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HEURISTICS IN CUSTOMER – SUPPLIER INTERACTION

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Abstract

In customer-supplier relationships individuals representing respective companies interact to solve a number of adaptive problems and how the relationships will develop depends on the solutions they jointly devise. Their interactive meetings are characterized by conditions of limited time, information, and processing capacity that render extensive information gathering and analytical cognitive elaboration impracticable and lead the individual actors to fall on behaviors based on rules and heuristics. In this paper, we review the extant literature on heuristics in management and present the findings of an exploratory study on the use of heuristics in interactions in customer-supplier relationships. We found that preparing for meetings and during them actors use six sets of heuristics. Heuristics used in interaction during the meetings concern the degree of adaptation to the specific counterpart, how to react to unexpected developments, and a general code of conduct. In preparing for meetings, heuristics are used to define the information to collect, its sources, and how to use it. Our study suggests heuristics used are personal, originate in both organizational norms and personal experience, and are seldom shared with others.

Keywords: *Heuristics, customer-supplier relationships, interaction, cognition, actors in business relationships*

1. Background

Interaction processes are key to explaining how and why customer-supplier relationships emerge and develop in business-to-business markets (Håkansson, Ford, Gadde, Snehota, & Waluszewski, 2009). In the relationship that links supplier and customer businesses, individual actors have to solve a number of continuously emerging adaptive problems (Hallén, Johanson, & Sayed-Mohamed, 1991). Issues individual actors need to address vary from routine to more strategic issues. Examples are: changes in prices, product features, product delivery schedules, control routines, warranties, etc. Solutions are often defined when actors representing the supplier and customer businesses meet, communicate, and interact (Tuli, Kohli, & Bharadwaj, 2007). Explaining how business relationships emerge, develop, and eventually decay, requires understanding how the actors act and react when they meet, which entails understanding what then guides their behavior.

While in the management literature decision and action are commonly seen as the result of information gathering and analytical cognitive elaboration (Dane & Pratt, 2007), when actors meet, the space for extensive information retrieval and analytical cognitive elaboration is limited, and managers act on incomplete information (Barnard, 1938). Under the circumstances, the parties involved often take action following a limited set of clues resulting from observable reactions to their own actions (Porac, Thomas, Wilson, & Kanfer, 1995; Weick, 1995).

Management studies have examined how decisions are made under conditions of genuine uncertainty (March, 1994), and recently several scholars have focused particularly on the use of heuristics in such circumstances (Bingham, Eisenhardt & Furr, 2007; Bingham & Eisenhardt, 2011; Guercini, 2012; Maxwell, Jeffrey, & Lévesque, 2011; Wubben & von Wangenheim, 2008). Defined as "rules on the shelves" or "cognitive shortcuts," heuristics emerge and guide the judgments and choices in the presence of limited information, time and/or processing capacity (Newell & Simon, 1972). Heuristics have been studied in particular in experimental psychology (Kelman, 2011) in

relation to the themes of "cognitive limits" and "bounded rationality" (Simon, 1972). Research has evidenced the use of heuristics in solving complex problems from only few cues, and the effects of heuristics on judgments and choices have been the object of extensive research programs dealing with different aspects of heuristics (Gigerenzer, 2000; Tversky & Kahneman, 1974).

In this paper, we are mainly interested in the interplay between cognition and action in interaction in business relationships and how that affects the development of business relationships. In particular, our main concern is to explore the use of heuristics when actors meet and interact in customer-supplier relationships. It has been pointed out that there is no previous research on the use of heuristics in coping with interaction in business relationships (Guercini, La Rocca, Runfola & Snehota, 2014), although various empirical studies of business relationships have pointed out the tendency to rule-based behavior (e.g. Harrison, 2012). As individuals representing respective companies in customer-supplier relationships often act under conditions of limited information, time, and processing capacity, it is plausible to assume heuristics play an important part in their interaction behaviors. When extensive problem-solving behavior is not practicable managers striving to act sensibly appear to turn to some kind of rule-based behavior. Because past research on the topic is limited, our study is exploratory and we are set to examine the use and role of heuristics in interaction behaviors in business relationships. We investigate not only if individual actors use heuristics to guide their interaction behaviors, but also how these are used, and in what situations, as well as the origin and nature of the heuristics used. Drawing on a review of the relevant literature and on our empirical findings we aim at contributing to a better understanding of the interaction processes in customer-supplier relationships. In particular, we investigate how behaviors in interaction are related to actors' cognition and how interaction behaviors impact the development of relationships and outcomes for the businesses involved.

This paper is organized as follows. In the next section, we review the literature on interaction processes in business relationships and the role of heuristics in the management context, and formulate the research questions of the paper. In Section 3, we describe our methodological approach to empirically explore the use of heuristics in customer-supplier relationships. In Section 4, we present the main results of an exploratory study of heuristics in customer-supplier relationships, based on 20 interviews with actors representing supplier businesses. We discuss the findings in Section 5, and formulate six propositions regarding the use of heuristics in business relationships and their origin. In the final section, we discuss the implications of our findings for marketing management and for directions of further research.

2. Interaction in business relationships and heuristics in extant research

Research on interaction in business relationships draws extensively on research in other disciplines, notably social psychology, where one of the core issues is how interaction behaviors link to actors' cognition and cognitive processing. Our study, which focuses on the use of heuristics by the interacting actors, should be seen as part of an enquiry into factors underlying the development of customer-supplier relationships. This framing also orients the subsequent review of the literature on topics of interaction in customer-supplier relationships and the use of heuristics in the management context that has led to formulating our research questions in more detail.

2.1 Interaction in customer-supplier relationships

Customer-supplier relationships in B2B markets are subject to constant change as various actors representing respective businesses attempt to alter the existing arrangements by applying new solutions (Hallén et al., 1991). Interaction is a central process through which new and effective relational solutions are identified and implemented (Ciabuschi, Perna, & Snehota, 2012; La Rocca & Snehota, 2014). In this paper we use the notion of interaction process to denote actions and reactions of actors when they meet face to face in their attempts to solve various adaptive problems

that arise (Håkansson et al., 2009). This definition is in line with the one proposed by one of the founders of the interactionism stream of research, who defined the interaction process as “all interaction which occurs throughout any one occasion when a given set of individuals are in one another’s continuous presence” (Goffman, 1959, p. 15). Multiple individual actors tend to be involved in a customer-supplier relationship, and solutions that emerge from their interactions entail interfacing resources and configuring activities in the two companies (Håkansson & Snehota, 1995). Interaction is important for how business relationships develop because the solutions to problems that emerge from such interaction have consequences for both efficiency and development of the businesses involved.

While research has focused on what issues are likely to arise in customer-supplier relationships (Ford, Gadde, Håkansson, & Snehota, 2011; Håkansson & Snehota, 1995; Håkansson & Ford, 2002), less attention has been given to how the solutions to these issues emerge and how decisions are made about actions to be taken. Rational decision making models, that enable “individuals to learn information deliberately, to develop ideas and to engage in analysis in an attentive manner” have “garnered the lion’s share of research on managerial decision making” (Dane & Pratt, 2007, p. 36). However, such a systematic and formally rational decision-making mode seems to be rarely used in management practice, and acting on partial information is common (Mintzberg, 1973). In the context of business relationships, when parties meet to solve problems that arise, the scope for planned behavior and analytical elaboration based on extensive information is often limited. Yet the actors in business relationships are accountable for finding workable solutions and for making the relationship work satisfactorily, and individual managers solve problems based on interpretation and some cognitive elaboration of the situations they face (Patterson, Quinn, & Baron, 2012).

That raises the question: what kind of cognitive processing is involved when the scope for analytical decision making based on extensive information is limited and solutions emerge under

time constraints between actors in a context of generalized interdependences and uncertainty? Parties tend to pursue conflicting goals, the means for achieving them are often vague and the knowledge of available alternatives and the frameworks actors use to link ends and means is often partial at best (March, 1994). That notwithstanding, managers try to find sensible solutions that allow them to continue operating their respective businesses. That begs the question what do they do to find sensible solutions?

2.2 Management behaviors and heuristics

Research in social psychology suggests that when actors are immersed in uncertain situations, such as handling problems that arise in business relationships, they appear to activate certain socio-cognitive processes that allow them to cope with the situations and to avoid the risky consequences of making "bad" choices. That is also the theme in research on heuristics defined as simple rules used to make inferences in uncertain environments (Gigerenzer & Brighton, 2009), or as "simple procedure that helps find adequate ... answers to difficult questions" (Kahneman, 2011, p. 98). Conceptually, however, heuristics are at the same time wider and smaller than 'behavioral rules' that include routines, while heuristics contain also judgmental and not only behavioral rules. Research on heuristic processes is associated with the concepts of "bounded rationality" (Simon, 1972) and "cognitive limits" (Miller, 1956). Simon (1967, 1972) argued that humans rely on heuristics not only because of their cognitive limits, but also because of the characteristics of the "task environment" they face. The classical model of rational choice (Hargraves Heap, 1989; Goode, 1997) requires that the decision maker has the knowledge of all the relevant alternatives, their likelihood, and consequences and requires that the available data are as valid for the future as they were in the past. Such circumstances are not common in management practice, where actors mostly have limited time to make decisions and act on limited information. A considerable body of research shows that when time and information are limited, individuals tend to rely on heuristics to act and highlights the positive and negative aspects of using heuristics (e.g. Gigerenzer & Brighton,

2009; Gigerenzer, 2008; Kahneman, 2011; Todd & Gigerenzer, 2012; Tversky & Kahneman, 1983).

Tversky & Kahneman (1974) opened a line of study on the biases associated with heuristics. Their "heuristics-and-biases" research program has explored various types of heuristics (representativeness, availability, simulation, anchoring, and adjustment) and concluded that, "in general, these heuristics are quite useful, but sometimes they lead to severe and systematic errors" (Tversky & Kahneman, 1974, p. 1124). In his Nobel Lecture, Kahneman (2002) stated that their research program compared "two generic modes of cognitive function: an intuitive mode in which judgments and decisions are made automatically and rapidly, and a controller mode, which is deliberate and slower," and "focused on errors of intuition" (pp. 449-450). A negative perception of the effects of the use of heuristics on the quality of judgments and choices prevails in this stream of research. However, the "heuristics-and-biases" program had a great influence on economic research contributing to the emergence of behavioral economics.

A different perspective on heuristics has been proposed in the "adaptive-behavior-and-cognition program" (Gigerenzer & Brighton, 2009; Gigerenzer & Goldstein, 1996; Gigerenzer & Todd, 1999; Todd & Gigerenzer, 2012) that approached heuristics as a result of adaptive behavior through which humans can make effective choices from a few stimuli. Research in this program has shown that the application of heuristics amounts to "strategies that ignore information to make decisions faster, more frugally, and/or more accurately than more complex methods" (Gigerenzer & Gaissmaier, 2011, p. 453) and argues that in the real world the ecological rationality of "homo heuristicus" can be more effective than the rationality logic of "homo economicus" (Gigerenzer & Brighton, 2009).

Such perspective retrieves the attention on the context stressed by Simon (1972); the effectiveness of heuristics is not absolute but depends on the task environment. When the actor's task is to assess

known past events, heuristics are less effective than methods based on extensive information, but when the actor has to predict the future in conditions of uncertainty, insights based on simple “rules of thumb” may be more accurate (Gigerenzer, 2007, p. 151). Heuristics can be more accurate under conditions of change and uncertainty because decision models that use abundant information tend to cause “overfitting” with respect to the task environment (Gigerenzer, 2007, p. 246).

The notion of bounded rationality has been accepted in management research that also dealt with implications of it for decision making (Cyert & March, 1993; March, 1978). Scope for rule-based behavior has been acknowledged early in marketing (Katona, 1946), and later in strategic management (Eisenhardt & Sull, 2001). In research on heuristics in the management context too, we can find the two perspectives on the use of heuristics. Some researchers suggest heuristics are used because of cognitive limitations, and are thus a source of error (Busenitz & Barney, 1997; Carter & Kaufmann, 2007; Haley & Stumpf, 1989; Manimala, 1992); others argue that under certain circumstances heuristics yield effective solutions to complex problems (Åstebro & Elhedhli, 2006; Davis, Eisenhardt, & Bingham, 2009; Eisenhardt & Sull, 2001). Recent research indicates also heuristics as an object of learning through the accrual of experience by decision makers (Bingham & Eisenhardt, 2011; Levinthal, 2011) and points out that heuristics differ from routines as they provide a common framework for a set of similar problems, but do not offer specific solutions to be adopted and thus preserve the perception of the problematic nature of the issue to be addressed (Bingham et al., 2007; Cohen, Burkhart, Dosi, Egidi, Marengo, Warglien, & Winter, 1996; Guercini, 2012).

A recent study evidenced that heuristics as "simple rules" can be a more effective basis of strategic behaviors than analytically more complex and information-intensive decision approaches (Bingham & Eisenhardt, 2011), and concludes that the use of heuristics can be effective when there are relatively few past experiences, a relatively high diversity of experiences, high uncertainty, and

difficulty in foreseeing the consequences of different actions. The study has also shown that different actors use different “portfolios of heuristics” in order to address a certain task (Bingham & Eisenhardt, 2011, p. 1448). Such portfolios can consist of relatively numerous heuristic rules and are subject to subsequent selection and change over time.

Recent research thus offers some insights on the use of heuristics in actors’ behaviors in an organizational context, which leads us to the question of the scope for heuristics in interaction behaviors in business relationships.

2.3. Heuristics in interaction: emerging research questions

When individual actors interact in customer-supplier relationships, the circumstances are in all essential aspects those in which the use of heuristics has been found effective. We espouse the view of heuristics as effective tools in adaptive behaviors that inspires the "adaptive-behavior-and-cognition" program. Considering the recent research on heuristics in the management context, there are good reasons to assume heuristics can play an important role in guiding behaviors in interaction; however, the fact is that little is known about the use of heuristics in such a context. Our aim in this paper is, therefore, to explore if and how heuristics are used in interaction behaviors in customer-supplier relationships in business markets. Given the exploratory nature of our research, we are less concerned in this paper with the actual effectiveness of heuristics in use, an issue much debated in the more specialized literature on heuristics.

Research questions addressed in this study originate in a review of the literature on interaction in business relationships and on behaviors of actors in interaction processes in other disciplines. Our main focus is on the role heuristics play in the interaction processes that condition the development and outcomes of business relationships for the businesses involved. Three questions in particular have guided the empirical part of our study: What is the use of heuristics by individuals interacting

with business counterparts in business relationships (RQ1)? What is the role of heuristics in interaction in business relationships (RQ2)? What is the nature and origin of heuristics used by individuals (RQ3)? The empirical study we carried out to answer these questions is discussed in the next section.

3. Methodology and data sources

Heuristics are generally studied using an experimental approach in laboratory conditions (Kelman, 2011). More recently, however, research has called for studying heuristics “in the real world” (Marewski, Schooler, & Gigerenzer, 2010, p. 72) and a few empirical studies in real-world contexts have been reported (e.g. Bingham & Eisenhardt, 2011; Maxwell, et al., 2011; Wubben & von Wangenheim, 2008).

The aim of our study is to investigate empirically the use of heuristics following the research questions above. Our methodological choice has been to identify episodes of declared use of heuristic rules in customer-supplier interactions. A specific challenge of investigating heuristics in interaction episodes between business partners is that these do not always result in a formal decision (typically used as the outcome variable in experiments studying heuristics). When actors meet in such a context to address some emergent issues, different views are confronted and the parties make more or less explicit mutual commitments regarding future actions. Such commitments, however, are no less important than formal decisions considering the consequences these can have for the future development of the relationship.

Since the phenomenon investigated is almost unexplored, in our exploratory study we followed the experience of others exploring heuristics empirically in a real-world context, and relied methodologically on in-depth interviews and content analysis of the text of these (Bingham & Eisenhardt, 2011). We interviewed 20 individuals involved in the management of supplier-customer

relationships in 16 companies (see Table 1 for respondents' background). The informants were chosen based on previous relationships researchers had with the companies, as we believed it would permit close and fruitful collaboration and enhance the richness of the interviews. The interviews were carried out, in the native language of respondents (Italian), with managers based in Italy, Switzerland, and Sweden. Due to the exploratory nature of the study, we did not aim at *a priori* identified industries, product/service categories, or national cultures. Rather, we included companies and managers who declared an interest in the research and were ready to provide relevant information on their use of heuristics.

We approached the respondents with whom we shared the study's aims through meetings, e-mails, and telephone contacts. We asked about what meetings they were typically involved in and if it was possible to discuss encounters with specific counterparts they could recall as particularly significant experiences. To avoid too general answers, we asked them to refer to the heuristics used in their last meeting and in preparing for the next meeting with external counterparts. As our aim was to develop a broad understanding of the use of heuristics in interaction behaviors in business relationships, we made no distinction at that point among interaction with existing or new counterparts. Finally, we discussed with the respondents the nature and origin of the heuristics they use.

The actual interviews followed a semi-structured interview guide reflecting the existing literature on heuristics in the managerial field adapted to study interaction processes in customer-supplier relationships. To prevent bias and obtain more insightful information we deployed techniques of asking questions suggested in the literature on heuristics in management (Bingham, et al., 2007; Bingham & Eisenhardt, 2011). Apart from questions regarding the respondents' background (seniority, professional experience, type of industry, and counterpart) the interview guide was based on the following questions:

- Q1 How do you prepare for the next meeting with a counterpart?
- Q2 Do you think your preparation was useful for how the last meeting was handled?
- Q3 Do you have some rules you habitually follow when you meet counterparts? What are these rules? Why do you follow these rules?
- Q4 Did it happen that a meeting took an unexpected turn? What did you do in these cases?
- Q5 Are the rules you follow in encounters the same or different for different counterparts?
- Q6 Are the rules you use explicit company rules or are they your personal rules?
- Q7 Regarding your personal rules, if any, do you share these with others in the company?
- Q8 Does it happen that you decide to change the way in which you usually deal with the counterpart as a result of a meeting? Could you recall and describe an episode?

[Insert Table 1 about here]

The 20 interviews, each lasting from 90 to 120 minutes, were recorded and transcribed for subsequent content analysis conducted by all four researchers who identified the episodes in which the individuals applied heuristics in inter-organizational interactions, mainly in supplier-customer relationships. From the interviews, we obtained about 24,000 words of transcripts that, because of the topic's complexity and lack of an established analytical framework, were analyzed without using software. All four authors read each transcript and listed significant statements verbatim. Next, the authors reviewed the transcripts for meaning and labeled the participants' statements (van Kaam, 1966; Moustakas, 1994). The four authors then decided individually and later jointly what they regarded was significant verbatim or not. The joint decision was made to achieve consensus about the manner in which to organize the verbatim statements into distinct groups of rules according to the topic discussed (cf. Jormanainen & Koveshnikov, 2012). This allowed us to enrich our analysis with multiple interpretations and to achieve subjective understanding across coders (cf. Krippendorff, 2004; Welch, Piekkari, Plakoyiannaki, & Paavilainen-Mäntymäk, 2011). Once

completed the analysis the significant verbatim (reported in Appendix A) were translated from Italian to English.

4. Findings

Our data indicate that the respondents use various heuristics – simple rules they follow when interacting with counterparts in business relationships (RQ1). From the interviews we identified six sets of heuristic rules respondents use in face-to-face meetings and when they prepare for such meetings (RQ2). The material from the interviews also offers some indication of the origin of the heuristics the respondents use (RQ3).

The respondents indicated three sets of heuristics they use in face-to-face meetings as rules for adapting own acts to those of the counterpart. The first set of these heuristics, which we labeled '*adaptation rules*,' refers to the need to tailor the own style and communication to match the perceived characteristics of the counterpart. The second set of rules respondents indicated could be called '*reacting rules*,' which are rules for how to react in certain situations that arise during meetings. Finally, the third set of rules concerns the general posture in meetings with business partners that we named '*code-of-conduct rules*.'

Respondents indicated another three sets of heuristics they use to prepare for meetings; these concern mainly the information sought relevant to the meeting. The first set of these are rules for what information sources to use; we labeled these '*information source rules*.' The second is a set of rules for what kind of information to collect; we named these '*information selection rules*.' Finally, respondents indicated some rules for how the information they seek is used to prepare for the meetings; we will call these '*information use rules*.'

Below we analyze, reporting quotes extracted directly from the interviews, the six types of heuristics used in business relationships, starting from those used during face-to-face meetings (section 4.1) and then those used in preparing for a meeting (section 4.2). Finally, in section 4.3, we use respondents' statements to illustrate what emerged from the interviews regarding the nature and origin of the heuristics respondents use.

4.1 Heuristics used in face-to-face interactions

The three sets of rules used in interactions during face-to-face meetings concern general posture and how to react in situations that can arise during meetings. We will examine each of the three sets of heuristics in detail: 'adaptation rules' that concern how respondents choose to adapt their conduct to reflect the context features of the meeting; 'reacting rules' for how to handle different contingencies that tend to happen during meetings; and 'code-of-conduct rules' concerning the general norms of behavior in interaction with business partners.

4.1.1 Adaptation rules

Respondents' answers on the rules used to adapt to a counterpart's characteristics in interaction allow us to identify four aspects that appear to require adaptations mostly in the communication. The first is the features of the counterpart's business operations, which influence the relative importance of the issues and solutions emerging during the meetings. The statement below illustrates that:

"Knowing the counterpart's background, I can direct my presentation in fields the person feels comfortable about ... When I negotiate with a person from a large retail firm or automotive business, I have something to refer to and I try to consider the person background that may be more or less technical. Then it is easier to meet the person's expectations; it permits you to be more relaxed and also more flexible when you negotiate."

(R7)

The second aspect to consider is the role and position the individual to meet occupies in the organization, which is likely to affect the goals that can be achieved. The rule to adapt to the role of the counterpart has been formulated as follows:

“It is important to permit everyone to do his/her job... when you talk to technicians you try to grasp what they want technically; when you sit down with the purchasing manager to negotiate you let him do his job; if you concede a price reduction he is pushing for, then we are all happy ...” (R17)

“For each customer there is always a different ritual to follow ... when we meet, we all have different roles to play but in the end I know we are able to make the deal.” (R6)

The third aspect considered important is adapting to the personality of the counterpart, particularly regarding communication style. The rule to adapt to the personal communication style of the counterpart suggested in the following quotes is distinct from that of his or her position and role in the organization:

“Language is important; content matters, but the formal aspects often condition substantial issues. You win 80% of customers not only by being good but through effective interaction.” (R3)

“Try to understand what he wants to tell you and do not start telling him what you think ... Follow up what he wants to tell you, use his words ... or else you are bound to create confusion on certain questions ... ” (R10)

Finally, the fourth aspect for which some adaptation rules are followed is related to the cultural background of the counterparts. Adaptations are required to deal with different norms and values within a similar cultural background, to understand and be understood by people from other cultures, and to cope with cultural stereotypes. The following quote illustrates these.

“When I started in Finland and Norway, I had to take an extremely serious attitude and approach because these people have a certain opinion about the Italians ... spaghetti and song. Hence, I behaved extremely professionally and followed all the rules; the formality has eased slowly over time.” (R10)

4.1.2 Reacting Rules

Respondents indicated several rules they follow in reacting to contingencies that occur in interaction. These rules relate to the communication process. Three rules have been cited more commonly. The first refers to keeping the counterpart’s attention and the need to restore it when it is lost, as exemplified in the following quote:

“When I notice that I have lost the attention of the one I face, I always try to do something to change the atmosphere. For instance, I can say something that is a big language error. It restores the attention.” (R10)

The second reacting rule that emerged is to be always ready to improvise and adjust one’s own acts and communication, in particular to react to unexpected arguments and requests as the following quotes suggest:

“I react to circumstances depending on the perceptions and sensibilities of the person in front of me... these are things one can only see at that very moment.” (R14)

“I have followed various training courses, I have prepared the meeting, I am prepared, but in the meeting you cannot just go on automatic pilot; to act and react then, is different.” (R18)

Third, the findings show that during the interaction, when an actor perceives a problem as hard to solve and potentially dangerous for the relationship, then the rule appears to take time out, as the following quote exemplifies:

“It happens to me that the meeting takes a turn different from what was expected, and you realize you are lost; the best thing then is to stop and reschedule a new meeting. Do not go on when you sense that the direction taken could endanger the relationship. It is then better to stop and plan a new meeting. ” (R1)

Rules of reacting, such as the adaptation rules referred to earlier, appear to originate out of a concern to keep the interaction process on track and avoiding dysfunctional reactions. The purpose of these seems to be to re-establish the interaction when potential trouble occurs by simply distracting a counterpart or deliberately leading the interaction in another direction. The respondents also suggest that when they are unprepared to face an unexpected turn, taking time out or rescheduling the meeting can effectively handle the difficulty.

4.1.3 Code of conduct rules

The third set of rules used in face-to-face meetings concerns principles of conduct in interaction that serve to maintain the parties' trust and commitment. This set of rules incorporates three aspects of interaction: creating intimacy and personal bonds, basic ethics in business interactions, and respect for the counterpart. These code-of-conduct rules appear as a blend of socialized and very personal norms and values that go from obvious to more subtle rules aimed at avoiding embarrassment and opportunistic exploitation of the counterparts. Creating intimacy and developing personal bonds appear important to fine-tune the interaction:

“I always try to develop personal bonds because they make a difference ... if you have empathy with a customer, the going is entirely different. ” (R12)

Keeping to elementary ethics in the relationship is also regarded as essential:

“I always say that a salesperson can omit to tell the whole truth but she/he must never lie ... There is a golden rule ... respect the person you have in front of you; he/she makes you work

and grow, and is a companion on a journey ... not simply someone to take money from.”

(R10)

Finally, there is the importance of respecting the counterpart and understanding his/her perspective as in the following quote:

“Considering others’ interests is not simply a matter of being kind and respecting your counterpart – it is more ... it lets you do your work in a more efficient way.” (R15)

The code-of-conduct rules appear pragmatic, rather than simply inspired by remote ethical considerations. The objective is, as in in the case of reacting and adaptation rules, to create the conditions to work smoothly and avoiding possible conflicts. As such, the rules can be seen as part of a commitment to facilitate mutually convenient relationships.

4.2 Heuristics in preparing for a meeting

Asked about their habits in preparing for a meeting with a counterpart, most of the respondents said they prepare when they have to meet a counterpart, even though there is large variation in the time invested in the preparation, from a ‘quick refresh’ of the memory to more systematic retrieval of information. In analyzing the data on how respondents prepare for a meeting, three sets of rules emerged: choosing the sources of information to use, selecting the available information, and deciding how to use it. The three sets of heuristics, which have been termed ‘information source rules,’ ‘information selection rules,’ and ‘information use rules,’ are illustrated in more detail below.

4.2.1. Information source rules

The first set of rules used in preparing to meet a counterpart is about where to search for useful information. The respondents appear to rely on multiple information sources: company records,

personal notes, and third-party references, which they blend dependent on the scope of the encounter and the personalities involved.

The first source of information the respondents use is formal company records, i.e. business data, which is stored mainly in the company's digital archives:

“Before the meeting we first make an assessment and collate data from various internal company records; accounting, sales statistics, and production and shipment data ... then we talk to various functional managers involved with the customer.” (R19)

A second type of information respondents indicated is personal notes, taken during the meeting or immediately afterwards. These notes are different from, and often complementary to, company records and concern the counterpart's characteristics that go beyond pure business performance, as illustrated by the following quote:

“I have my notes on how it's going ... when I have memory lapses I look at those ... I archive my stuff and take notes after the visit It is a small book I guard jealously.”(R18)

The third type of information source used is third-party references, especially when the actor cannot rely on personal experience with the counterpart and cannot access the company's records. This source is used as a complementary type of information, and some respondents rely on more than one informant:

“Constructing and continuously developing a ‘reference network’ is crucial since it allows us to obtain trustworthy information about the customer.” (R12)

Respondents representing a supplier typically use internal company documents and personal notes when dealing with existing customers, while they more often indicate third parties as important and reliable sources of information when meeting potential and new customers. The use of information support systems such as customer relationship management (CRM) was mentioned only once and

with a certain criticism about its lack of flexibility. The respondents showed a distinct preference for an informal and personal information sources that allow access to, and make use of, the personal experience of peers about the person/company they are going to meet.

4.2.2 Information selection rules

This second set of rules concerns information to collate for the purposes of the meeting. Although the specific information searched is related to the topic and kind of meeting ahead, numerous examples the respondents provided appear to fall into three categories of information. The first category regards the counterpart's organization and the following quote is an example:

“I prepare myself by investigating who the customer is, the customer's organization and structure, who owns it, information on budgets, investment plans ... this helps to set priorities.” (R13)

The second category of information actors collect concerns the counterpart's personal background. There is a variance about the depth and width of the personal information gathered, from general information about hobbies to very specific tastes of the counterpart, but the information on the person is valued, as the following suggests:

“When I enter a new distributor's office, I first check the "milieu": cars in the parking lot, the cleanliness of the office, books and photos in sight. They all offer different clues.” (R10)

The third category of information respondents try to obtain is about how their company's business with the counterpart is developing. The logic behind collecting such information is evidently related to anticipating what kind of attitude to adopt toward the counterpart in the meeting. For instance, the actor's position and objectives will differ significantly, depending on whether the counterpart is a growing or declining customer. The following quote illustrates common opinion on data to collect on how business develops:

“To prepare, I spend up to a day checking the performance data, volume of sales, how we sold, and average revenue” (R8)

The relative importance of business background information varies in preparing meetings with new counterparts, when such information is used to build up the relationship itself, and with established partners. Indeed, in ongoing relationships with some history, updating recent business developments prevails and a certain level of mutual knowledge and understanding on the personal level is taken for granted.

4.2.3 Information use rules

The third set of heuristics concerns how the available information is used in preparing for the meeting. Respondents generally feel the need to prepare for the meeting but most reported that the ambition to foresee how the meeting will unfold is misplaced. Only one respondent mentioned to *“follow an analytical approach”* and to use data, to *“anticipate the counterpart’s moves”* and to plan on responses to various moves (R4). Most respondents indicated that the purpose of the information they assemble for the meeting is to be prepared to react to unexpected turns, which the following quote illustrates:

“When I have to meet a customer I go there prepared ... I bring a 30-page document and then have another 200 documents I can use to react promptly in case of unexpected requests.”(R3)

Several respondents emphasized that the information assembled is strategic and is used to define the *“minimum objectives”* (R12) they aim to achieve from a meeting and often to prepare an *“exit strategy”* if the minimum objectives cannot be achieved. This kind of purpose is illustrated as follows:

“We discuss what we plan to achieve and always tend to have an exit strategy. If we perceive that we are not able to achieve what we planned, we leave the negotiation ... limits are defined ex ante, based on key measures.” (R2)

Several respondents also indicated that they collect information with the aim of avoiding becoming entangled in risky situations. There are cases when formal company rules require employees to check some financial indicators about the counterpart; in other cases, it is the initiative of the employees who feel the need to have a certain guarantee before making commitments. The following statement exemplifies using information to avoid risky situations:

“I follow the profile of the ideal customer our company constructed. The profile consists of ten features. These include: considerable industry experience, financial soundness, and long-term vision. Checking the profile helps us to steer away from problematic clients.”
(R11)

The respondents converged on the scope of information collected and its purpose in preparing for meetings, even though individual formulations varied. The most significant disagreement was on whether it is worthwhile anticipating how a meeting will unfold. The more experienced the respondent, the more he/she agreed on the idea that detailed planning of moves and countermoves was pointless because they expected that interaction during face-to-face meetings tends to have unexpected and often idiosyncratic patterns.

4.3 The nature and origin of interaction heuristics

Regarding the origin of the heuristics used all the respondents concurred that the foundations of these is previous professional experience. They indicated that they develop personal rules for handling interactions since they have some autonomy in developing customer relationships and use the rules they personally find effective in handling interactive situations in business relationships.

While generally admitting that the rules change, the most senior respondents proclaimed that the rules they use change very little and slowly. How the rules are learned is so gradual and natural that only few were able to recall a rule that was newly acquired. The following exemplifies the point:

“There are many things I have learned gradually. I do not recall specific events that made me change my mind, but there is a continuous progression; I have got something from every meeting.” (R20)

“My rules have changed a lot ... experience tells me how to manage relationships.” (R5)

The respondents found it difficult to answer the question, “Do you think this is a company-wide rule your colleagues also use or is it a personal rule?” The following quotes exemplify the respondents’ ambiguity concerning whether some of the heuristics were collective:

“... hmm... this is a tricky question. I do not know really ... I would say some rules are not formal but are cultural company rules many in the company follow; in the sense that many follow similar principles; ... you approach certain types of customers in a similar way. You treat a large European operator, XC, differently, and change your attitude when you visit a local customer, HZ.” (R16)

“... sometimes they overlap ... for example being fair and open is a rule for me and for my business too, because it is clear the company does not want to jeopardize a relationship.”(R15)

One respondent explained that his company provides an “*ideal customer profile*” (R11) that has to be followed in targeting new customers but leaves considerable autonomy to the respondent in how to handle the interaction with the prospective counterpart. In general, company-wide rules are not diffused but seem to be followed particularly in risky situations, as the following quote illustrates:

“I cannot file a new order from the customer without filling in the box concerning the financial status of the company.” (R13)

The answers to the question concerning company-wide rules of conduct suggest that they are used to avoid taking personal risk in situations that respondents perceive as hazardous. Personal rules, on the other hand, allow actors to handle the interactive situation playing the card they believe best fits the situation and personality of the respondent. Personal heuristics appear to have the function of keeping the interaction as smooth as possible and effective for handling the relationship. Each of the respondents appear to develop an individual way of coping with interactive situations that fits his/her capabilities and which he/she deems effective in attaining the goals in the relationship, as suggested by the following:

“Everyone checks the financials and references, but when it comes to personal relationships everyone approaches that in his own way; some even know the customer’s wife and daughter; others maintain a certain distance ...” (R13)

Respondents admitted that they seldom share their personal heuristics with others in the company and when they do it is mostly in the form of an informal exchange of opinions among close friendly colleagues.

“No, we do not share our opinions; it happens that we visit some top clients together and I see others in action and they can see me ... hence, I have seen different sales approaches ... but there is no systematic sharing of experiences. Everyone follows his or her own way ... when we can hide information on the client, we do ... there is some jealousy.”(R9)

In sum, our findings on the nature and origin of heuristics show that rules employed in day-to-day interaction with customers and suppliers are acquired and developed gradually, learning from the person’s own professional experience. The heuristics used are only partially the product of organizational procedures and rules and remain mostly personal and they seem to be considered an asset that has to be defended from others’ prying eyes and ears – even those of close colleagues.

Ultimately, personal heuristics are seen to make a difference in the effectiveness of the single actors in handling business relationships.

5. Discussion and conclusions

The findings of this exploratory study offer some original insights in relation to the three questions we were set to explore with regard to individual actors' use of heuristics in customer-supplier interactions in business markets and suggest that investigating heuristics in interaction is useful for a better understanding of interaction behaviors. Since heuristics are used to guide interaction behaviors and affect how interaction unfolds, the use of heuristics appears to be an important factor in the development of business relationships. As a first attempt to describe the use, role, and origin of heuristics in handling customer-supplier relationships, we synthesize and discuss our findings in the form of six propositions.

The first proposition relates to the use of heuristics in business relationships and their effects:

P1. Individual actors use various heuristics that affect how interactions with counterparts unfold and thus impinge on the development of customer-supplier relationships.

We identified six sets of heuristics actors use when meeting counterparts and preparing for the meeting, and it is plausible to infer that these heuristics affect the capacity of the focal business to handle business relationships. Our findings suggest that the managers' use of heuristics is related to uncertainties they perceive as intrinsic in the interaction episodes and are used to cope with unforeseeable situations. Even though time and capacity limits are more severe in face-to-face interactions than in preparing for meetings in business relationships, the individual actors always act under conditions that restrict the scope of an extensive situation analysis. In such situations, inferences that guide their interaction behaviors can be based on documental information, on material objects, and on symbols related to counterparts, as evidenced in a previous study

(Gigerenzer & Brighton, 2009), and illustrated by one of our interviewees citing the importance of a clue such as books on a shelf in the customer's office (*R10*).

The six sets of heuristics suggest six situations (heuristic episodes) that are apparently common in business relationships. What information to search, where to search for it, and how to use it are common issues in preparing for a meeting. How to adapt one's conduct to that of the counterpart, how to react to situations that may arise, and what general principles to follow are common issues to deal with during meetings. However, the set of specific heuristics used in these common situations by different individuals appears highly varied and personal.

The role of heuristics in interaction that emerges in our findings can be inferred as follows:

P₂. Heuristics are used with the aim of keeping interactions fluid and productive in order to facilitate the intended development of the relationship.

In customer-supplier relationships heuristics appear to be used to ensure that the interaction process is smooth and productive and thus to facilitate adaptive problem solving between the parties. Firstly, when preparing for meetings and during such meetings heuristics are used to avoid possible risks and prevent conflict situations that might endanger the business between the parties. Indeed, preparing exit strategies, abandoning the process when conflicts cannot be resolved on the spot and threatens the relationship, and postponing meetings when information or decision power is missing, are all rules for avoiding conflicts. Secondly, heuristics are used to adapt own acting to that of the counterpart to facilitate and improve communication and interaction among the parties in the relationship. Much in line with the adaptive behavior line of thought (e.g. Gigerenzer & Goldstein, 1996), respondents in our study acknowledge the importance of letting the counterpart play his/her own role in the negotiation in order to keep the interaction efficient.

With regard to the origin of heuristics used in interaction, our findings suggest that:

P3. Heuristics used in customer-supplier interactions originate in both individual and collective experience and are both personal and company-wide.

Our findings indicate that heuristics individuals use in customer-supplier relationships are personal and experience related, and there is substantial variation in the heuristics different individuals use. However, heuristics in use also reflect a collective experience, and some of the rules used are company-wide, endorsed and legitimized by the company, and common to several members of staff. Heuristics thus appear to have a somewhat ambivalent character and origin; they seldom correspond univocally to organizational rules, and their use is related to the specific relationship and context of the interaction episode and strictly personal, but they often derive from collective professional experience and are thus ‘socialized.’ The distinction between personal and company-wide rules is somewhat blurred as the interpretations of company norms and policies are always personal because of the tacit nature of the personal experience. In any case, heuristics in interaction appear learned mostly from experience and thus are subject to some change, even if awareness of the evolution is weak.

With respect to the deployment of personal and collective heuristics, our findings suggest that when the two types can be distinguished, they tend to be used for different purposes:

P4a. Company-wide heuristic rules are used to cope with business risk aspects of the relationships.

P4b. Personal heuristic rules are used to adapt to the communication and behavioral style of the counterpart in order to facilitate the interaction.

Collective heuristics, which we refer to as company-wide, appear to be used in situations where the individual actors perceive ‘business risks’ related to the content of the business relationship and the economic and financial consequences for the two businesses involved. The individual actors tend to use company-wide rules when outcomes are uncertain because such rules offer justification that can be used to offload personal responsibility. Personal heuristics, on the other hand, appear related to

communication processes and behaviors in face-to-face encounters and thus are used to make the interaction in relationships more effective. They also seem related to efforts to differentiate individual performance and appear to play a significant role in how the individual actors handle specific interactions. This dichotomy of heuristic rules reflects the context of interaction in business relationships where both the organizational and interpersonal level are entangled and individuals take on the role of agents for the respective organizations. We have found no mention of this issue in the literature.

Finally, our findings clearly suggest that personal heuristics are considered rather private:

P5. The personal heuristics actors use in customer-supplier interactions are seldom systematically shared with others in the company.

Quite unanimously, our respondents indicated they rarely share their personal rules with others within their own organization, and when they do, they share them with a few close colleagues in a non-systematic way. Heuristics used are considered personal and private possibly because they stem from personal experience, and the transfer/sharing of the tacit experience is always problematic. Individuals may also be reluctant to share personal heuristics because these are in some way ‘secrets’ they do not reveal willingly in a competitive context, and may be related to the conviction diffused among the respondents that personal experience plays a significant role in how the individual actors differentiate the way to handle specific interactions. Another aspect of this limited propensity to share personal heuristics is that because of different personalities and capabilities the personal rules work only for the definite individual personality and not for others; therefore, there is not really much sense in sharing rules that would be of little use to others.

What conclusion can we draw regarding the use, role, and origin of heuristics in interaction in business relationships? We found that individuals involved in customer-supplier relationships use a ‘portfolio of heuristics’ to prepare meetings and in meetings, confirming similar findings of

Bingham & Eisenhardt (2011), who discussed a "portfolio of heuristics" at organizational level. The portfolio of heuristics individuals use in various situations they encounter is personal and seems readily selected and extracted from an "adaptive toolbox" of rules of the individual (Gigerenzer, 2001) as he/she sees these to fit them and the situations. Therefore, a one-on-one link of situations to heuristics or vice versa is difficult to establish. Linking heuristics to situations is always mediated by individuals' perceptions of the situation and their personal "adaptive toolbox. " The six sets of heuristics we identified can be seen as a collective adaptive toolbox, rather than an actual portfolio of heuristics in use. Both the adaptive toolbox and the actual portfolio are difficult to observe, except in heuristic episodes in which heuristics are used as cognitive tools to cope with specific situations and produce specific actions.

Heuristics seem to play an important role in handling interactions efficiently. Individual and differentiated matching of heuristics to situations makes heuristics-based behavior different from other forms of rule-based behaviors such as routines insofar as it permits, unlike norms and routines, a certain 'plasticity' at the boundaries of the organization. As individual behaviors aggregate at organizational level, the set of heuristics used in business relationships is an important factor in a company's interaction capability.

While heuristics are sometimes considered innate and mostly unconscious predispositions (Carruthers, Laurence & Stich, 2005) our findings suggest that, in line with the conclusions of several recent studies on heuristics in organizations (Bingham & Eisenhardt, 2011; Levinthal, 2011), heuristics used in interaction in business relationships are learned from experience. Connecting our data with theory, our findings support the idea that heuristics influence interaction behaviors but also that heuristics emerge from interaction behaviors that are the context in which individual actors learn, test, and share heuristics. Heuristics are personal but also social because an individual's use of heuristics is related to the heuristics used by the counterparts and in the

organization. Since heuristic in use bring about mutual commitments between actors they represent a major factor in the development of business relationships.

6. Implications for management

Recognizing the role individuals' heuristics play in developing effective solutions at the boundaries of the business has some implications for management. It leads to the question: how can the effectiveness of heuristics be maintained and possibly enhanced at single-relationship level and for the company as a whole?

Two positive aspects of the use of heuristics in interaction in business relationships are the limited need for data, and flexibility in use, especially when we consider these against the backdrop of two common management measures: offering rich information support and providing mandatory rules and routines. Given that heuristics require few information clues, providing more data to the interacting parties is likely to have only a limited effect on interaction effectiveness unless it feeds the application of the rules in use by the individuals, in particular when preparing for meetings. Indeed, the CRM systems commonly in use apparently play a limited role in supporting interaction in business relationships. Also developing standard procedures and routines for handling business relationship seems to have only a limited effect. Heuristics are a complement, if not an alternative, to prescriptive rules and procedures. Strict rules and routines for conduct in interaction can possibly guarantee consistency in behaviors but at the expense of the more flexible response based on heuristics autonomously activated by the individual actors to match the situations. In coping with unexpected developments this situated matching can be more effective than a priori decided routines. There is scope for organization-wide rules and routines in situations that involve business risks, since individuals see the benefit of following explicit company rules and routines shared within their company, which permits them to transfer individual risk to the organizational level.

However, in general, neither the more extensive information support nor elaborated company rules are likely to enhance effectiveness in the use of heuristics and thus the interaction capacity.

Enhancing the effectiveness of heuristics means supporting their development, maintenance and possibly sharing. Since heuristic rules are generally the outcome of a process of learning from interacting with specific counterparts and are difficult to transfer, some investments in training to raise awareness of the role of heuristics in interaction and to develop interaction capabilities can be important. Since effective use of heuristics is related to the degree of autonomy individual actors have in interaction in business relationships, it is useful to concede to sales representatives, for instance, the responsibility for autonomously developing the rules that work with a specific customer. Effective handling of business relationships is likely to require organizational designs that confer some autonomy to various boundary functions and not only to the sales. Autonomy in interacting with outsiders in day-to-day operations allows the parties to maintain flexibility and may also favor experimenting and developing novel solutions.

However, increased autonomy should be accompanied by measures containing the tendency to privatize heuristic rules and hide these from others within the company. Management can play a crucial role in encouraging a collective consciousness of heuristics; this can be achieved, for instance, by encouraging the most experienced staff in the company to share heuristics with their colleagues.

Our findings also have implications for how to allocate people (in various functions) to new relationships with potential customers or suppliers and to important established relationships with customers (often key or strategic accounts) or strategic suppliers. Conventional wisdom holds that the most experienced people should deal with strategic business partners (e.g. strategic key accounts) that have long relationships with the company. Yet, compared to a new potential

relationship the consolidated relationships might present fewer uncertain and unexpected issues and the scope for the effective use of heuristics is thus possibly more limited. That suggests caution in assigning the development of new relationships to junior or newly recruited staff. For strategic accounts putting up teams with the capacity to leverage and integrate diverse heuristics portfolios can be a viable solution.

Given its importance, the heuristics portfolio of a company is an intangible asset that should be maintained, cultivated, and refined continuously in a bottom up logic. Heuristics such as those described in this paper can be a practical instrument for management, and a certain consciousness about their role should be spread throughout the organization. Focusing on heuristics in use at the boundaries of the company means to manage an important element in the company's interaction capability.

7. Limits and directions for future research

Some of the limitations of our study may help to outline directions for future research on heuristics in business relationships. Overall, our study was not concerned with the effectiveness of the use of heuristics, which is certainly an issue future studies should examine.

One limitation of our study is that it is based on analyzing a small number of "heuristic episodes," i.e., episodes that reveal the presence of heuristic rules, starting from 20 individual respondents. Future research should extend the empirical base to include respondents in different empirical contexts and with different cultural backgrounds.

A second limitation of our empirical study is the research design, which takes into account only one side of the interaction process. Future studies should investigate the interaction processes from both sides of the relationship. In addition, since heuristic rules are based on non-conscious elements, the

interview method we used in our first exploration should be complemented with direct observations of the interaction in encounters. Such an approach is likely to provide rich data, as researchers could access heuristics in a more direct way that is not mediated by the interviewee's responses or his/her aptitude to recall specific interaction episodes.

Furthermore, since our exploratory study only provide preliminary indication of the relation between the stage of the relationship (and thus the type of interaction at hand: new or established) and the use of heuristics, future studies could more systematically explore differences among heuristics in use, depending on the stage of the relationship life cycle. Future research should also consider more explicitly the time dimension in interaction processes, for instance, interviewing the parties before and after their encounters.

In sum, future research should be directed towards a detailed understanding of how heuristics influence and are influenced by interaction in business relationships. Focusing on the link between interaction and heuristics might shed some more light on how heuristics contribute to the development and maintenance of business relationships and the role heuristics play in organizational learning and in the development of a business.

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Table 1. Background information about the respondents (R)

R	Role	Firm (A-R)	Experience in the firm	Product/service	Main counterparts
1	Senior Manager - Sales leader	A. Multinational firm in the pharmaceutical industry	17 years	Sales force training	Multinational training agencies
2	Country Manager	B. Global online travel agency	6 years	Hotel allotment	Large and SME hotels
3	Senior Manager	C. Global media agency	16 years	Media and marketing consultancy	Large and SME companies
4	Sales Manager	D. International software house	6 years	Security software	Intermediaries in the Indian market
5	Mall Property Manager	E. Leading national grocery retailer	5 years	Promotions and events in the firm's mall	Media and promotion agencies
6	Senior Manager	E. Leading national grocery retailing	30 years	Sponsorship and co-branding initiatives	Public and non-profit organization
7	Entrepreneur	F. National Consulting company	5 years	Marketing and Web consultancy	SME and large companies
8	Entrepreneur	G. Web agency – SME	7 years	Web consultancy	SME hotels
9	Salesman	H. Producer of lighting systems	1 year	Lighting systems	Retailing
10	Entrepreneur	H. SME manufacturing lighting systems	15 years	Lighting systems	Construction companies
11	Area Manager	I. Door manufacturer	15 years	Wood doors	Construction companies
12	Country Manager	L. Manufacturing private company-SME	8 years	Control testing systems	Automotive OEM large industrial customers
13	Key Account	L. Manufacturing private company-SME	5 years	Control testing systems	Private large industrial customers
14	Sales Manager	M. Aircraft and weaponry	10 years	Aircraft maintenance service	Aircraft operators
15	Sales and Purchasing Manager	N. Pharmaceutical company	10 years	Manufacturing services	Pharmaceutical companies
16	Salesman	O. Parking meter company	4 years	Parking systems	Municipalities and public companies
17	Country Manager	L. Manufacturing private company	4 years	Control testing systems	Large companies and R&D centers of OEM
18	Salesman	P. Pharmaceutical company	7 years	Medicine	Hospitals
19	Senior Partner	Q. Management consulting company	20 years	Management consulting service	SME companies
20	Editorial Director	R. University Press publisher	6 years	Books and e-books	Retailers and second-layer intermediaries both online and offline

Appendix A. Heuristic episodes that emerged from the interviews

Heuristics types

Representative quotes

1. Heuristics in use in interactions

1.1 Adaptation rules

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| <ul style="list-style-type: none"> Choose an approach that fits with the features and situation of the customer's business | <p><i>"Knowing the counterpart's background, I can direct my presentation in fields the person feels comfortable about ... If I negotiate with a person from a large retail firm or the automotive business, I have something to refer to and I try to consider the person background that may be more or less technical. Then it is easier to meet the person's expectations; it permits you to be more relaxed and also more flexible when you negotiate."</i> (R7)</p> <p><i>"I have a variety of target customers, including an architect firm, a furnishing firm, and a general contractor that works with hotels or shopping malls. The first thing I do is to adapt the presentation to these parties in a way that focuses attention on issues I think are of major interest for each party."</i> (R9)</p> |
| <ul style="list-style-type: none"> Adapt your approach and content to the counterpart's role | <p><i>"My approach is different for three levels in a typical customer company: Top management (CEO, CFO etc.); a second level that consists of managers who can decide but have a boss to respond to; and a third level that is field technicians. The first level should be approached on business issues; the second level approach is more relational, as you have developed the technical solution with the third level."</i> (R13)</p> <p><i>"It is important to permit everyone to do his/her job... when you talk to technicians you try to grasp what they want technically; when you sit down with the purchasing manager to negotiate you let him do his job; if you concede a price reductions he is pushing for, then we are all happy ..."</i> (R17)</p> <p><i>"For each customer there is always a different ritual to follow ... when we meet, we all have different roles to play but in the end I know we are able to make the deal."</i> (R6)</p> |
| <ul style="list-style-type: none"> Follow the communication style of the counterpart | <p><i>"Language is important; content matters, but the formal aspects often condition substantial issues. You win 80% of customers not only by being good but through effective interaction."</i> (R3)</p> <p><i>"Try to understand what he wants to tell you and do not start telling him what you think Follow up what he wants to tell you, use his words ... or else you are bound to create confusion on certain questions in practice every person is a world of his own."</i> (R10)</p> |
| <ul style="list-style-type: none"> Adapt to cultural differences | <p><i>"When I started in Finland and Norway, I had to take an extremely serious attitude and approach because these people have a certain opinion about the Italians ... spaghetti and song. Hence, I behaved extremely professionally and followed all the rules; the formality has eased slowly over time."</i> (R10)</p> |

1.2 Reacting rules

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|---|---|
| <ul style="list-style-type: none"> Restore the counterpart's attention when lost | <p><i>"When I notice that I have lost the attention of the one I face, I always try to do something to change the atmosphere. For instance, I can say something that is a big language error. It restores the attention."</i> (R10)</p> |
|---|---|

	<i>“When the counterpart’s pose is, ‘I am here but my mind is elsewhere’ (e.g., the third time he picks up his Blackberry) I start putting questions about the material I am presenting.” (R7)</i>
• Be ready to improvise and to react to the unexpected	<i>“I react to circumstances depending on the perceptions and sensibilities of the person in front of me... these are things one can only see at that very moment.” (R14)</i> <i>“I have followed various training courses, I have prepared the meeting, I am prepared, but in the meeting you cannot just go on automatic pilot; to act and react then, is different.” (R18)</i>
• When the meeting takes an unexpected turn take a “time out”	<i>“It happens to me that the meeting takes a turn different from what was expected, and you realize you are lost; the best thing then is to stop and reschedule a new meeting. Do not go on when you sense that the direction taken could endanger the relationship. It is then better to stop and plan a new meeting.” (R1)</i>
1.3 Code of conduct rules	
• Create personal relationship	<i>“I always try to develop personal bonds because they make a difference. ... If you have empathy with a customer, the going is entirely different.” (R12)</i> <i>“It is essential that the relationship becomes personal. I pick up information talking ... you have to open up and talk about yourself; the other party will loosen up and start talking about himself. But you also have to remember these things.” (R15)</i>
• Respect basic ethical rules	<i>“I always say that a salesperson can omit to tell the whole truth but she/he must never lie ... There is a golden rule ... respect the person you have in front of you; he/she makes you work and grow, and is a companion on a journey ... not simply someone to take the money from.” (R10)</i>
• Respect the counterpart	<i>“If you meet a person in full transparency and let him/her decide how to approach an issue, in reality you have higher authority and can manage the process better.” (R4)</i> <i>“Considering others’ interests is not simply a matter of being kind and respecting your counterpart – it is more ... it lets you do your work in a more efficient way.” (R15)</i>
2. Heuristics in preparing for an encounter	
2.1 Information source rules	
• Use company documents/informants	<i>“Before the meeting we first make an assessment and collate data from various company internal records; accounting, sales statistics, and production and shipment data ... then we talk to various functional managers involved with the customer.” (R19)</i>
• Use personal notes	<i>“I have my notes on how it's going ... when I have memory lapses I look at those ... I archive my stuff and take notes after the visit It is a small book I guard jealously.” (R18)</i>
• Use third-party references	<i>“Constructing and continuously developing a ‘reference network’ is crucial since it allows us to obtain trustworthy information about the customer.” (R12)</i>

2.2 Information selection rules

- Get to know the position/role of the counterpart *“I prepare myself by investigating who the customer is, the customer’s organization and structure, who owns it, information on budgets, investment plans ... this helps to set priorities.” (R13)*
 - Get to know the personal background of the counterpart *“When I plan to meet a new customer I collect information even for the dress code ... I also check if the person is sensitive to certain issues [politics, moral issues, etc.]” (R3)*
“When I enter a new distributor’s office, I first check the “milieu”: cars in the parking lot, the cleanliness of the office, books and photos in sight. They all offer different clues.” (R10)
 - Check data on how our business with them is going *“To prepare, I spend up to a day checking the performance data, volume of sales, how we sold, and average revenue” (R8)*
“One always has to have available data on turnover, on all aspects of the business you do with these guys ... then you prepare, depending on what you want to discuss or achieve.” (R15)
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2.3 Information use rules

- Anticipate counterpart’s moves *“I like to think that for an important meeting I should follow an analytical approach, my natural attitude is to prepare all issues, trying to identify the heart of the matter, to think through the alternatives to reach the desired point. I try to understand how the customer will move.” (R4)*
 - Prepare to react to unexpected turns *“When I have to meet a customer I go there prepared ... I bring a 30-page document and then have another 200 documents I can use to react promptly in case of unexpected requests.”(R3)*
 - Define the minimum objectives you want to achieve from the meeting *“Before meeting the client you always have to define the objectives to ensure you bring home at least the minimum objectives.”(R12)*
 - Prepare an “exit strategy” *“We discuss what we plan to achieve and always tend to have an exit strategy. If we perceive that we are not able to achieve what we planned we leave the negotiation ... limits are defined ex ante, based on key measures.” (R2)*
 - Avoid risky situations *“I follow the profile of the ideal customer our company constructed. The profile consists of ten features. These include: considerable industry experience, financial soundness, and long-term vision. Checking the profile helps us to steer away from problematic clients.” (R11)*
“Today the only company rule is to avoid getting involved with difficult clients. If you want to avoid bankruptcy you must ascertain that the customer is in good health ...” (R14)
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