Negative Critical Incident Mapping in Business Relationships

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Abstract

The paper constructs a complete new method for measuring the influence of critical incidents in business dyads over time. The method takes into consideration both parties’ perceptions, the time perspective and differing criticality of incidents. The role of critical incidents has not to any larger extent been studied in business relationships. It is in this paper argued that the study of business relationships may benefit from applying the critical incident approach developed within consumer relationships, but taking into consideration aspects of inter-organizational interaction.

Critical incidents have been used in service management as a tool to understand the nature of successful and unsuccessful service encounters. Both customer delight and customer dissatisfaction can be uncovered by this approach. Typically a fairly focused and narrow time perspective has, however, been used. This episode-oriented perspective has resulted in studying only categories of critical incidents and the immediate effects of a critical incident. Recently, however, the time-perspective in the consumer sector has been broadened by taking a relational view on customers. Seen from a relationship perspective, a critical incident is important as it may change the nature of the relationship. The relationship may even dissolve because of a single critical incident.

In this paper a conceptual framework for understanding critical incidents in business relationships is used. Compared to the traditional use of critical incidents, a business relationship has two active partners with intertwined activities, and consequently critical incidents will have more complex patterns than in consumer relationships. The paper outlines the usefulness of focusing on critical incidents in both research and practice concerning business relationships. Critical incidents can be categorised according to frequency, recency, and importance. These aspects can be used to describe both a specific relationship and critical incidents over the whole partner base or group of customers. Frequency refers to how often a particular critical incident occurs. Importance depicts the perceived importance of a single critical incident and recency refers to when the last critical incident of a particular kind occurred.

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The technique, i.e. **Negative Critical Incident Mapping (NCIM)**, is intended to be used to systematically and continuously monitor relationships, especially detecting problems which need attention. Figure 1 outlines the whole process in which the technique can be used for this purpose.

![Diagram of negative critical incident mapping process]

**Figure 1. Negative Critical Incident Mapping as a Continuous Process**

At the same time, the figure illustrates the main elements of this study and will, in the following, be used to describe how this study has been conducted.

**Findings**

The presentation of the findings from the Negative Critical Incident Mapping study is based on comparing the seller’s view with the customer’s view concerning each customer relationship as well as depicting the overall significance of each critical incident considering all customers. Key measures and tools that will be used are diagnostic grids, problem indices, relationship stress measures and market criticality measures.

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The key feature of the NCIM is the mapping of the criticality of the problem and this is obtained by asking the respondents to assess each problem on three aspects. These represent different dimensions of how a respondent is affected by a problem and which together indicate the criticality of the certain problem. One such aspect is recency, referring to when the problem last occurred: never, earlier than the past 12 months, within the past 12 months, or within the past four weeks. The second aspect was frequency, i.e. how often a similar incident has occurred: never, very seldom, sometimes, or very often. The third aspect concerns how negative an impact a similar incident has on the operation: no impact, very low impact, moderate impact, or very strong impact. There was also space in the questionnaire for comments encouraging the respondents to additional explanation.

A diagnostic grid characterises the criticality of incidents and gives a picture of which incidents are the most important. The focus is here on single incidents, which are measured according to recency, frequency and importance. The analysis results in three diagnostic grids: 1) importance x frequency, 2) importance x recency, and 3) recency x frequency.

A problem index is a more compact numerical measure, which leads to a ranking of critical incidents based on a composite measure including frequency, recency and importance. The focus is on single incident types. The problem index is reported in three ways: 1) as ranking lists both based on all customers’ perception as well as separately based on the seller’s perception, 2) as Problem Index Grids, and 3) as Problem Index Difference figures. The Problem Index Grid depicts in the same figure both the customer’s and seller’s view.

The relationship stress measure is computed per customer and depicts the overall impact each customer is confronted with within the relationship with the seller. The focus is on single customers. Relationship Stress is depicted in a grid positioning both the customer’s view and the seller’s view. In the questionnaire a separate set of questions were directly focusing on the closeness between the seller and the customers. These findings are reported both as such as well as related to relationship stress. Both measures are aspects of the strength of the customer relationship. Grids similar to the Relationship Stress Grid are used to show the position of each customer relationship according to closeness and relationship stress.

Market criticality refers to the problem index considering all customers. If there is a large number of customers with high problem indices it represents an important issue threatening the strength of relationships.

Negative Critical Mapping Procedure in steps

1. **Identification of typical critical incidents in the firm’s customer relationships.**
   This analysis can be performed as a traditional Critical Incident study. Critical incidents are episodes in the relationship that customers perceive, as diverging from what is normal or expected. Traditionally CI studies are based on personal interviews with customers. They are asked to describe the critical incident, what happened, what the service provider

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did, what the customer expected and what the consequences of the incident were.

Negative critical incidents thus reveal minimum tolerable quality levels in the service and thus quality defects. These incidents may reside in different subprocesses but may also cover several subprocesses.

Such stories can also at least partly be based on salespersons or seller representatives’ descriptions of their view on problems in the relationship with the customer.

The result of this step is a collection of stories about mikro-processes that have been perceived as unacceptable. These stories should be categorized into different types. This step is extremely important in the study, as it sets the scene for the next steps.

2. **Choice and description of typical critical incidents**
   This phase is based on a choice among the critical incidents revealed in the first phase. Those incidents that are considered most frequent or important are described as short generalized stories.

3. **Construction of questionnaire / Data collection**
   Scales for frequency, recency and impact have to be developed. Background variables and response variables concerning the relationship have to be decided.

4. **Analysis of collected data**
   Data concerning critical incidents is represented as quadrants, where each critical incident is positioned on the dimensions frequency, recency, and impact. The overall importance of a particular critical incident can be determined by calculating an index. This analysis gives a diagnosis of which quality issues that are most important from a customer relationship perspective.

   In order to focus on particular relationships and customers a stress index can be calculated per customer. This index will make it possible to detect differences between customers in terms of the total load of critical incidents. Customers can thus also be described by using the same quadrants as when issues are studied.

5. **Results**
   Background data can be used to identify differences among customers. Effect on customer relationship variables is determined.

6. **Discussion about how the results can be interpreted in the organization**
   What are the reactions among the personnel?