductions' proved to have 8 per cent impact the variation of the members' CSI. Thus, this benefit has the second lowest impact on members' CSI of the functional benefits and the fifth lowest impact on CSI of all benefits. Since neither the impact nor the importance of this benefit is particularly high, the satisfactions mean value at 3,17 could be explained by the fact that the member disaffiliate from this benefit; consequently the satisfaction mean value is low. This benefit cannot be considered to have a considerable impact on CSI; nonetheless it has an impact to some extent.

Based on this study's discussion, the hypothesis concerning 'saving money and price reductions' (H4) has proven to be correct; it has a positive impact on overall member satisfaction within a referral network.

### **Saving time and faster service**

H5: Time saving benefits has a positive impact on overall member satisfaction within a referral network.

H6: Faster service when purchasing from fellow members has a positive impact on overall member satisfaction within a referral network.

‘Saving time’ was considered important by 48 per cent of the members, which means it is regarded as the fourth most important aspect. Hence, this benefit must be considered important. But it cannot be concluded that the result is entirely consistent with the arguments by Peterson (1995) and Sheth and Parvatiyar (1995), who claim that ‘saving time’ and monetary benefits are the main motive for developing relationship exchanges. In order to claim that ‘time saving’ is one of the two prime motives for the relationship exchanges in this particular study, more members would have needed to pay attention to this benefit, but they did not. The reason for this can be that Peterson (1995) and Sheth and Parvatiyar (1995) focused on the consumer perspective and the role of the BNI members is not only consumers. Gwinner et al (1998:104) argue that receiving faster service due to an established relationship can be considered a nonmonetary time saving benefit, Hence, another time saving benefit is receiving ‘faster service’ when purchasing from fellow members in the network. However, ‘faster service’ was only considered important by 27 per cent of the members, hence the fifth least important aspect. The difference in importance ranking regarding these two related aspect probably depend on that the members feel that they do not save time in terms of faster service during the selling or buying process. Instead they experience that they save time in terms of spending less time on cold-calling or other marketing efforts since they, have a *free sales-force* or *ambassadors* (Rasmussen, 2009-04-01) which help them with referrals and contribute to business opportunities.

‘Time saving’ could to 25 per cent explain the variation of members’ CSI, whereas ‘faster service’ could to 19 per cent explain the variation. This result is consistent with the finding concerning what the members find important since these result also show that ‘time saving’ has higher impact on CSI than ‘faster service’. Moreover, from this perspective ‘time saving’ can be seen as an important aspect since it not only is ranked as the fourth most important aspect but also is the benefit which has the third highest impact on members’ CSI, which further confirms its importance as a motive for developing relationship exchange in accordance to Peterson (1995) and Sheth and Parvatiyar (1995). The satisfaction mean values for the two hypotheses follow a similar pattern as the importance and impact values. The



mean value regarding 'time saving' is 3,94, whereas the same value for 'faster service' is considerably lower (3,44). Since 'faster service' is not considered very important and not has a great impact on CSI only a moderate satisfaction value regarding this benefit is acceptable. The satisfaction mean value for 'time saving' can be considered satisfactory in regards to its high importance ranking and impact value on CSI. It is positive for BNI that the members are satisfied with a benefit which they consider important and which has a high impact on CSI.

Based on this study's discussion, the hypotheses concerning 'time saving' (H5) and 'faster service' (H6) have proven to be correct; they have a positive impact on overall member satisfaction within a referral network.

### **Access to expertise and supply of training and education**

H7: Access to expertise has a positive impact on overall member satisfaction within a referral network.

H8: Supply of training and education has a positive impact on overall member satisfaction within a referral network.

Sweeny and Webb (2007) claim that strategic advantages which are created by interaction within relationships and can be seen as functional benefits are increased operational efficiency and quality. Two ways to achieve increased operational efficiency and quality is through gaining 'access to expertise' or by 'training and education'. 'Access to expertise' is seen as important among 42 per cent of the members in BNI, which makes it the seventh most important benefit. 'Training and education' is considered somewhat less important among the members, since 32 per cent of the members find 'training and education important. When analyzing these values in comparison to the other benefits it can be argued that the members only see these benefits as moderately important. Hence, they might not see operational efficiency and quality as the main benefits of their membership in BNI. If they have a problem or need help in forms of 'training and education' they know that they can use their BNI network for this but it is not their main reason for being members in the network. Possibly, the members feel that they can gain expertise and training from external sources instead. The responses from the members contradicts the intentions of the founder of BNI; Misner (2004) who mean that training is an important part of BNI both in order to conserve the culture, to avoid mistakes and to learn. Further more, it contradicts a statement by the Executive Director of BNI Denmark who claims that training is one of the most important strategic advantages of BNI (Bruun, 2009-04-03). This is interesting since even if there is a

supply of training it might not serve its intended purpose if only a third of the members actually see training as an important aspect. This indicates that the administration of BNI needs to either improve the supply of training or better communicate the importance of training so the members find this benefit as important as the management do.

‘Access to expertise’ can explain 15 percent of the variation on the members’ CSI, which mean that it has only the ninth highest impact on member CSI of all the benefits. In similarity to its importance value, ‘access to expertise’ has a moderate impact on CSI in comparison to other benefits. ‘Training and education’ can only explain 5, 4 per cent of the variation of the members’ CSI, which means that this benefit has the lowest impact on CSI of all benefits. This low impact value could be explained by the low importance value of this benefit. Since only one third of the members consider ‘training and education’ to be important it is logical that this aspect has a low impact on their CSI. However there are benefits with lower importance values which still have more impact on satisfaction. The reason why ‘training and education’ has such a low impact on CSI could be that some members perceived the training as reinforced. This reasoning is based upon that the researchers of this study noticed during passive observations at the BNI meetings that every meeting included a few minutes training or education session where the members were encouraged and informed of how to improve their networking skills. Other aspects that are rated less important, such as ‘friendship’, ‘faster service’ or ‘social activities’, are not aspects which are being reinforced at the members in the same matter. Therefore this regular exposure of training provided by BNI might further lower the impact this benefit has on CSI. Regarding satisfaction, ‘access to expertise’ is the benefit which receive the highest satisfaction value among all benefits, 4,08. This high mean value is interesting since the members only rank ‘access to expertise’ as moderately important. The explanation for this high satisfaction value might be that even though the members do not regard ‘access to expertise’ as an important aspect, they are very satisfied with the expertise they are able to access during the weekly meetings and during one-to-one meetings. Hence, they gain a satisfying amount of expertise through their BNI network even though this is not a main reason for being members. The satisfaction mean value for ‘training and education’ is 3,51 and is a moderate mean value which is in accordance to its moderate importance ranking.

Based on this study’s discussion, the hypotheses concerning ‘access to expertise’ (H7) and ‘training and education’ (H8) have proven to be correct; they have a positive impact on overall member satisfaction within a referral network.

## **Social Benefits**

### **Social activities**

H9: Social activities have a positive impact on overall member satisfaction within a referral network

Parker (2004:50-51) argues social aspects are just as important as the economic aspects. Results of this study show the contradictory. None of the social benefits can explain the overall member satisfaction to a great extent. 'Social activities' are ranked as the third least important aspect, only 22 per cent of the members find 'social activities' important. This shows that this benefit is not typically important for members. The existing research of referral networking has previously had a customer perspective. In customer relationships, social aspects are of great importance since competition stress organizations to develop modern and unique offers. The personality and behavior of the seller might in many cases be the determining factor. But possibly members of a referral network think differently. They are not part of the BNI network for social reasons, as stated by all interviewed respondents as well as Misner (2004). *We are not members of BNI because of social reasons* (Bosholdt, 2009-04-06) *and we are not a club, it is not a social thing, it is a business* (Bruun, 2009-04-03). The most important aspect of BNI is to gain business opportunities. Håkansson (1982) as well as Sweeney & Webb (2007:477) argue that social benefits are produced between one-to-one relationships since the person, not the organization, is the most important receiver. Some of the quantitative answers indicate an interest in social benefits, but overall the results show that the members in BNI focus more on the pure economic outcome of the network rather than social bonds between different firms. However, in order to gain business opportunities the members need to create trustworthy relationships, which in some cases can be based on favorable social connections.

This study shows that 'social activities' has the lowest value regarding the variation in members' CSI of all social benefits. The adjusted R<sup>2</sup> value of six per cent illustrates that 'social activities' only has a minor impact on members' CSI. Yet, there is a modest amount of members that argue for 'social activities' and naturally the social aspect is still important. One of the respondent comments that BNI is not only about selling; it is about creating good relationships as well (Bosholdt, 2009-04-06). Moreover, during the observations the researchers of this study gained information regarding that the BNI groups meet for after work once or several times a month, which is an example of 'social activities'. Yet, as proven in the study, 'social activities' is far from the most important benefits. The members might

meet outside the weekly business meetings but it is not an aspect that impacts their overall satisfaction much. The satisfaction mean value of 'social activities' is 3,10, hence the lowest mean value of all benefits, which could be explained by a low importance and impact ranking. If the members do not consider this aspect important then it could affect their satisfaction score negatively as well. 'Social activities' is evidently a benefit that members do not consider of great value nor are especially satisfied with, however it still impacts their CSI to some extent (6 per cent).

Based on this study's discussion, the hypotheses concerning 'social activities' (H9) within BNI has proven to be correct; it has a positive impact on member satisfaction within a referral network.

### **Informal relationships and friendship**

H10. Informal relationships have a positive impact on overall member satisfaction within a referral network

H11: Friendship has a positive impact on overall member satisfaction within a referral network.

Previous literature claims that 'informal relationships', also called 'friendship', is created when individuals in firms (or between firms) work and share their leisure time. By entering friendship, commitment and trust can be created (Zaheer et al., 1998). 'Informal relationships' is not included in the importance ranking (see Table X). Instead since 'informal relationships' are very similar to 'friendship', 'informal relationships' is included in the aspect of 'friendship' in the importance ranking question (See question 30, Appendix 3). This study shows that 'friendship' is only considered the tenth most important aspect, which means that 30 per cent of the members find this aspect important. This proves that members of a referral network do not think of 'friendship' or 'informal relationships' as only moderately important. A reason might be that, as stated by Grayson (2007), people are avoiding mixing business with personal relationships. The fact that people may play different roles can lead to incompatible role expectations and conflicts' can arise. In business life a conflict can become costly and is therefore often prevented as long as possible. As argued by Mayando and Rodrigo (2001), friendship requires a greater awareness of each others feelings and the relationship is suddenly seen from a broader perspective. It is possible that members in BNI feel this way and pass on opportunities to create friendship in order to avoid putting their business at risk. BNI is a business oriented organization that focuses on business referrals which might be another reason why friendship is of less importance. The director of BNI

Denmark states the following: *It's a difficult thing because a part of it is with the heart, with the friendship and so on, but sale, marketing and running a business is with the brain. So we say to people to run this business as a company not a social club, because that's not what it is* (Bruun, 2009-04-03). This quote is very similar to a statement by Misner (2004:90): *One of BNI's strengths is that we are all friends - and it's also one of the weaknesses - we like and trust each other and we don't like to find ourselves in the position of having held a friend accountable. This reluctance can turn a disciplined networking organization into a coffee klatch. Positive accountability makes it easier to maintain without alienating friends.* Both of these statements confirm what this study claims. Friendship occurs, but it is not the main focus for members in referral networks like BNI.

Ten per cent of the variation in the members' CSI can be explained by 'friendship', and seven percent can be explained by 'informal relationships'. This means that these two friendships related benefits only have little to moderate impact on members CSI. These two social benefits do not have much impact on members' CSI in comparison to functional and psychological benefits, nor do they have more than a moderate importance since the 'friendship' aspect (which includes both 'informal relationships and 'friendship') as mentioned earlier, only is considered the tenth most important aspect. One respondent explains: *Members might not consider their business partners as friends, but they are probably more close to some than others. Most of the members are seen as business partners but among these there are some that I get along better with. We do not have any private meetings or gatherings still you are more "socially close" to some people* (Bosholdt, 2009-04-06). The feeling of misusing the friendship and instead being used is discussed by Grayson (2007). In business it is important that relationships are clearly understood by all partners, otherwise the feeling of being used or dealing with upset associates might happen. This is another possible reason for the low ranking of 'friendship' among BNI members. The mean value of 'friendship' is 3,35 and for 'informal relationships' 3,49. The scores confirm that these types of social benefit are important to some of the members but on average both satisfaction, impact as well as the importance values are low to moderate.

Based on this study's discussion, the hypotheses concerning 'informal relationships' (H10) and 'friendship' (H11) within BNI have proven to be correct; they have a positive impact on member satisfaction within a referral network.

### **Information exchange (beyond business)**

H12. Information exchange (beyond business) has a positive impact on overall member satisfaction within a referral network.

‘Information exchange beyond business’ can be seen as similar to ‘social activities’ in the sense that it is happening outside the formal business relation. But members can also share information with each other during meetings; e.g. if they instead of talking business choose to small-talk, which often leads to stronger relationships. Results show that this type of social benefit is ranked highest among the social benefits, and is considered the seventh most important aspect, since 45 per cent of the members consider it important. It can be discussed whether this value is positive or negative since it does not even represent half of the members. Compared to the other social benefits ‘information exchange’ is considered radically more important, but it is still considered far less important than for example ‘business opportunities’ or ‘increased turnover’. This shows that ‘information sharing’ beyond business occurs and members in BNI desire to talk about things other than pure business. It can be discussed what can be considered as small-talk and what is considered the creation of friendship. One respondent states: *Again, there are people that I get better along with an often it is those people that are in the same position and situation as you* (Bosholdt, 2009-04-06). However, another respondent mentions: *I wouldn’t consider them friends because they are still business partners* (Rasmussen, 2009-04-01). Members that get along well seem to exchange information beyond business. Mavondo and Rodrigo (2001) mean that friendship leads to consequences such as information sharing outside work and openness of decision techniques. Instead, this study shows that ‘information exchange’ can be seen as a consequence of pure business relationships and not only friendship, since it is the highest ranked social benefit among the importance factors. It might be that members only have a human desire to small-talk before meetings which leads to discussions about other things than business and that it is not necessary with friendship in order to share information beyond business.

Results prove that ‘information exchange’ beyond business almost has the same impact on overall satisfaction as ‘friendship’ has. ‘Information exchange’ explains nine per cent of the variation in members’ CSI which means it has the twelfth most impact on CSI. Information sharing outside business is also the social benefit that gained the highest satisfaction mean value, 3,82, and compared to all other benefits it has the sixth highest satisfaction mean value.

This further confirms that ‘information exchange’ is appreciated in BNI. These results shows that even though ‘information sharing’ is considered quite important and the satisfaction mean value regarding this benefit is quite high, this benefit does not have much more impact on CSI than the other social benefits, and still lower impact than most functional and psychological benefits.

Based on this study’s discussion, the hypotheses concerning ‘information exchange beyond business activities’ (H12) within BNI has proven to be correct; it has a positive impact on member satisfaction within a referral network.

## **Psychological benefits**

### **Trust and keeping promises**

H13: Trust has a positive impact on overall member satisfaction within a referral network.

H14: Keeping promises between members has a positive impact on overall member satisfaction within a referral network

‘Trust’ is ranked as the most important aspect of all psychological benefits, and the third most important aspect of all benefits in BNI. This can be put in contrast to Gwitter et al (1998) who claim psychological benefits to be the most important aspect in general for the B2B context. This study argues that the reason why the members do not agree to this statement is that BNI is strictly a business network and there are other economic aspects (‘business opportunities’ and ‘increased turnover’) that are considered more important. 57 per cent of the members consider ‘trust’ as important, which is quite low if compared to the statements from BNI’s founder Misner (2004), who claims that trust is the foundation for BNI and the concept would fail if trust for each other did not exist in the network. Similar arguments are used in a relationship marketing setting by Sivas & Dwyer (2000:32) who claim that trust is central for creating successful partnerships. In order to confirm Misner’s (2004) statement concerning trust, the percentage of members who consider ‘trust’ important should be close to 100 per cent. However, only approximately half of the members find ‘trust’ important. Similar findings are found for ‘keeping promises’. ‘Keeping promises’ is considered the second most important psychological aspect, but only 46 per cent of the members thought it was important, hence the sixth most important aspect. If the members do not keep their promises to each other, then the structure of BNI, give and receive referrals, will not work as efficient as intended.

'Trust' is considered more important than 'keeping promises'. Interestingly, 'keeping promises' scores higher in the variation of CSI, (22 per cent) compared to 'trust' (19 per cent) which indicates that the members' CSI can be explained more by how well promises are being kept than how much the members trust each other. This can be due to the fact that 'keeping promises' is more business orientated than 'trust', and promises in a business relationship can be kept without the partners fully trusting each other. Moreover, 'trust' has only the second most impact on the variation of member CSI among the psychological benefits, and the seventh most impact of all benefits. This is noticeable since if the result should be in accordance to what Misner (2007:189) claims, then 'trust' should have one of the highest impact on members' CSI, since it is important in business relationships. But, in contradiction to those arguments, 'trust' neither has the greatest impact on member satisfaction nor the highest importance ranking. With a satisfaction mean value at 4,03 'trust' is the benefit which the members are second most satisfied with; only how well the members complement each other in terms of expertise (a functional benefit) receive a higher score. This is a positive result for BNI since 'trust' is considered important in BNI according to both respondents and the founder (Rasmussen, 2009-04-01; Bruun, 2009-04-03; Bosholdt, 2009-04-06; Misner, 2004:189). Since the members currently are satisfied with 'trust', BNI has succeeded in developing 'trust' within the BNI groups. The mean value of 'keeping promises' is 3,98, hence similar to the mean value of 'trust'. Nevertheless, comments reveal that this benefit is not as ultimate as it could be. Even though a satisfaction mean value of nearly 4 is pleasing, comments from members, such as: *Not keeping promises* and *too many members do not give enough leads* (See Appendix 5) and one respondent claims that one third of the members do not keep their promises (Bruun, 2009-04-03). These empirical findings can assist in explaining why the satisfaction value is not higher than 3,98.

Based on this study's discussion, the hypotheses concerning 'trust' (H13) and 'keeping promises' (H14) within BNI have proven to be correct; they have a positive impact on member satisfaction within a referral network.

### **Reduced risk and reduced anxiety**

H15: Reduced risks when dealing with BNI members has a positive impact on overall member satisfaction within a referral network.



H16: Reduced anxiety when buying a service or product from a member in the BNI network has a positive impact on overall member satisfaction within a referral network.

Hunt (2006) claims that one of the reasons why relationship marketing is successful is that it reduces the risk since dealing with a known partner. Hennig-Thurau et al (2005) and Gwitter (1998) claim that psychological benefits rise when the risk and anxiety are being reduced. Consequently this should be considered important by the BNI members, since the idea of BNI according to Misner (2007:43) is through meeting the same people every week, get to know their business and to reduce the risk and anxiety when referring them. But the results from this study shows differently. The members of BNI do not find 'reduced risk' and 'reduced anxiety' as important. 'Reduced risk' is only ranked as the ninth most important aspect and 'reduced anxiety' as the least important aspect. The reason for the low ranking of 'reduced anxiety' could be that this aspect is not considered as related to business compared to 'reduced business risk' and since 'reduced risk' is more commonly used in business terminology. Another explanation for the low ranking of 'reduced anxiety' can be that the group decides if new members can join which means that not anyone can join the network. When joining a BNI group the new members receive training and basic information about BNI and get told what is expected from them (Rasmussen, 2009-04-01; Bruun, 2009-04-03). Consequently, the risk of dealing with less serious partners are being reduced in an early stage, and therefore the anxiety when dealing with people within the network decreases, hence it is not considered an important aspect for BNI.

The two hypotheses affect the variation of the member CSI to the same extent. Both 'reduced anxiety' and 'reduced risk' explain 13 per cent of the variation in members' CSI. This can be considered a quite low value but is not surprising since both benefits are considered to have little importance to the members. Therefore, benefits which are not considered important still have impact on satisfaction, which is why no benefit can be underestimated as unimportant. The mean value of 'reduced risk' is 3,81, which indicates that the members are quite satisfied with the benefit, but since the aspect is not considered moderately important, the mean value cannot be expected to be higher. The value regarding "reduced anxiety" is interesting, since it is 3,90, which means that the members are quite satisfied with a benefit that they find least important. Still, the benefit has an impact on their satisfaction, and therefore it could be argued that it is a benefit that the members might not think of as important, but unconsciously affect their satisfaction.

Based on this study's discussion, the hypotheses concerning 'reduced risk' (H15) and 'reduced anxiety' (H16) within BNI have proven to be correct; they have a positive impact on member satisfaction within a referral network.

### **Shared values**

H17: Shared values have a positive impact on overall member satisfaction within a referral network.

Morgan and Hunt (1994) argue that 'shared values' are predominant to trust, since it is easier to rely on someone who has the same intentions and norms. Members of BNI share the same reason for being members; exchange of business in order to increase sales, which can be seen as a 'shared value'. Moreover, the structured of the meeting, expected behavior from members, culture within BNI are examples of 'shared values' regarding the membership. However, other values, personal or professional, may differ within a BNI group. Members have different goals depending on size of their company, if they are product or service oriented and they may behave differently. This means that the members can be seen as not entirely having 'shared values'. The advantage of BNI, and one reason for its success, according to Misner (2007:219) is that the concept is very standardized and the meetings have the same structure all over the world. The director of BNI Denmark claims that there is a shared vision in BNI that members help each other and not just expect to receive business automatically (Bruun, 2009-04-03). But according to the members, 'shared values' is a benefit which is neither important, nor have much impact on their CSI or is something they are satisfied with to a greater extent. The members do not find 'shared values' as a particularly important aspect, since it is considered the fourth least important aspect and only 27 per cent of the members consider 'shared values' to be important. The reason for this could be that 'business opportunities', the main reason for being a member in BNI, can be managed without belonging to the same culture or sharing the same values. As long as a member can contribute with referrals, the member is important for BNI, no matter regardless of his or her values. 'Shared values' could have been more important if BNI was based on more social aspects, but since the focus is on business, referrals can be given without 'shared values'. Furthermore, Brashear, et al (2003) and Morgan and Hunt (1994) claim that 'shared values' are important when business partners do not know each other, since it creates a reliability and security. In BNI, business is carried out based on connections and referrals, hence another type of security is created. This type of security has been argued to be the strongest sign of loyalty; since

parties do not recommend someone they do not trust (Reichheld, 2003). Therefore, BNI is built more on loyalty and trust than ‘shared values’, even if it is essential that all members understand and share the main values of BNI. If members do not find exchanging referrals as important, the whole idea of BNI would fail due to lack of ‘shared values’.

‘Shared values’ explain 15 per cent of the variation in members’ CSI. This is a quite low explanation value if it is compared to Misner’s (2004) ideas of BNI being competitive due to ‘shared values’, but the low percentage could be explained by the above reasoning. The mean value of ‘shared values’ is the lowest of all psychological benefits, only 3,78. The reason may be that some members are dissatisfied with the way certain members are using BNI; they think they do not share the givers gain culture. A survey comment from one member; *give much, receive little* (See appendix 5) indicates certain dissatisfaction with how BNI is being used by some members. The reason for receiving little could be either that the person is using BNI in the wrong way, or do not share the “givers gain vision”, and therefore can be argued to not share the same values as the rest of the members.

Based on this study’s discussion, the hypotheses concerning ‘sharing values’ (H17) has been proven to be correct; it has a positive impact on member satisfaction within a referral network.

## **5.2 Sacrifices**

In this chapter, empirical findings and analyses regarding sacrifices is presented. Two hypotheses concerning sacrifices were excluded since they lowered the recommended  $\alpha$  (alpha) value of 0,6. In contrast to the benefits, sacrifices cannot be analyzed by importance, since no sacrifices are considered important in regards to why people are members in BNI. Hence, the sacrifices will only be analyzed by their adjusted  $R^2$  value in order to measure the impact each sacrifice has on the members’ CSI (Customer Satisfaction Index). Every sacrifice is also analyzed based on their Beta-value in order to find out if the correlation is negative. Moreover, the dissatisfaction mean value is analyzed to evaluate which of the sacrifice the members of BNI find least and most troublesome. The section finishes with stating if the hypotheses are proven to be correct or proven to be wrong.

### **Effort**

H18: Effort has a negative impact on overall member satisfaction within a referral network.

Davis (1989) means that trying to minimize the effort input is of importance when selling services or products, since they will be perceived as more tempting. According to Misner (2007:189), BNI do not agree with statements like these, since Misner claims that 'effort' is something that is needed in order to provide the best possible results in BNI. Each member must put effort into finding referrals, or else they will not receive referrals. Therefore, 'effort' can be said to be something positive in BNI, since it has positive outcomes, however it is still considered a sacrifice for the members. The time spent on BNI can be regarded as an 'effort', since it takes time to contact potential referrals for fellow members (Rasmussen, 2009-04-01; Bruun, 2009-04-03; Bosholdt, 2009-04-06). Nevertheless, 'effort' is something necessary for the network, and as one member put it: *Little effort yet so much gain* argue for the positive outcomes of the effort members put in BNI.

The 'effort' input can explain the variation of members' CSI to five per cent. Moreover the Beta-value of effort is -0,24, which means that 'effort' has a negative correlation with satisfaction, which is naturally since it is a sacrifice. 'Effort' is the sacrifice which affects the variation of satisfaction to the second highest extent, and indicates that even if it is to a minor extent, the sacrifice of 'effort' affects members' overall satisfaction. Since the R<sup>2</sup> value shows an impact on CSI and the correlation with CSI is negative, 'effort' is argued to have a negative impact on CSI. The mean value of 2,15 shows that 'effort' is something the members are accepting in BNI, since the mean value of 1 means that they totally disagree to the statement regarding that BNI demand much 'effort' input and 2,15 is closer to 1 than 5 on the Likert-scale. Even if the members consider that BNI demands some 'effort', they probably think it is worth it in the long-term since more 'effort' provides more referrals, 'givers gain' - the main idea of BNI.

Based on this study's discussion, the hypotheses concerning 'effort' (H18) has been proven to be correct; it has a negative impact on member satisfaction within a referral network.

### **Expensiveness**

H19: Expensiveness has a negative impact on overall member satisfaction within a referral network.

There is a fee for the members in BNI, approximately 6380 DK yearly, which is considered to be relatively cheap according to the respondents (Bruun, 2009-04-03; Bosholdt, 2009-04-06; Rasmussen, 2009-04-01). The fee is unavoidable according to both Hunt et al (2006) and

Misner (2007), since it is costly to provide administration, rent etc. The cost of the membership impacts the variation of the member satisfaction to eight per cent. Moreover, this hypothesis show a negative Beta-value, -0,29 which means 'expensiveness' has a negative correlation with member' CSI. Since 'expensiveness' showed to have an impact on members' CSI and has a negative correlation to CSI, 'expensiveness' can be argued to have a negative impact on members' CSI. 'Expensiveness' is the sacrifice that affect the variation of membership the most, which is not surprisingly, since ultimately the membership would have been free. But Misner (2004) claims that the high quality of a business network cannot be maintained if the membership would have been for free. Since the main reason for being a member in BNI is to provide and receive business opportunities, low quality, in e.g. the administration, would not be preferable, which is why a fee is encouraged. The dissatisfaction mean value of 'expensiveness' is the highest of all sacrifices, 2,35 which means that it is the sacrifice that the members find most troublesome. The same argument as for the variation of CSI could be used here; that the members rather not pay for the membership, but they accept the fee (since otherwise they would have left BNI or showed a higher dissatisfaction value). One respondent argues that the members in BNI are not that price sensitive (Rasmussen, 2009-04-01), which could be a reason why the members do not find the fee very expensive, but since they are business orientated, they strive to minimize their expenses.

Based on this study's discussion, the hypotheses concerning 'expensiveness' (H19) has been proven to be correct; it has a negative impact on member satisfaction within a referral network

### **Missed business opportunities**

H20: Missed business opportunities provided by external providers have a negative impact on overall member satisfaction within a referral network.

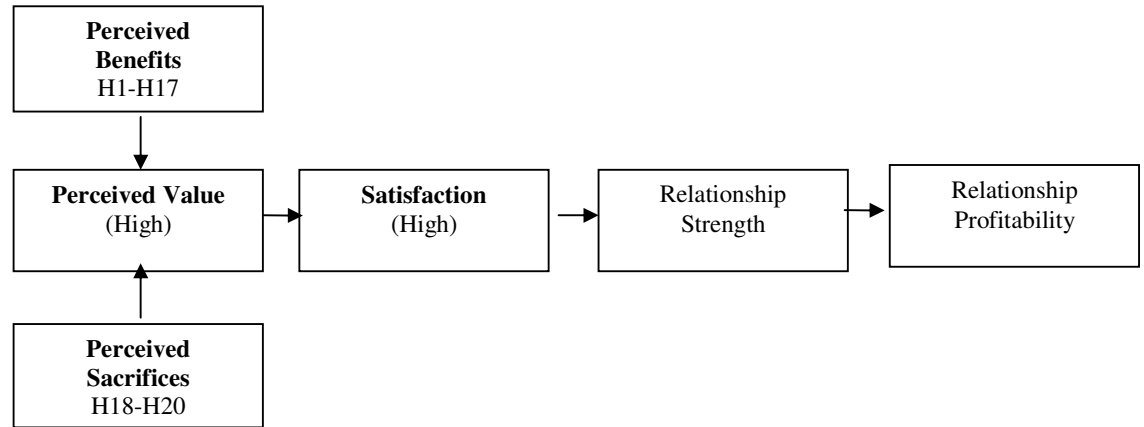
There are advantages with network e.g. that the members help each other with business and make business within the network, as well as loyalty which means that business is preferred from someone known (Reichheld, 2003). However, according to Hunt et al (2006:76), a sacrifice connected to networks is that loyalty within the network encourages the members purchase from within the group instead of from external sources. 'Missed business opportunities' can therefore be seen as a sacrifice connected to business network, since external partners might have better offers which will be ignored due to the loyalty to other BNI members.

'Missed business opportunities' only affect the variation of member satisfaction to one per cent. The impact is negative, in similarity to all sacrifices, since the Beta-value is -0,13, which would result in a negative impact on members' CSI. However the results from 'missed business opportunities' could not be representative for the whole BNI Copenhagen and BNI Malmö network, since it is not statistically assured (a significance value of only 0,14). Nevertheless, it can give some indications regarding the members' perceptions of 'missed business opportunities'. The lack of significance could be due to members' wide range of opinions concerning missed business opportunities. It could also be due to BNI being a referral network with the purpose to recommend each other to external providers outside the team. Therefore, the members do not only make business within the network group, they use each others' network outside the group, which is why they do not feel that they miss out on business opportunities. 'Missed business opportunities' have a mean value of 1,83, which is the lowest mean value of all sacrifices and thus the sacrifice which the members consider least troublesome. Hence, the mean value indicates that the members are satisfied with the business opportunities they receive from being a member in BNI, and disagree to the statement that they miss out on other opportunities. Presumably similar reasoning a mentioned earlier; that BNI members receive external business opportunities due to fellow members' networks and not only internal opportunities from the network group, can explain the mean value .

Based on this study's discussion, the hypotheses concerning 'missed business opportunities' (H20) could not be proven, since it is not statistically assured, due to low significance.

### **5.3 BNI in a broader perspective**

BNI is an organization which focuses on relationship marketing. Hence, it is interesting to apply this type of referral network on a relationship profitability model (Storbacka et al, 1994) which is normally used in relationship marketing to analyze the effects of B2C relationships. This study therefore applies the model to a referral network marketing context instead, in order to find out how qualities (in this study named benefits) and sacrifices of the BNI membership affect the members' perceived value and satisfaction regarding their referral network. Eventually, according to this model, satisfaction will have an impact on relationship profitability; however this study is limited to analyzing the model by the first two outcomes of perceived value, satisfaction. Later this will have affect on the strength of the relationship to the BNI network, but as mentioned earlier, these effects have not been analyses in this study.



**Figure II:** Illustration of the analyses of the Relationships profitability model by Storbacka et al (1994) in a referral network context.

Where Storbacka et al (1994) use service quality in their model, this study applies the relationship benefits (functional, social and psychological) of the BNI membership. Storbacka et al (1994) mean that perceived service quality is based on both the customers' experience and knowledge of the service. Hence, the customers do not always have to experience the service in order to perceive the quality of it. However, the data collection of this study consists of members of BNI and not people without personal experience of the BNI membership (such as guests who only attended the meetings sporadically). This study argue that in order to apply Storbacka et al's (1994) model on a referral network, the perceived quality need to be based on experience with the network and the members. In contradiction to Storbacka et al (1994), this study claims that only knowledge of the network is not enough for people to evaluate the quality of a referral network. They need to personally experience the membership in order to evaluate it correctly; otherwise the end result of the model might be misleading. The qualities (benefits) are summarized in the hypotheses H1-H17. They have all proven to impact the members overall satisfaction (CSI) and consequently impact the perceived value of their membership, however to different extent. The other category which impacts the perceived value is, according to Storbacka et al (1994), sacrifices. In accordance to Storbacka et al (1994) who suggest that perceived sacrifices are demanding aspects of all episodes of the relationship, the sacrifices in this study occur throughout the membership of BNI. Based on Hunt et al's (2006) reasoning regarding relationship costs, five sacrifices were intended to be applied on the Relationship profitability model. However, since two of the sacrifices did not show statistically assured impact on satisfaction they are not included in the results. Therefore, perceived sacrifices consist of the hypotheses H18-H20 and since they

have proven to impact overall satisfaction, this study argue that they consequently have impact on the member's perceived value of BNI.

In this study, more relationship benefits than relationship sacrifices have been evaluated, since there is a greater theoretical and practical range of benefits. It was not possible to provide an equal amount of benefits and sacrifices from neither a theoretical nor a practical viewpoint, which is why this study argues that referral networks in general consist of more benefits than sacrifices. If there existed more sacrifices than benefits, a referral network would probably not be used by firms, which is why the amount of benefits naturally exceeds the sacrifices. It has been noticed that sacrifices have an impact on perceived value. However, due to the large range of relationship benefits connected to a referral network, these benefits most often outperform the sacrifices; which lead to a high perceived value of the membership. Since BNI is based on positive relationships outcomes (especially growth and business opportunities), the membership must consist of more benefits than sacrifices in order to gain and maintain members. This study confirms the importance of functional benefits in referral networking, therefore if functional benefits are perceived as low; the sacrifices might outperform the benefits of the membership which might result in a low perceived value, hence low satisfaction. An example of this reasoning is an answer from a dissatisfied BNI respondent who perceived the sacrifices as troublesome and the functional benefits as few and commented: *Give much, receive little* (see Appendix 5). The Executive Director of BNI Denmark, stated that one third of the members do not entirely understand the benefits of BNI due to having a strategy for what type of customers they want to do business with or cannot define their company's vision and that these members eventually end their membership (Bruun, 2009-04-03). This further strengthens the argument that most existing members still perceive that there are more benefits than sacrifices connected to the membership of BNI.

The results of this study show that the membership of BNI is perceived as valuable, which according to Storbacka et al (1994) has a positive effect on satisfaction. Since the perceived value is a result of perceived qualities (benefits) and perceived sacrifices the effect the perceived value has on satisfaction can be shown by the separate impact qualities (benefits) and sacrifices have on satisfaction. The results show that all benefits have an impact on members' CSI (overall satisfaction) and all sacrifices except one (H20) have an impact on members' CSI. Moreover, all benefits have a positive correlation to member's CSI, whereas the sacrifices have a negative correlation to member's CSI. There are more benefits than



sacrifices in BNI, which result in a relatively high overall member satisfaction, the CSI mean value among the members was 3,96. Based on this discussion, this study argues that the perceived value has a positive impact on members' overall satisfaction of BNI. The positive overall satisfaction of membership in BNI would, according to Storbacka et al (1994), have further effects on the relationship.

A positive overall member satisfaction would, according to Storbacka et al (1994), have further effects on the relationship. According to Storbacka et al (1994), satisfaction leads to stronger commitments and bonds and relationship strength, which have further positive effects and finally results in relationship profitability. This study has not examined these effects, however comments from respondents indicates a positive return on relationship from comments as: *30 % of my turnover is from BNI and 50-60 % of all my customers are through BNI* (See appendix 5). The Executive Director of BNI Denmark further exemplifies relationship profitability connected to BNI: *./.../ in these 1,5 years he (a member) has got 7 million DKK in turn-over from his BNI membership. We have a guy from AP-data, after three quarters of a year in 2007 he has got a turn-over of 6 million DKK* (Bruun, 2009-04-03). These examples indicate positive relationship profitability.

Henning-Thurau et al (2002) argue that both the service provider and the customer must benefit in order to create a successful relationship. The same argument is valid in a referral network context, where members must benefit to be willing to maintain the relationships. BNI do not use a structure of equally distributed/received referrals, since the members do not always receive referrals from the members they give referrals to. This can to some extent explain why some members think they give but do not gain enough. However, the idea of BNI is to give established referrals, not to enforce referrals, which is why the vision of Giver's gain is important to convey to the members to enhance the understanding and acceptance of unequal distribution of referrals.

According to the Executive Director of BNI Denmark, the reason for being a member of BNI is business; *they want to join BNI because they want to grow their business. ./.../ That is why people join* (Bruun, 2009-04-03). This business focus brings certain expectations from the members regarding benefits, which Brashear et al (2003) claims are evident in relationship marketing. In this study these expected benefits are categorized into functional, social and psychological benefits. In accordance to Brashear et al (2003) the expectations regarding

those benefits have to be fulfilled in order to create successful relationships. BNI have, to some extent, succeeded with this, since the overall satisfaction mean value for the three benefits are 3,61 for functional benefits, 3,44 for social benefits and 3,90 for psychological benefits. The expectations of receiving benefits increase the commitment to the parties involved (Brashear et al, 2003), which is evident in BNI. Many of the members depend on business from their BNI network and due to the “Givers gain” focus members feel committed to help each other. However, in order to be committed to other parties, trust is fundamental (Brashear, 2003), which is shown in this study, since the members are committed to each other, and they are satisfied with the trust within BNI and to the extent promises are being kept. Trust is also one of the reasons why consumers or firms enter into relationships (Hunt et al, 2006), which further explains the focus on trust in BNI (Misner, 2004).

## 6. Conclusions

*The conclusions begin with a discussion concerning the benefits and sacrifices which is followed by a brief summarizing reflection on the purpose. After that the theoretical contributions as well as managerial implications are presented.*

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### 6.1 Discussion

#### Functional benefits

The members of BNI consider the two functional benefits, ‘business opportunities’ and ‘increased turnover’ to be the most important and second most important benefit of the membership. This statement is further confirmed by the observations, since the business focus was apparent during the meetings. The total functional benefits proved to have the highest impact on the BNI members’ CSI. With an adjusted  $R^2$  value of 0,52 the members satisfaction regarding functional benefits could explain 52 per cent of the variation in the members’ CSI which meant functional benefits had a higher explanation rate than both social (0,12 ) and psychological benefits (0,29) together. This result was not entirely unexpected, since the respondents during the interviews underlined the importance of functional benefits, mainly ‘business opportunities’. One respondent explains the reason why his company is member of BNI simply as: *Our main reason is to make new clients* (Bosholdt, 2009-04-06). Moreover, Hollensen (2003) claim that functional benefits is the relational benefit which has gained most of the attention in B2B research and Murry & Heide (1998) and Wathne et al (2001) claim that economic outcomes of relationships are more important than interpersonal outcomes. Hence, this study confirms the importance of functional benefits in comparison to other relationship benefits. However, interestingly, the satisfaction mean value for all functional benefits is 3,6, which is only the second highest total mean value (after psychological benefits) Hence, even though functional benefits are the benefit which has the most impact on CSI, it is not the benefit which the members are most satisfied with, which indicates that improvements are needed in order to make the members more satisfied with their most important benefit category.

#### Social Benefits

Results from this study show that none of the social benefits can explain the overall member satisfaction to a great extent. The total mean value of social benefits demonstrate an adjusted  $R^2$  value of 0, 12 which means that all social benefits can only explain 12 per cent of the

variation of member satisfaction. Compared to functional benefits and psychological benefits the results are very low. Moreover, the members do not consider the social aspects to be of importance, since the social benefit with the highest importance ranking, 'information sharing', only is considered the sixth most important aspect. The overall satisfaction mean value for social benefits (3, 44) is also the lowest among the three kinds of benefits, which further confirms that the social aspects are of low importance in the referral network. The reasons for the low importance and impact of social benefits can be that by only sharing information to a certain extent, as Grayson (2007) mentions, the BNI members avoid putting their business at risk. Or as stated previously the members might simply not feel the need to become friends with other members. The result from this study is in line with the statements from the interviewed respondents (Rasmussen, 2009-04-01; Bruun, 2009-04-03; Bosholdt, 2009-04-06) and an interesting aspect to examine since it contradicts several previous theories regarding the importance of social aspects in relationships. For example it contradicts Anderson et al. (1993) and Cunningham & Turnbull (1982) who state that the social elements are as important as the functional benefits when trying to understand the relationship behavior as well as Parker (2004:50-51) who claim that social aspects are equally important as economical aspects for companies. Instead, this study proves the opposite, functional benefits have the highest impact on satisfaction, while social benefits have the lowest impact.

### **Psychological benefits**

The psychological aspects are considered to be of varied importance. Due to this, the total importance of psychological benefits is difficult to state, however it can be concluded that 'trust' is considered as the third most important aspect, after two functional benefits. This study therefore agrees to Misner (2007;219) and the respondents (Rasmussen, 2009-04-01; Bruun, 2009-04-03; Bosholdt, 2009-04-06) statements regarding that BNI is strictly a business network and that 'trust' is an important aspect when being a successful referral network. The psychological benefits have, according to the adjusted  $R^2$  value, the second highest impact on BNI members' CSI. The adjusted  $R^2$  value of 0.29, means that almost one third of the members' variation of satisfaction can be explained by this psychological benefits, more than social but less functional benefits. This result confirms the respondents' statements regarding that the focus of BNI is business and that it is not a coffee club where people are members for other reasons than just business (Rasmussen, 2009-04-01; Bruun, 2009-04-03; Bosholdt, 2009-04-06). Hence, it is logically that after functional benefits, psychological benefits has the second most impact, since in accordance to Sivasdas & Dwyer (2000:32),

successful partnerships cannot rise without some influence of ‘trust’, ‘kept promises’, ‘shared values’ etc. Psychological benefits are the benefits which the members are most satisfied with. The reason why psychological benefits do not affect the members’ satisfaction to the highest extent, but are the benefits they are the most satisfied with could be due to psychological characteristics; that they exist unconsciously and is properly carried out due to the standardized concept of BNI.

### **Sacrifices**

Sacrifices also affect the membership of BNI. Sacrifices have a mean value of 2,11 which means that the members do not agree that sacrifices affect their membership to a great extent, which is positive for BNI. Obviously there is not a high amount of sacrifices involved with the membership which could indicate that organisation of BNI has a well developed structure which encourage business to be a part of the network while not demanding too much time, money, effort etc. Moreover, the members’ awareness of the “Givers gain” culture of BNI meaning the more they give, the more they gain and the result indicates that they believe that BNI provides them with business opportunities, which can explain why the members do not consider their membership as more troublesome. The sacrifices only affect the member’s CSI to 8 per cent, which further indicates an acceptance by the members regarding sacrifices being an unavoidably part in a referral network, such as BNI.

## **6.2 Concluding reflection**

Based on the purpose of this study: *to explore how relationship benefits and sacrifices matter in relation to members of referral networks and how these aspects affect overall member satisfaction*, hypotheses regarding relationship benefits and sacrifices have been constructed in order to explore what impact benefits and sacrifices have on members’ overall satisfaction in BNI Copenhagen and BNI Malmö. By using the hypotheses this study shows which relationship benefits and sacrifices that have the greatest impact on members’ overall satisfaction as well as considered most important.

All benefits (functional, social and psychological) have an impact on the BNI members’ overall CSI (Customer Satisfaction Index). Furthermore, all benefits have a positive correlation with the members CSI. Therefore, all benefits can be concluded to have a positive impact on overall member satisfaction. Furthermore, all sacrifices except one (due to the low significance value; ‘missed business opportunities’, (H20) have an impact on BNI members’

CSI. In addition the remaining two sacrifices have a negative correlation with members' CSI. Hence, these two sacrifices have a negative impact on overall member satisfaction. The benefits and sacrifices impact members CSI to different extent, which has been explained in the analyses and the discussion above, and will be briefly summarized in the following section.

Functional benefits have the greatest impact on members overall satisfaction, both when analyzing the aspects individually and in totality. 'Business opportunities' is the benefits that impacts members' CSI the most. Psychological benefits have in totality the second highest impact on members overall satisfaction, where 'trust' is the benefit which has the highest impact among these. This leaves social benefits with the least impact on members overall satisfaction, where 'friendship' has the highest impact on members' CSI among the social benefits. Regarding importance, functional benefits are considered most important, since 'business opportunities' and 'increased turnover' are considered the most and second most important aspect according to the BNI members. The third most important aspect is a psychological benefit, 'trust', whereas the aspect which is considered most important among the social benefits, 'information sharing' beyond referral only is considered the sixth most important aspect according to members. Hence, this study shows that among relationship benefits in a referral network, functional benefits are considered most important and have the highest impact on members' CSI, followed by psychological benefits and lastly social benefits.

### **6.3 Theoretical contribution**

Research in the relationship marketing field has previously focused on buyer-seller perspectives in a business context. The BNI Copenhagen/Malmö case provides an expansion of this perspective since it applies relationship marketing theories to a business network context, where the members can be seen as buyers and sellers as well as partners. This study contributes to the relationship marketing field since it applies mentioned previous theories regarding B2C and B2B to a relationship network context where power is more equal than in a buyer-seller relationship.

Moreover there is a lack of referral marketing theories in the business and marketing area. Similar to the relationship marketing field the current research focuses on the business-to-

consumer or business-to-business perspectives. The theoretical contribution of this study is therefore that referral marketing is studied in a network context as well as at member level.

Theories on relationship benefits and sacrifices have previously been as mentioned applied to a B2C or B2B context but this study applies these theories to the relatively unexplored area; referral marketing. In this study opinions on satisfaction and benefits have been investigated, by studying members of BNI. This contributes to a theoretical understanding regarding that there are differences in perceived importance of relationship benefits between a referral network perspective and regular B2C and B2B contexts. Moreover, this study is distinctive since the impact of benefits and sacrifices is measured against members' overall satisfaction.

This study also contributes to the business environment since the focus is on impact, importance and satisfaction regarding benefits and sacrifices within a network. The empirical analysis of this study resulted in 20 hypotheses divided into four groups, functional benefits, social benefits, psychological benefits and sacrifices. As mentioned in the conclusions, results indicate that functional benefits are the most important once for members in BNI, while social benefits are the least. This study confirms the conclusions by Murry & Heide, (1998) and Wathne et al (2001) regarding that economical benefits are more important than interpersonal outcomes in relationships. Previous theories state that the social elements are significant when trying to understand the relationship behavior (Anderson *et al*, 1993; Cunningham & Turnbull, 1982; Parker, 2004:50-51). This study contributes to a contrasting view of the importance of social benefits. Even though social benefits have an impact on members' overall satisfaction, since all hypotheses been proven they do so only to a minor extent. Therefore, this study shows that social benefits do not have the importance in business context that previous researchers have claimed (Parker, 2004:50-51, Sweeney and Webb, 2007:474). Previous theories argue that psychological benefits are the reason why business partners stay in relationships (Sweeny & Webb, 2007). This study questions mentioned theory and claims that psychological benefits are not the primary reason why business relationships in referral networks are maintained. Instead business related benefits are the primary reasons why members maintain business relationships. In addition, previous research has claimed that psychological benefits are not thoroughly studied within the business field (Sweeney & Webb, 2007). This study contributes to the relationship marketing area to a more detailed understanding concerning the importance of psychological benefits in business relationships. Hunt et al (2006) are among the few authors who have studied sacrifices in relation to business. This study extends their research concerning sacrifices and also includes sacrifices'

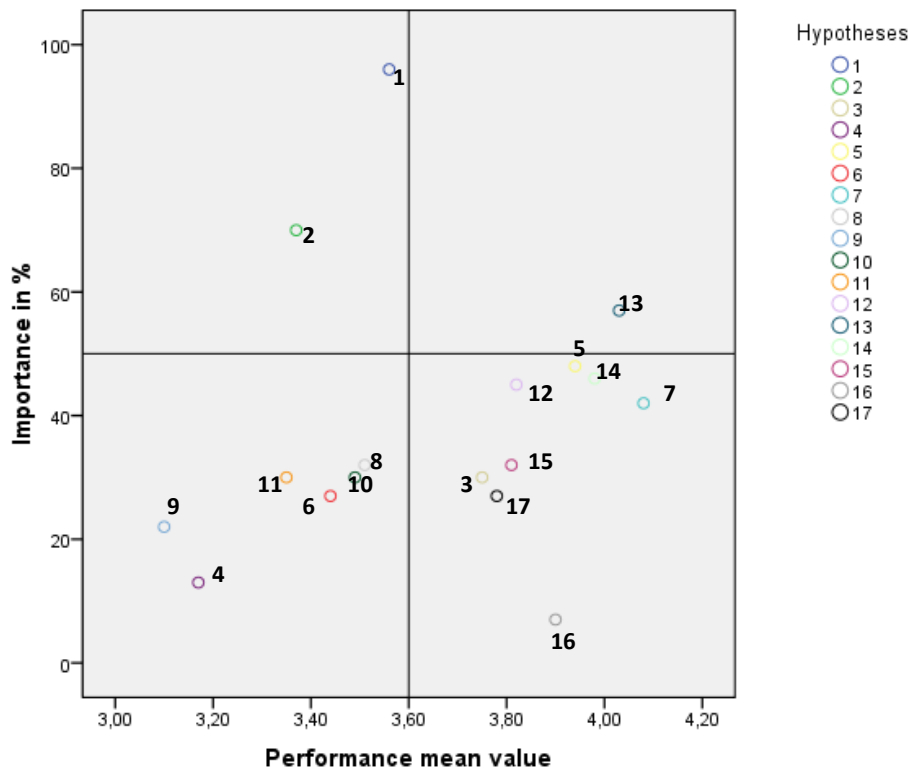
impact on satisfaction from a referral network perspective. The empirical results of the study have been applied on return on relationship model (Storbacka et al, 1994) in order to illustrate how relationship benefits and sacrifices in a referral network may lead to perceived value and member satisfaction. This study proves that a customer related relationship profitability model can be applied to a business network context regarding members' perceived value and satisfaction. In summary this study contributes to an overall understanding of impact and importance of relationship benefits and sacrifices in a referral network.



## 6.4 Managerial implications

Following graph shows the relationship between importance and satisfaction mean value of the studied 16 importance aspects. The y-axis shows to what percentage the members considered the aspect important and the x-axis shows the performance of BNI, meaning how satisfied the members are with each aspect. Put in relation to each other the scatter illustrates which aspects that the BNI members find important or not important as well as are satisfied with or less satisfied with.

The bottom right square illustrates which aspects that are unimportant to the members but which BNI has succeeded to make the members satisfied with. The bottom left square consist of aspects which are unimportant to the members and which BNI has been unsuccessful with making the members satisfied with. The top left square shows aspects which are important to the members but which BNI has been unsuccessful with making the members satisfied with. Finally, the top right square consists of aspects which are both important to the members as well as delivered successfully by BNI since members are satisfied.



**Graph I:** Importance/performance graph. 1: Business opportunities, 2: Increased turnover, 3: Increased competitiveness, 4: Price savings, 5: Time saving, 6: Faster service, 7: Access to expertise, 8: Supply of training and education, 9: Social activities, 10: Informal relationships, 11: Friendship, 12: Information exchange, 13: Trust, 14: Keeping promises, 15: Reduced business risks, 16: Reduced anxiety, 17: Shared values

The graph shows that aspect 4 (price savings) is the aspect that members find least important and are modestly satisfied with. This information indicates to BNI managers in Copenhagen and Malmö that this is not an aspect they should fully engage in, since it is of less importance to the members. Contrary to this, aspect 1 (business opportunities) is considered very important to the members but has not a high satisfaction mean value. This communicates that BNI managers in Copenhagen and Malmö should put more effort into encouraging the members to work efficiently with creating business opportunities to their fellow BNI members. As shown in the bottom right- square there are many aspects within BNI which the members are satisfied with but not considered important by them or only moderately important. This study shows that even though BNI chapters in Copenhagen and Malmö are successful in creating many satisfying aspects members only see business opportunities (1) increased turnover (2) and trust (13) as truly important. In accordance to the founder of BNI (Misner, 2004) members find trust as a fundamental part of BNI and are satisfied with this important aspect. Trust, business opportunities and increased turnover are the aspects which the founder of BNI, the BNI respondents and members claim as most relevant and are consequently, according to this study, the aspects which BNI should continue to focus on in order to be a successful referral business network.

Since this study did not show any significant differences between the two cultures; BNI Copenhagen and BNI Malmö, and observations during seven BNI meetings showed no explicit differences in how the BNI concept were used, the above information can contribute to a better understanding of relationship benefits among BNI managers and members in other countries. Other networking organizations can use this information as inspiration but only if their structure is similar to the standardized concept of BNI. Since this is a case study, the implications might only be applicable on BNI Copenhagen and BNI Malmö chapters. A single case (BNI in two cities) is more difficult to generalize since only one case is studied in-depth and therefore the conclusion might not be useful for other business contexts. However the importance/performance graph can be used by other referral network organizations since it clearly illustrates the opinions of members in relation to how well their organization performs. In order to create this graph, organizations need to examine their member's opinions regarding which benefits they find important in their specific network organization Moreover over it is needed to examine the total degree of reliability of the benefits in order to ensure that the chosen aspects actually explains member's CSI to a satisfying extent. Moreover, managers of referral networks need to be aware of the complexity of satisfaction since the

members have different opinions about what they find important and what makes them satisfied. The importance/performance graph contributes to a better understanding of these aspects.

## **7. Limitations and future research**

*In this chapter the limitations and suggestions for future research are presented.*

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This study is limited to a Swedish and Danish context with the focus on one specific network -BNI. For future research it would be interesting to study the impact relationship benefits and sacrifices have on members overall satisfaction in other countries, where BNI is present. The result shows that there are not any major differences between the Swedish and Danish members regarding which benefits they consider important and which benefits and sacrifices have the most impact on overall satisfaction. This could however be due to the physical closeness between the two Scandinavian cities; Copenhagen and Malmö and that the Swedish and Danish culture, have some similarities. Hence, it may be interesting to examine if a study of BNI in a country outside Scandinavia would provide a similar result.

Furthermore, this research is limited to the amount of respondents participating. 124 respondents represent the opinions of BNI Copenhagen and BNI Malmö, which is somewhere more than half of the members in BNI Copenhagen and BNI Malmö. Therefore a more extended data collection in BNI groups of Sweden and Denmark would be useful in order to confirm that the results from this study are representative for BNI Denmark and BNI Sweden. Regarding the data collection the study is limited because of the restricted time the members were able to spend on the survey (e.g. lack of time, stressful situation, lack of focus etc when answering the questions). An electronically distributed survey might have resulted in more well-reasoned answers. Since the result of this study show that the first part of the return on relationship model by Storbacka et al (1994) can be applied to a referral network (BNI) it may be interesting to apply the whole model to a similar referral network or another business network in order to examine if relationship benefits and sacrifices have the same importance to members and impact on their overall satisfaction. When considering the parts of the model which are excluded in this study, results may come out differently which is an interesting aspect for future research to explore.

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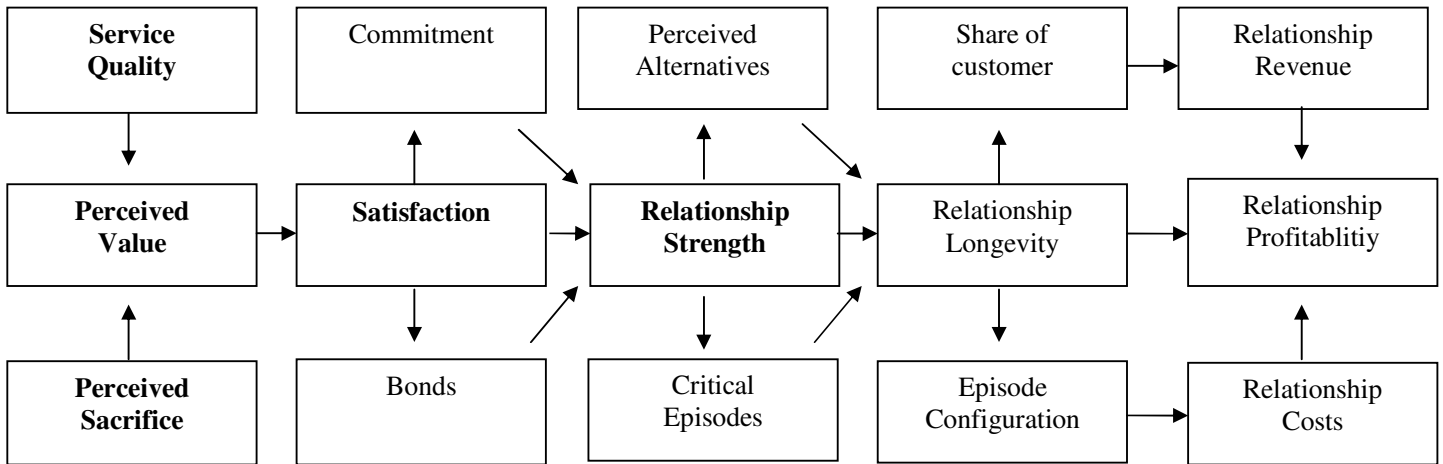
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## 9. Appendix

### Appendix 1 The relationships profitability model

Storbacka, Strandvik, Grönroos, 1994





## **Appendix 2 Interviews**

### **2.1 Interview with Alex Rasmussen, Sales manager, Akademisk Boldklub A/S, Copenhagen, 2009-04-01**

#### **What is your role in BNI and what are the general tasks about BNI?**

Well, my role in BNI is just like a regular member of a BNI group. One group meets in the same place every week and there are members from a lot of companies. And my role is actually just to be a part of the group and tell the other member what I am doing so that they can create some business possibilities for me. Every meeting is the same. BNI is made like a 19 step program, and it is the same every week so that everyone knows what is going to happen and of course, since it is an American concept it is very... structured so that you know you are going to get some value from the time you spend on BNI. But in general, a BNI meeting is, every week it is... what do you call it... there is like, three people having the leadership of the group. And that goes for 6 months and then it is three new people and there is a team leader, there is a secretary and one more. So every time you get there they tell, if there are some guests, what BNI is, then there is always the statistics to show how much the people in the group has delivered in references and how many times they have been there out of the possible times and like that. Because it is very structured it shows also the guests how much value there is when you go to a BNI meeting every week. Then they explains something about their company for 60 seconds and that should educate the other members about what is good using my company, what the value about my company, why should they recommend me or my company to somebody else.

#### **Do they say new things every time?**

Yes, they do. It is always... The best way to do it in BNI terms is to tell a success story from the last time. What have you helped one of your customers with, to tell people about the value in your product. Because everybody could tell like, I'm working in a bank and we have so and so many customers, but you have to tell success stories so that people sit in a situation where people tell them something and you should think "oh yes, I know this person from this and this company, he can help you because he helped somebody else with that same issue. So that is what you have to tell. Then you have to tell in these 60 seconds, tell something about which companies you want to talk to. What is your dream customers so that the others from this group can help you if they know somebody in a company that you want to talk to, and in the position that you want to talk to, so that they can call them and say "I know this and this company who wants to help you with this and this, is it okay that they call you?"

#### **And all this happens in 60 seconds?**

Yes. So it is pretty structured and you have to ready and you have to... and that's also a thing about BNI- it is not just this 1.5 hours every week, you have to work with it during the week. You have to be prepared and know what you are going to say because it is only 60 seconds. And the team leader is really structured about this, and strict. After 60 seconds he is going to stand up and ask you to finish of. So it is really important that you use time on it during the week, also to help your colleagues cause all these companies they tell you they want to talk to, if you know someone you have to use some time during the week to call them and ask them if it's okay.

#### **If you have found someone, do you tell them during the meeting or after the meeting?**

Afterwards, during the week. Actually, I always, if someone ask to speak to a company I know I always call the company the same day or the day after and ask them if they are interested in that particular product and that company. And if they are I would call the

company that is asking for the reference and tell them that I have spoken to this person and send them an email with the contact information. And then on the next meeting we have some references notes that you fill in and then you pass them out at the end on every BNI meeting. So that the guests also can see what you have been working on, what you have helped the other members with during the week.

**Is it enough to know someone that is in the network, and not be a member yourself to profit?**

I think you should be a member to get something out of it because sometimes when there are guests at a BNI meeting and it is not from a branch, from a company that is represented, it is a little bit odd to give them references because a reference is a recommendation. And how could you recommend someone you just met? Recommendations are based on trust. So you have to be a member of the group so you meet people every week to build that trust. And that is not built on 5 minutes of small talk before a meeting. So definitely the guests have to get a feeling when they leave the meeting that this is the place to be, a place to spend time every week. Because it is a lot of money involved, a lot of business opportunities.

**Can you be a member of BNI for as long as you would like?**

Yes, definitely, when you get into a group you represent that special kind of branch until you leave the group. It is not possible for others to be a part of that group. It is also not possible to be, for me being a football club, I could not sit in two groups as a person, it has to be different persons from the same company in different groups. Because if I am sitting, it is a little bit different with me because it is AB and we are franchised with BNI but other companies; which lawyer should you give the recommendation, oh sorry, the reference to if you sit in two groups with to lawyers? So that's why it can only be one lawyer in one group for example.

**Do you have any cues? No not really. Do you have any waiting lines? Are there different companies wanting to get in to the network at the moment?**

I think that Rene Bruun, the director of BNI in Denmark, he would find another group where that position is possible to fill, so that company could get in to that group. Because there are a lot of groups, there are like 40 groups in Denmark, and I think it is about 20 groups in the region of Copenhagen so there is always another group that might be needing someone. It is also like that, that if you don't comply to the rules, so if you don't live up to all the norms and the rules, like that you have to be there every time to deliver some business possibilities, it is also possible to tell people that a part of the group is not using it right and if they don't get better, get more involved, they can stay in the group but that particular branch is opened up and if somebody else will get in and fill that spot they will get thrown out. So there are some rules so that it doesn't get just like a coffee club.

**Can they get replaced?**

Yes, definitely. You have to deliver to be a part of BNI. Definitely.

**How much are the costs?** I think it is about 7000 Danish kroner.

**For one year?** For one year. But then you pay like 110 kroner for the breakfast every time so it gets around 12 000 Danish kroner. But if you use it right the value is much bigger than that. I think in AB last year we made about three million Danish kroner on BNI because we have different companies that can benefit from BNI on AB.

**So you can actually calculate?**

You can do that, but we don't, we just estimate how much it is. And also for new clients and how we met them.

**Is there a lowest amount, for like next week you have to have made a certain number of referrals?**

It is said in BNI that you have to make half a referral every week, so that is one referral every second week. That is the lowest amount. But I think most groups make some higher standards, and that is often one referral every week. And a referral could then be a business opportunity or a guest. So it is easy if you do not have a referral to invite someone to come and look. But of course it is important that you don't bring somebody who is already taken that spot in the group, take you take someone that could be a possible member of the group. That is what we always prefer.

**After those 60 seconds, what do you do then?**

Then there is a ten minute presentation, one from the group has a ten minute presentation every time and that's because you can educate your colleagues of the group even more about the products. But even in the ten minute presentation it is very important that you don't use time on telling how many employees you are and when you started the company and stuff like that. It is actually just ten minutes, instead on one minute sucess story it is ten minute success stories. Telling about different cases, different stories where you helped people so that you create that value when the people are going to recommend you.

**And then it ends?**

No, then there is actually the most important bit, and that's the referrals. It always ends with the referrals after the ten minutes. Then everybody pass out these referral notes to each other.

**From what they have accomplished during the week? The last week.**

**What do they say in the referral?**

Again it is important... every time you do something in BNI, if I had a referral it is my extra time of recommending my own company to the others so when you have a referral you tell a story. "I actually created this referral to you, because I was speaking to this and this guy and he said this and this and I remembered that you could help so I said this and this and then he is ready to talk to you. So telling success stories all the way thorough is actually the key in BNI, cause all the guests and all the other ones sees me one more time and here about me one more time so of course it is more important to tell the story instead of just handing it over. So stories again are important.

**Do you mingle around or do you sit?**

We do that before the actual meeting. The meeting starts at seven o'clock or ten past seven and people often be there like a quarter to seven and mingle for fifteen, twenty minutes before breakfast. So it is important not just to be here from seven o'clock and forward but to be there fifteen minutes before. It also gives you the chance to meet all the guests, tell them about your company, get their business cards, and ask them if they are interested in hearing about your products afterwards.

**Is it business oriented when you enter the room?**

Definitely. Of course there is... the members always, because they know each other, it is easy to go up to one of them and how you weep in and just chit chat but if you want to gain something of course you go forward to the guests, give them your hand and ask them where they are from and they will ask you where you are from and then you exchange business

cards. So it is very business orientated. Some people don't use it as much as others, but of course, why not use it? Why be there fifteen minutes before if you only are going to speak to the members?

**Can you be replaced with anyone from your company, so if I can't make it, I can send my colleague?**

Oh yes, you could do that. It is then a replacement, but again, because it is trust it is really important that all the times you can be there yourself it is important to do that. Some companies say that "okay we want to be a part of BNI but I can come every other week and I will send my colleague every other week. And that is not good enough. It has to be you as a person, of course if you can't make it is much better to send a replacement than not appear at all because if ten people does that every week then you might sit there ten people and the guests will come and they won't get the full experience. So you can do that.

**What are the benefits of being a part of BNI?**

Definitely personal networking is in my term is one of the best ways to do business at all cause being a part of a group means that you have like 20 people, 25 people that is working for you every week. If you are good at your job and good in using BNI you can make them your ambassadors in the market and if you do that and use it every week then there is a lot to gain of business opportunities that you wouldn't get otherwise. But it takes a lot. Because it is also important that BNI is not about getting into a group and getting a lot of business from the others. It is about giving a lot of business. Definitely not taking. Givers gain. Gain is like this big philosophy of BNI- givers gain. So it is important not to go into a group and just expecting to sell a lot of products to the members. You want to help the members and you want them to open up to their networks. Because if they do that there is a lots and lots of companies to talk to. And I always experience that if you get somebody within the group to be your ambassador, if they are interested in your own product they will come and ask you sooner or later. I have got, in both the groups that I'm involved in, on Tuesdays and Fridays, some of them in the groups come to me a lot of times and said "Alex I have heard so much about your sponsorships, how much business I can gain from being a part of your sponsor network- I think we should talk about it". And then they come to me and say that they want to talk about it, it is just about signing the contract actually. Finding out what they want and what I can sell them and then they will sign the contract. So it is a much better way to get people to get interested. Because you tell success stories every week so that at some point they gonna think "okay if I want as much the business from Alex I have to sign a sponsorship contract and I can hear every week how much he has... how much business he has given the others and I want to be a part of that as well.

**Are there any social benefits?** Yes of course, you get to learn a lot more people, a lot of people. Of course you will get invited to a lot of different things and you can use the thing you think are interesting and benefitting for you so of course there is a lot of personal benefits.

**Like what for example?** Get invited to football games, to concerts, to ... theatre shows, where you can meet other people and if you are thinking network- every possibilities for you to meet people you wouldn't meet otherwise. And of course, BNI gets you further in presentations regarding your own company. And you will get better at telling about your company and your products. So it gives a lot.

**Would you consider the members to be friends or more as business partners?** More business partners. Of course there are some people that you are closer to than others but I would definitely say that the ones I'm closest to might be the ones that also sponsors AB because I meet them outside BNI as well on sponsor trips to Shanghai, going on golf trips and stuff like that. But I wouldn't consider them friends because they are still business partners, some better than others. But again the ones that I meet in BNI that is also in AB is the ones that I could recommend more cause I see them more often so I remember their products.

**Are there any sorts of information sharing more broadly information, not just actual business?**

I would say that some companies use BNI also to if they have some problems regarding their company, share some business views of how to do things, because one thing is meeting new clients and selling your product but it is also good to be a part of a group to share ideas and different perspectives on how to run a business. A lot of companies in BNI are smaller companies or middle based companies so it is a good way to learn more about how to run your economic system, or what system to buy and stuff like that. A lot of people use it for that as well.

**Do you have time for that during the meeting?**

I think you do it afterwards. Definitely. But also during your ten minutes of presentations, some people speaks about difficulties, if somebody knows something about this and this and this, then you might walk up to them afterwards and say "I got some experiences on that topic. Let's meet someday." You also have, I don't know if you read about it, but one-to-one meetings in BNI. It is a very important thing. When you get into a group, you make some one-to-one meetings with the other members of the group where you go out and visit the group member's one on one to hear more about what I am selling and what you are selling. Again, to gain that trust, to learn more about the companies. So one to one meetings are very important as well.

**You mentioned trust and learning knowledge?**

Mmm, of course, if I am going to recommend somebody I need to know that their product is good and that that person is trustworthy. I would never recommend somebody that I didn't trust completely. Of course it is hard to say that you trust them 100 % but it is always nice to have sat down for one hour and talked about each others business because you can always... most people you can hear if the actual product or company is worth helping or not. Because somebody, of course they are not worth recommending. But I would say that if you do become a part of BNI, you do have a good business plan and your company is going okay. So trust is the most important thing I can think of.

**Is it mostly established companies that are in BNI?**

Different. Some companies has just begun but when you sit down for one hour you often, like, you can hear or tell if they are telling the truth and if they are worth helping. If their business plan is going to work or not.

**What would you say about status? Is there any status involved in being a part of BNI?**

Definitely. I don't know if there ... is no status like, I want to go out and say that I am a part of BNI and that I won the Givers Gain award, which I did, which I did, I wouldn't use it. But I would definitely say that there is more status within the group. And that status definitely comes from being one of the most giving, the ones that are the most giving has the highest status. Definitely. So within the group there is ... I think because BNI doesn't use to much

money on branding, in the company or the way they work, so I don't think that that many people knows about it but it is not that... it is not like it is high status to be a part of BNI, definitely not. But it is wise and it is clever. A lot of small companies get their fundamental base from BNI. They get started on it and build their business on BNI.

**Is the status based anything on how big the company is? No only about the giving? Yes.**

**Is everybody concerned equal?**

If you would just start a new group from scratch I think everybody would be equal. It definitely depends on how much value you bring the group, how much you help the others. Definitely.

**So if you sum up, what are the most important factors for BNI becoming such an important network? Most important factors? What makes it so successful?**

Because you get a lot of ambassadors out there and if you are giving you will definitely receive at some point. It is not about giving... if Susanna has a company; it is not about giving her some business and expecting to come back from her, its more about giving her and then hoping that somebody else will give you something. It is not like giving and expecting to get back, you give to give, not to get. Because when you give... of course if I have given Susanna ten references that are possibilities for business, at some point she will start thinking more about me and give me something back. But I shouldn't expect her to give me something because maybe my business is build in a way that I meet potential buyer of her product but it is not sure that she meets potential buyer for my product. But maybe somebody else does. So it is important not to expect somebody to give back. You give them and you get something. Definitely. Somebody sells their product for 5 croner, somebody else sells their products for 5 millions. So you can't like expect that. But it is important in a group maybe to have 2 or 3 colleagues within the same area so that you can help each other out. Of course a carpenter can help a guy from an electricity company. They can help each other. /.../ It is important to have some within a group who can help each other.

**Is that a rule that BNI has?**

It is not a rule, but you have like a piece of paper where different types of companies are and it is divided into like five group and within those five groups there might be ten different types of companies. And then it is good to have 3 or 4 within each because these 3 or 4 can help each other. And they might get something from the others as well but it is good to have somebody you can work a little bit more than with the others. It gives success.

**How do you measure those referrals?**

How much you make or how many referrals?

**How much you make.**

We don't measure that in our company. I think some companies do measure that a lot.

**But you don't have to?**

No, definitely not.

**Do you measure the referrals?**

Yeah yeah every referral I get I will put into a system so I know what I got and from whom. But I dint measure exactly how much money AB make, it is more like an estimate.

**Do you measure how many of the referrals that actually turn into sale?**

No, not really. I think a lot of companies do that more than we do. /.../ Again it is a little bit different with us because some of the people in our BNI groups are also sponsors, so our role

is actually more to help and when we get something it is good but it is more about giving the sponsors a lot of business opportunities as well. /.../

**What do you think are the most important reasons for this network works?**

Because, I think when, it is about getting first in line, when a company is going to buy a new computer, of course I, if I was going to buy a new computer, and I new a guy who could sell me a computer, or if I know a guy who owns a store that sells computers, I would definitely buy from him, where I know the owner. So I think that is a big part of it. When you are going to buy something you want to buy it from somebody you know. You can then expect good service of a product and if something happens you feel that you are in good hands. So that is the main thing about networking, you will get first in line. I think it is also, one other reason, it is not so much the price that matters to you when you get references, it is more that people having experience and that you are getting good service. If I recommend somebody, it is also on me if it goes wrong, but that's, if somebody recommend me something, that from the experience I have. /.../ Then I don't care if I go into a store and the computer cost 10 000 or 10 500 from the guy I know, I would rather buy from the guy I know. And I think that is the main thing about it.

**How long does it take to gain trust?**

That is really hard to say. It takes... I think it is, it depends on what product you sell, but I would say between three and six months. Definitely some people will get referrals the first day the enter a meeting, because they might have a product that everybody could use /.../ But I don't prefer the name of the company, I prefer them being trustworthy. /.../ Other companies have more complex products, then it takes longer time to tell people what they have to look for, but I would say between three and six months.

**You talked a little bit about scarifies before, are there any more sacrifices than time for being a part of a network?**

I would say that, of course you have to be there every time. You have to be there 48 times a year. In the morning from 6.45 to 8.30 and it is really important to be there every time, because the way you help the other companies is being there and listening to what they have to say. And listen to what companies they want to talk to. If you are not there for three weeks then you cant help them for three weeks, and it is about helping, so of course the scarifies is time. You have to be there in the morning once a week whole god dam year. Besides that you have to walk with it in the week.

**How much do you work with it?**

Every day. But it is hard for me to say because I work with BNI and I work with AB. /.../ But otherwise I would say an hour or two a week. It takes some time to sit down and look at what people are seeking. /.../ But that is about it I think.

**Are there any competitors to BNI?**

Yes, of course, there are other networks in Denmark called Even Weeks and Pro Network, but they are based on meeting every second week. And everybody I meet who has been involved of those two networks always says that it is more like coffee club. Meeting, having a cup of coffee, talking a little bit here and there but not that strict and structured like BNI. Actually Pro Network and Even Weeks are both build on former members of BNI who started their own networks, both of them. And it is actually not possible to be a member of those two and BNI, because they have been members, the one who started it. And I mean, if there are a lawyer in BNI and one in one of those, who would you give your business possibility to? /.../

But otherwise, accepts those and 2 or 3 more, BNI encourage you to be a part of more networks because other networks are not as structured, they more talk about how to build your company and how to be a good leader and stuff like that. And then it could be a good way to meet somebody for BNI. /.../

**How loyal are you to the members, if someone else is cheaper?** I would always prefer a sponsor in AB, definitely. /.../ I think I am top three in both my groups in referrals. /.../

## **2.2 Interview with Michael Boshold, Forman, Boshold & Bennich ApS, Copenhagen, 2009-04-06**

### **Tell us about your company and how long you have been a member of BNI.**

Our company is working with three different things. Installing computers and servers to medium and small sized companies. We also educate large companies in different programs such as Word, Excel, PowerPoint and Outlook access. The last thing that we do is to create web solutions, different programs and homepages. We entered BNI, just one month after their starting time in Denmark which is almost four years ago.

### **What do you consider the benefits of being a member of BNI? Are there any social benefits?**

We are not members of BNI because of social reasons. We are members because we want to find new clients and new suppliers. BNI is not only about selling; it is about creating good relationships. For example the relationship we have with AB Fodbold, a strong relationship that lead us to becoming sponsors and both parties benefitting from the relationship.

### **Do you think of the other members as friends or business partners?**

Most of the members are seen as business partners but among these there are some that I get along better with. We do not have any private meetings or gatherings still you are more “socially close” to some people.

### **Do you consider status being related to BNI?**

No, we do not feel any higher status rank because we are members of BNI.

### **Are there status issues within the group?**

That I believe exists. When you are a new member, you need to “work yourself” into the group. The group that I am member of is the oldest one and several of the members have been there for a long time. And I feel that new members need to prove that they can live up to the same standard as the old ones, it is on those terms. But I also think that the new members feel that they need to be accepted. They should learn the rules of BNI – “giving first” and not expecting to have a lot of new business from the beginning. You must prove several things and then you will be “ok” by the older members.

### **Do you share information with other members?**

Yes, but only information that will lead to something. “Need to know-nice to know” we say. Again, there are people that I get better along with, and often it is those persons that are in the same position and situation as you. They have their own business as we do and need to take the same decisions as we do. Maybe they have the same problems and then it is easier to discuss certain things because the members know what you are talking about. If you are



employed there is somebody else that takes those decisions for you. It is the same with people that have children and those that don't. You can't tell, unless you have experienced it.

**What are the economic benefits of being a member of BNI?**

During the first years we didn't get anything out of it. Not enough anyway. This because we were not good enough ourselves. We didn't understand the rules from the beginning but when we did, it became clear how a firm should think and act, we also got something back. We thought that the business will be served but it was the opposite. We got wiser and now we make a couple of hundred thousand per year through BNI. It is not a social network – it is a business network, for example we got the opportunity to make the homepage of BNI Denmark. It is a great opportunity for us, because all 1000 members of BNI Denmark use this homepage and also the guests invited to the meetings. It is a fantastic reference opportunity.

**Are there any strategic advantages for your company that is connected to BNI?**

If our customers outside BNI need help we can bring them to the breakfast meetings, to see if it can solve the problem. We want to be able to create a good relationship to our customers by helping them, and if it is through BNI, that's great. The problem with BNI is that the meetings are early in the morning and that can be a problem for some of people. If you have children for example it can be problematic. I know that from my own experience. Strategic advantages can also be when making business with a lawyer for example within the group, he or she must perform really good otherwise they can destroy for themselves. This makes us members think strategically because we can't perform with medium quality when dealing with members of our own group. The other members will hear whether we did a god job or not. The service is really important but the most significant aspect is the person that gives the service.

**Do you feel that you can trust the other members and how important is trust in networks?**

It is very important; it is determining in some cases. At a point you want to be able to open up and tell who your customers are. This can be misused, but is something that cannot be controlled. The moment when a new member is entering the group the trust is something that comes to mind.

**Does it take long time to create trust?**

I believe that there are some areas that can be harder to “get in to” than others. Jobs such as psychologists or coaches. These areas are very private and it can be difficult to understand how I can help them. While we on the other hand have professionals such as craftsmen, that everybody needs once in a while, and is much easier to feel trust to.

**Do you feel that the members keep their promises to find and give business opportunities, referrals?**

Most of them do. In BNI the quantities are highlighted. You should bring as many guests to the meetings and give as many references possible. But in businesses like ours it is not that easy to focus on quantities. Instead we focus on what our references leads to when it comes to sales, and then we have good results. BNI wants us to land as many guests possible to enlarge the member amount and the same when it comes to referrals. This creates more sale opportunities. But it is very important when giving referrals to be certain and sure of the company you are referring, the customer should not have to worry about whether they will call or not. It should be a promise, and not something you do just because of striving for good statistics. But yes, I have trust for most of the other members. It can depend on different business possibilities and ups & downs weather members can deliver good services or not. It

also depends on what business you work with to see how much referrals you can give. The leading group of every team will help the companies that have problems with guests or referrals. All companies need to reflect on how much they have given and received, looking at it from both ways. To see what I have contributed with during this year, and evaluate the results. A bank for example may have easier to give referrals, while harder to getting ones. But they are still members of BNI due to the marketing aspect which makes people aware of their company name.

**Are you part of BNI to be more visible or getting your company name out?**

Our business is entirely network based, which means that we really need to work on maintaining our business relationships. We do not have any salesmen working for the company. And of course we should be a part of BNI, and we are.

**Are there any other reasons why companies are members of BNI?**

Our main reason is to make new clients. And you meet a lot of people through BNI. We have our name on their homepage and we have also created their homepage which contributes to promoting our name. Secondly it is to enlarge our own network. After meeting people during a period of time, trust is created and new customers are gained.

**What are the sacrifices of being a member of BNI?**

In my case it affects my family since I have three children; my wife is forced to take care of all three of them during the mornings when the BNI meeting is held. Other than that I don't see any negative aspects. It is a great network. But sometimes you can feel the pressure of constantly having to perform great or not giving enough referrals.

**Do you think that it is costly to be part of BNI?**

It is totally fine.

**How do you feel about loyalty? Is it important to be loyal to people in the network or do you sometimes purchase from a company outside the network if it has a better offer?**

Yes, loyalty is very important. We don't focus that much on price, but rather the products. If their products are better, than we can decide to purchase from them instead. The products are the determining aspect. But also, the main goal of BNI is not to create selling between members but to introduce members into each other's networks. I don't feel any pressure on purchasing from the members of BNI. Like mentioned before, the people that you get along better with are often the ones that you buy from. If you notice that a member isn't loyal to you, the business will evidently end. If they are not loyal to you, how is it then possible to feel the trust that they will be loyal to your customer? You need to follow the rules and behave on normal matters.

**Does the company depend on business derived from the network?**

No, it is a supplement to our other business.

**How satisfied are you with your membership in BNI?**

We are really satisfied, both about the suppliers and also because of the sales. For example the combination in the company AB Fodbold, where we are both sponsors and BNI group members which is really good. We go on activities and trips together.

**If a member is dissatisfied with the membership, what do you think is the most common reason?**

If they are dissatisfied, they haven't been performing well enough. For some people it is much easier to stand up and talk in front of a group. Some persons have this more naturally going than others and this shows during meetings. And that is why the most outgoing members get the most referrals, no one wants to refer to somebody that can't promote their own business. BNI plays an important role here, and educate members in presentation techniques to become better speakers. Dissatisfied members need to turn to themselves and look at their own weaknesses to become better. That is why you cannot blame anyone else but yourself if you are dissatisfied.

**What do you think are the three main reasons why BNI is a successful network?**

One thing is definitely the role of René Bruun. He is a good leader and very good to create business opportunities between companies. He thinks a lot about forthcoming events and focusing on timesaving methods to optimize businesses. He is also very ambitious and creates different groups which he visits often to constantly make improvements. If members of BNI gain sales from the referrals they will also recommend the network to others. There are a few competing networks, which are started by former BNI members. Those are only held every second week and their outcomes are not even close comparing to the original. Another thing that makes BNI successful is the fact that it is not a social network, but purely a business network, where it is alright to say that you want a company as a client. The rules are very strict but simple.

**2.3 Interview with René Bruun, Adm. Dir/Executive Director BNI Denmark, BNI Denmark ApS, 2009-04-03**

**Please tell us a bit about your background in BNI**

I met Gunnar who was responsible for BNI in Sweden, I met him a few years ago and I was in the position where I was marketing director for a company called Ahlsell. /... / He asked me if I was interested in starting BNI in Denmark. We had a dialog for half a year and found out that I should start BNI in Denmark. BNI in Sweden would have 10 years anniversary /... /So I took the trainings that BNI have. BNI is a franchise company so I bought the franchise for Denmark so, and along with the franchise you will a lot of training and marketing material and so on. It's like McDonalds, they have a concept. We have lots of manuals typical American to have lots of manuals, but it is good. I mean it works all over the world. And I got the training I got the manual and I called my network the people I knew and told them about it and said, come and listen to what I am going to start up here in Denmark, a business network. And that was 4,5 years ago and today we have 45 groups or chapters with more than 1000 members. And the first chapter we started is still running, very successfully with I believe 33 members. Some of the members that founded the group together with me are still there. When we start a chapter we need to have a core-group of 17 people, otherwise we are not allowed to start a group. It makes no sense to make a group out of 5 or 10 people. You have to have a certain size. And eight of the 17 people that founded the group are still there so that is good. We have a chapters all over Denmark of course we have lots of chapters here around Copenhagen; we have 16 groups in this area. So we can say now that we are covering the country.

**Why do you think companies have a desire to enter into relationships with other companies?**

Business. I mean when I talk about networking I always explain to people that network is nothing. I mean what is the purpose of networking? that you have to decide. Sometimes you have networks based on social get-together things, maybe you have networks concentrating on you carrier. /... / what is the purpose networking and the purpose of BNI? *We are not a traditional networking club where you just come in and have fun and so on. We are a sale and marketing function.* So we say cut the word network, we have taken the word network out of our logo. We are Business Network International and our logo and some years ago it had BNI and Business Network International. No it's only BNI. We don't want to talk network we want to talk sales and marketing, because that's what's it all about.

### **So why do people join BNI?**

They want to join BNI because that wants to grow their business. Either they have their own business or they are sales, responsible for a business or so on. So they focus on growth. That why people join. It is very cheap to join, a yearlong membership costs 6380 DKK.

### **So is there are difference between small, medium and large companies?**

Yes we actually design the chapter, we say that we have to have varied, diversified network they call it in the States. We have to have people from small businesses, big businesses, people from the financial sector, from media, advertising, we have to have from the building, the consultant area. So we have to have many different people, size of companies, and businesses. Because the more diversified out network is the more people can I connect with. If I want get connected with a certain company most likely there will be one in each chapter that will be from that business area. So we... actually here they have made a survey in UK and Ireland, and they have asked all the members there about the sizes of the companies, and we can see here that we have many entrepreneurs around 25 %, I don't know the figures from Denmark but what I believe it is the almost the same. You can have this and you can see how it is actually set up. **Perfect thank you!**

But is important with diversification, that is the core of it all, because people, for example in the finance sector, have already contact with people from their own area, but you can put them together with people from building area, media, advertising and so on. It a brand new world, for both parties, so that is why it's interesting. And when we go together like we did this morning we not talking about our product or service in detail. We train people and say don't talk about your product, nobody will know and understand what you are doing, if you are an IT-consultant, don't tell details about your product because the plumber, or the accountant or the advertising manager they will not know what you are talking about, so all they want to know is about your strategy for you company, what kind of customers do you want and what is your key selling point, why are you different to your competitors. So we train people to talk about strategies, what contacts do I have and what contacts do I want. We don't talk about product or service we talk about marketing and selling strategies and that a big challenge for some companies because they have started a business based on some knowledge they have and they want to sell a product, but you are not selling a product, we are helping people. I can say in general that was a figure, I was told from the other countries and we can see in Denmark, One third of our members all their business are coming from network, by BNI. They have say 40-50 % of their running business are from BNI and 100 % o of the new business comes from BNI. They attend one meeting a week and of course they speak with people after the meeting. 1/3 is supplement to other business they have and they are getting business from BNI and 1/3 they don't understand the point of what we are doing. Because they are so focused on maybe that they are computer experts so they don't have a strategy for their business. But that's a part of BNI. We are presenting ourselves us

consultants and training company. Training is a part of the membership, how they present themselves and sell themselves and make relationships in a good and positive way.

**What would you say are the factors for creating a successful relationship?**

It's very simple, its attitude. There has been made many surveys by American universities among BNI people, and they say attitude. It has nothing to do with you cultural background, your skills are you from a university or are you without education. It has nothing to do with that. It's attitude. I have a good thing about what attitude is about. It's something about 90 % of what happens to us whether its success or the opposite is things that you decide yourself, its only 10 % that is coming from the outside. Many people talk about financial crises now and they put themselves as victims. We say instead if we have 10 % unemployed we have 90 % employed. If you will focus on what you cannot do and what's not there then you will be a looser. Also in BNI if you talk about positive things and focus on your business you will have success. The people with the positive attitude are the people that are doing well in BNI. /..... Janteloven ... / We have some people apologies that they are not there at all the meetings, so who will you refer, do you know a guy who only will talk about excuses and so on? So it's attitude it the simple most important factor for have a successful relationship. Not only in BNI but in relations, I mean it's also in a marriage it's about attitude. It's also problems there but it's not why we got married in the beginning, but we looked at the 90 % which are really good. Attitude, attitude...

**So now we continue with the benefits of being a member of BNI. Can you tell us if members have any informal relationships?**

Is also very fun because in that survey they ask people about camaraderie and the importance of camaraderie and how important it is for you as a BNI member to be good friends with you business relations. It's very important. They say here, and then they measure here is it important and are you satisfied. But the danger in this is. That we are not a club, it is not a social thing, this is business. It's like running a football team, if the goal keeper is not good enough we have to find another one that is better. For example if you have a layer who is not attending the meeting who is not giving anything to the group, find another one. Our rules give the group the right to say to people that this is not good enough. Of course first we want to help them but if they are still not performing we have to find another one and put in. It's a difficult thing because a part of it is with the heart, with the friendship and so on, but sale, marketing and running a business is with the brain. So we say to people run this business as a company not a social club, because that's not what it is. But we know that people they meet every week; they are having one-to-one meeting and so on. They are building very important relationships, so friendship is very important also. That is ok. But first of all, it has to be business. Maybe the goal keeper of the football team is a really nice guy but if he is not good enough for the team we have to find another one. You have two sides to it, you want to have good social relationships but it is a business first of all. And that's why people come.

**Do you think that status is related to being a member of BNI?**

Eh, yes it's very funny, because they have their own management team in the chapters. And some of our biggest chapters, people think I want to be the next president of this chapter. They have lots of status. Its status in connection with the guests that are coming in, so in the group its status within the group, for example I am managing a team of business people from 40 different businesses. But you mean in relation to the world our us?

**Both.**

I know many people they put our logo on their websites and they have it their business cards and on their websites what other companies they are working with. Some people don't. I'm not sure about how people feel about that status, I don't think so.

**Do you know if the members share other information with each other, except business?**

That's for sure. We have an agenda for so called one-to-one meeting. The purpose of these meetings is that we go together and I will find out how I can help you. You need talk about your strategies, customers that you want, and so on. And you ask the same questions so find out how you can help the other person. You can do that in one hour if you have an agenda. But we know that people are spending one hour on the agenda and then talk two hours about nothing. Who you are what are you doing in your free-time and so on.

**Why do you think they do that?**

Yeah why do they do that. Only maybe because they feel more related to the group. But, I believe that many people today they are very busy spending a lot of time on different things, but go together with other people and talk on one-to-one basis is an important thing. And now certainly they are a part of a group of people that have something together and they take the opportunity to talk about life in general I guess. But we also say, don't say anything negative, your promoting your business, that's what it's all about, if you are telling a business partner that you have personal problems, will you give then referrals? Stay away from them. You have to take a certain professional distance to people because this is a business relationship but sometime it's difficult, if you feel it's a nice person, they relate very well, so why not open up. But that we say that you should do in other networks not in BNI because this is a business. We are using an "analogi" if you have a shop in the business center you will in the window display things that you want to sell and you will promote you business in the best possible way. If you have internal problems you will not promote that in your window and put a sign that we have lost an employee, I'm sorry the service is not so good for the coming months. And it's the same if you are meeting with other business people, don't talk about the problems you are having. Even if it is good and nice people, because they will not refer you, nobody wants to relate with people with problems.

**So, what are the economic benefits with being a member of BNI?**

We ask a lot of people about success stories because that's a way to promote us. We have lots of cases with examples; I have a brochure here, about that. It also a part of that survey that I gave you. The business that was generated from BNI, 50 % of the respondents received over 25 000 GPD yeah this from the UK, I believe we have lots of people that are better. (reading some examples of success stories; e.g. a lawyer got 40 new clients through BNI and approximately. 3 times as many jobs this guys is attending every BNI meeting and knows that it is important and he is part of the 1/3 upper half. Every time that we pass a referral we rate it and they will show it to the group but they didn't today because we have changed the management team today. I can give you the statistics for one year that will show you how many referrals they have passed in one chapter. A referral is not an order but a door opener, to present yourself so that is very important. (showing us a paper with statistics)

**Has anybody done a similar study to this one in Denmark?**

No not in Denmark. But the groups from time to time they make statistics to see how many referrals they have got during the years. People are sending me emails from time to time. (Handing over paper concerning attitude) That's what it's all about, attitude. We have a

saying givers gain, they one that gives a lot will receive a lot so that's the culture that we want to have in BNI and that we have. We are not here to sell to each other we don't really like pitchy sell people because that is not what it's all about.

**Other than the economic benefits and the training do you have any other strategic advantages?**

No I mean the training and the business are the most important. I've got here an email from a builder, (reading the email; Since the chapter started 1,5 years ago, he had given himself 101 referrals, he has helped other people 101 times, he has receive 97 referrals himself, he has brought 51 visitors to the group. It's important to meet new people and that's why its also important to bring in guests, he has sponsored 6 new members to the chapter, he has participated in 64/67 meetings, so people can rely on him, he is a hand worker and sometime they have problems not showing up, but he is always there, so if somebody need help with building a house of sometime people say call Bendt. He has receive around 70 bigger or smaller jobs and the average value of a job is around 100 000 DKK, meaning in these 1,5 years he has got 7 million DKK in turn-over from his BNI membership. We have guy from AP-data after three quarters of a year in 2007 he have got a turn-over of 6 million DKK, and that's distribution storage, so the customers that are coming in, he will have next year and next year and so on. A web designer told me that 82, 4 % of all his new business is coming from BNI. Before they made a lot of cold-calls and other things, and they still do, but this is a way of selling and marketing.

**Would you say that the members share knowledge with each other?**

Yeah to a certain degree, but not enough. Some people they are more open about private things but when it comes to business, they sometime are very close. I believe it's a lack of skills maybe. They can ask about help in private matters but when coming to business matters they will not ask for help. We help people a lot with their strategies and so on, and some people love it but some people say that they know what they are doing, and sometimes they fail, rather on if they are not listening and learning because we have good knowledge in business and especially in sale and marketing. Sometime people they hide behind their product, and service. They want to sell a product of service and have a certain way of portending themselves and they are hiding behind the brand of the company but networking is about promoting yourself and sometimes they hide.

**Do you think that the members trust each other and how important is trust in BNI?**

I think that the best people that we have they trust, or they date to trust. But "tillit" that is a part of what we are training people in. (drawing on a paper, a trust/confidence and time model and explaining the level) You need a certain amount of trust before you refer somebody and that is something that you have to work on, and as time goes you should have a curve like this (showing on the paper) and we train people in making it grow even faster. If people talk about problems or clients they have without naming they I don't know if it is real clients, you have to build up confidence. For some people they once again hide behind the product and not get personal involved, because this is about personal involvement.

**Do the members keep their promises, for example about the referrals?**

Some, I mean 1/3 doesn't obviously, they are not building up a confidence and they fail. I say 1/3 is extremely good and 1/3 is what you can expect.

**Do you believe that there are any other benefits with being a member of BNI?**

They enter because they want more business. That is the only reason why they enter. But when they have been a member of a certain period of time, they see other things, they meet people, and they learn a lot, they socialize and so on. We will have this camaraderie. Yeah so, but that is not why they are joining. I know for sure that they join because they want more business.

**So the reasons why they stay are?**

Maybe for camaraderie, and for business of course. The business is a very central part of it. We do a lot to make it businesswise and not to make it socially, that is why we have an agenda and that all the meetings are the same.

**But isn't camaraderie that you focus more on friendship or?**

It is a positive side-effect of being a part of a team, you meet nice people that you like and socialize one-to-one. But it is not a reason to be there. They create the camaraderie not BNI. That's ok. It's like in a company, it's the same, I believe that they look at each other like colleagues. That's nice. But keep focus on the business like in a company.

**What are the sacrifices of being a member in BNI?**

It's very very little. No, I mean the money it's very cheap to be a member. But they have to invest some time, and I believe that we meet 1,5 hours every week but they have to invest at least 1,5 hours between the meetings, calling people, help colleagues of the BNI chapter, so it takes time. But I mean if you want to be successful and create results, you have to put some time, nothing comes from nothing. As we say here, BNI is not a "be rich in a hurry program". This is based on long-term business relationships. Its more like farming, than hunting. Also because the firsts 3 months you will have no referrals you have build up confidence before. Yes sacrifices its time. But they people, the member they love it. They love being together with their group, they love to go out and talk business, like a fish in the water. But I mean some people they have so many things to do, they say like ooh already a BNI meeting again, I haven't prepared anything and so on, and they are not successful, they cannot grow a business without spending some time. I recommend companies that if they are consultants they must only sell 50-60 % of your time, the rest of your time should put in sale and marketing. Put your prospects in the pipe-line, and you have to develop yourself. If you are selling yourself 40 hours a week how can you improve your business? And if you only have 2-3 customers and loose one , then they have big problems. Never spend all your time on production, its very important.

**Is it important to be loyal to the members in the network?**

Yes.

**Is it okay to buy a product or service from another company if they have the same or better offering than a member in the BNI group?**

I believe lots of internal business is being made and that's not a question about price. This house was build by a BNI member, it was not based on the lowest price, but I know him. Confidence and that I can rely on him is the most important thing. Everything that I am buying of course I buy from BNI. I'm getting the best service because they know if they deliver something bad I will not recommend them and if they have good service I will recommend them to other people. You should not have special discount just because it is BNI, take the market price and do a good job. For example if you build a house you want somebody that you can trust. When people in the network need something they call each other, for example what Alex told us at the meeting they call him and he recommend



somebody because he has confidence in that person and they have confidence in Alex and say ok I'll take them.

**Do companies depend on the business derived from BNI?**

Yes, on third do. It is a very important part of the business. We also see when a guy changes job, maybe he goes to a competing company, the employer and the company is fighting about who is the owner of the membership in the BNI chapter. Because it is a private ownership but paid by the company.

**Do you measure member satisfaction?**

We have not so far but we will. We actually have a survey made by this chapter. (printing the survey and explaining the survey) You can see here in total they have had 450 visitors coming to the chapter. BNI is sale and marketing you want to promote yourself and meet and create new business relations and I mean where can you go and meet 450 people. And we have a set-up saying that visitors are kings with a visitor host so that everybody is comfortable. The meetings concentrate on the visitors because you can always call because you know each other. 1130 referrals they have passed you can see who attends and who gives and receives most referrals.

**If a member is dissatisfied with the membership what is the most common reason?**

Time, but I don't believe it. If you don't have the skills and strategy you cannot do well a BNI meeting. Or if they don't have a plan what customers they want or if they cannot express what value they can create for their customers. Talk about the value of your product or service not the product itself. Some people say they don't have time, but sometime we see that later they close down because they have the same problem everywhere they go. They have no strategy no vision, mission.

**What would then be the three main reasons why BNI is a successful network?**

The main thing is that we have a strong culture. A givers gain culture. I am attending because I want to help you. Instead of I am coming here what can I get. So many try to copy BNI but they cannot copy our culture. We are the biggest, the first and we are the best. It's a strong thing to say but.

Another very important thing is that we have a structure and we have a program. And you cannot vary from the program you have to follow it to 100 %. And it works with all cultures in the world. Do it by the book. Sometime people try to make some changes but they will get into problems and ask for help. And then do it by the book. You can compare BNI with the Wieghwatcher, because you can decide to loose weight and follow the program but if you are changing same thing and feel like having a chocolate, then maybe it will work and maybe not. It's the same with BNI.

A culture, givers gain, and our structure not only the chapter but also BNI in general.

## Appendix 3 Survey

1.

We are three Master students enrolled in the International Marketing & Brand Management Program at Lund University. We are writing our Masters thesis with the aim to identify factors that effect member satisfaction within business networks. We hope that you will help us by taking the time to answer this 5 minute questionnaire. Your responses will be treated anonymously. Thank you very much for your help!

Sincerely,

Annika Andersson, Susanna Wlosinska, Tina Ornstein

**\* 1. Overall how satisfied are you with your membership in BNI?**

Not satisfied Very satisfied

Please rate ONE answer

**2. What makes you satisfied/not satisfied with your membership in BNI?**

**\* 3. My BNI network provides a satisfying amount of business opportunities**

Totally disagree Totally agree

Please rate ONE answer

**\* 4. My turnover has increased due to my BNI membership**

Totally disagree Totally agree

Please rate ONE answer

**\* 5. I get discounts or special deals when purchasing services/products from fellow members in my BNI network.**

Totally disagree Totally agree

Please rate ONE answer

**\* 6. I find new business opportunities faster through my BNI network and therefore save time**

Totally disagree Totally agree

Please rate ONE answer

**\* 7. I get service faster than non-BNI members when purchasing from fellow members in my BNI network**

Totally disagree Totally agree

Please rate ONE answer

**\* 8. I am satisfied with the training and education provided by BNI**

Totally disagree Totally agree

Please rate ONE answer

**\* 9. We complement each other in terms of expertise and knowledge sharing in my BNI network**

Totally disagree Totally agree

Please rate ONE answer

**\* 10. My BNI network improves the competitive market position of my company**

Totally disagree ○ ○ ○ ○ ○ Totally agree

Please rate ONE answer

**\* 11. I have more than a formal business relationship with members in my BNI network**

Totally disagree ○ ○ ○ ○ ○ Totally agree

Please rate ONE answer

PLEASE TURN PAGE!

**\* 12. I have developed friendship with members in my BNI network**

Totally disagree ○ ○ ○ ○ ○ Totally agree

Please rate ONE answer

**\* 13. I enjoy social activities with members in my BNI network**

Totally disagree ○ ○ ○ ○ ○ Totally agree

Please rate ONE answer

**\* 14. I believe that we exchange information (beyond business) in my BNI network**

Totally disagree ○ ○ ○ ○ ○ Totally agree

Please rate ONE answer

**\* 15. I trust the members in my BNI network**

Totally disagree ○ ○ ○ ○ ○ Totally agree

Please rate ONE answer

**\* 16. I believe that dealing with BNI members reduces business risks**

Totally disagree ○ ○ ○ ○ ○ Totally agree

Please rate ONE answer

**\* 17. I have less anxiety when I buy a service or product from a member in my BNI network**

Totally disagree ○ ○ ○ ○ ○ Totally agree

Please rate ONE answer

**\* 18. I feel that my values fit with the values of the members in my BNI network**

Totally disagree ○ ○ ○ ○ ○ Totally agree

Please rate ONE answer

**\* 19. I feel that members in my BNI network keep their promises**

Totally disagree ○ ○ ○ ○ ○ Totally agree

Please rate ONE answer

**\* 20. I prioritize offers from BNI members even if there are superior external offers**

Totally disagree ○ ○ ○ ○ ○ Totally agree

Please rate ONE answer

**\* 21. My membership in BNI is time consuming**

Totally disagree ○ ○ ○ ○ ○ Totally agree

Please rate ONE answer

**\* 22. My membership in BNI demands too much effort**

Totally disagree Totally agree  
Please rate ONE answer

**\* 23. The BNI membership is expensive**

Totally disagree Totally agree  
Please rate ONE answer

**\* 24. I miss out on business opportunities from external providers due to my membership in BNI**

Totally disagree Totally agree  
Please rate ONE answer

**\* 25. Being a member of BNI troublesome/hard**

Totally disagree Totally agree  
Please rate ONE answer

**\* 26. Being a member of BNI only results in benefits**

Totally disagree Totally agree  
Please rate ONE answer

**\* 27. How well does your BNI network match your expectations?**

Not at all Completely  
Please rate ONE answer

**\* 28. Imagine the perfect network. How close to this ideal network is BNI?**

Not close at all Very close  
Please rate ONE answer

**\* 29. How likely is it that you would recommend BNI to a friend or a colleague**

Not likely at all Very likely  
Please rate ONE answer

**\* 30. Which of following factors are important for you as a member in BNI?  
(Select as many factors as you find important)**

- Business opportunities
- Increased turnover
- Discounts and special deals
- Time saving
- Faster service
- Training and education
- Access to expertise
- Increased competitiveness
- Friendship
- Social activities
- Information sharing (beyond referrals)
- Trust
- Reduced risk
- Reduced anxiety
- Shared values
- Keeping promises
- Loyalty

**\* 31. Are you a member of BNI in Sweden or in Denmark?**

- Sweden  Denmark

**\* 32. Please type the number of employees that work at your company**

**\* 33. For how long have you been a member of BNI? Please specify in years and months**

**\* 34. Do you consider your company to be mostly service or product oriented?**

- Service oriented
- Product oriented
- Both service and product oriented

**35. Do you have any suggestions for improvement in BNI?**

## Appendix 4 Cross-tabulation

	DK	SWE	Pearson Chi-Square
Business opportunities	95	97	,517 <sup>a</sup>
Increased turnover	62	77	3,286 <sup>a</sup>
Discounts or special deals	7	17	2,788 <sup>a</sup>
Time saving	29	54	7,526 <sup>a</sup>
Faster service	24	30	,711 <sup>a</sup>
Training and education	27	36	1,124 <sup>a</sup>
Access to expertise	47	38	1,156 <sup>a</sup>
Increased competitiveness	27	32	,311 <sup>a</sup>
Friendship	22	36	3,037 <sup>a</sup>
Social activities	15	28	3,032 <sup>a</sup>
Information sharing (beyond referrals)	40	49	1,063 <sup>a</sup>
Trust	60	55	,304 <sup>a</sup>
Reduced risk	31	33	,082 <sup>a</sup>
Reduced anxiety	7	7	,000 <sup>a</sup>
Shared values	29	25	,311 <sup>a</sup>
Keeping promises	44	48	,216 <sup>a</sup>
Loyalty	64	49	2,557 <sup>a</sup>

Table IV: Cross-tabulation test based on nationality

	0-12 months	13-60 months	Pearson Chi-Square
Business opportunities	97	96	,081 <sup>a</sup>
Increased turnover	73	68	,354 <sup>a</sup>
Discounts or special deals	13	13	,003 <sup>a</sup>
Time saving	36	53	3,603 <sup>a</sup>
Faster service	26	30	,302 <sup>a</sup>
Training and education	33	32	,008 <sup>a</sup>
Access to expertise	41	43	,048 <sup>a</sup>
Increased competitiveness	26	36	1,473 <sup>a</sup>
Friendship	30	30	,001 <sup>a</sup>
Social activities	23	21	,078 <sup>a</sup>
Information sharing (beyond referrals)	46	45	,002 <sup>a</sup>
Trust	59	57	,048 <sup>a</sup>
Reduced risk	30	36	,470 <sup>a</sup>
Reduced anxiety	6	9	,615 <sup>a</sup>
Shared values	30	23	,832 <sup>a</sup>
Keeping promises	46	47	,026 <sup>a</sup>
Loyalty	50	64	2,452 <sup>a</sup>

Table V: Cross-tabulation test based on membership duration

## Appendix 5 Survey answers: open question

Respondent	Q2: What makes you satisfied/not satisfied with your membership in BNI?
1	
2	
3	Business opportunities
4	
5	Steady process and results (business)
6	
7	
8	The way we help each other
9	It works! Due to my relative short membership period (6 months) I haven't yet experienced any increase in turnover, all though i have had some good leads, that might lead to actual turnover
10	too many members do not give enough leads
11	It works! Yet, you could always wish it to be even better!
12	
13	
14	
15	Income I meet a lot of interesting companies at the weekly meetings and the organized givers gain is a remarkable. To achieve new marketing/ sales possibilities.
16	It does make my daily business relationship much more profitable and create a lot of new links to new business relations
17	business sparing
18	Extremely dynamic group with much useful input and good references
19	Results generated, Personal development (feedback from group members)
20	It works!
21	
22	
23	30 % of my turnover is from BNI
24	
25	
26	Little effort yet so much gain  For me, the Danish culture does not encourage an open approach to sharing business, so I guess the BNI network kind of legalizes this. Anyway for the network to be perfect, I personally would prefer a more direct and focused attitude
28	
29	
30	
31	
32	Good business opportunities. Good relations. Good friends Satisfied: Referrals and meeting a constant flow of new business contacts. Not satisfied: The BNI "chores"
33	
34	
35	
36	Möjligheterna att knyta värdefulla kontakter, professionalism och strukturen som ger konkreta resultat
37	Efter kort tid kan det redan resultera i affärer
38	Opportunities
39	
40	
41	
42	
43	Givers gain
44	

45 Mycket affärsmässigt, kul och fika kan jag göra på andra sätt  
46  
47 Lack of references  
48 Business opportunities  
49  
50 It is so straight forward and people are open minded  
51 It happens very much  
52 Mkt bra avkast på de investerade pengarna  
53 Give much, recieve little  
54 Får mange kontakter. 50-60 % af mine kunder genom BNI  
55  
56 Relatious  
57  
58 A lot of new connections and new business  
59  
60  
61  
62  
63  
64  
65 Focus on business leads  
66  
67  
68  
69 Bra sammanhållning, bra utbyte av leads  
70 All energi, alla kontakter, alla referenser  
71  
72 Kunder  
73 Struktur, nätverksbyggande  
74 BNI kontakter  
75 Happy/friendly attitude + leads to business-deals  
76 Bra struktur, nätverkandet i fokus  
77 The increased network  
78 Ovärderligt med den kontinuerliga kontakten/reklamen med personer som känner mig  
79 Kontakter, affärer, utveckling --> presentationsteknik  
80  
81 Business opportunities created, broader network  
82  
83  
84 Networks, new contacts, new jobs  
85 That everyone is thinking about each other and always has each other on their minds, it works.  
86  
87  
88 it works  
89  
90 Postiv växtmiljö  
91 Business opportunities/not keeping promises  
92  
93  
94 New business all the time  
95 It gives me opportunities I would not get if I did not participate in BNI - Hilton  
96 Best – the groupenergy – ideas  
97 No references  
98 Good contacts / no leads (yet)



99  
100  
101 It gives me access to new contacts in my area of business  
102 My company has made a lot of new customers during my membership of BNI  
103  
104 Bra kontakter mkt välfunderande nätverk  
105 God atmosfär, god organisation  
106 skapar möjligheter och bra marknadsföring  
107 jag är nyinflyttad i Malmö, bni har gett mig snabba kontakter och möjlighet att visa upp mig  
108 Good network, I'm hopeful doing business  
109 Jag har tjänat ca. 4 milj på 1,5 år tack vare BNI/ tidiga mornar  
110 Det betalar sig med tiden samt man är med där det händer  
111 Sättet att nätverka och knyta kontakter. Givers gain  
112 jag är nöjd genom de affärer jag fått på BNI  
113  
114  
115  
116  
117  
118  
119 Ger stort kontaktnät, genererar affärer som man inte fått annars  
120 Regular network  
121  
122 The network. The return on investment (member fee)  
123 Jag har bara varit medlem i några veckor och det tar nog längre tid innan jag har en klar bild  
124 The possibility to get help with business contacts