

The necessity of an integrative approach for business service evaluation from a buyer's perspective

ABSTRACT

Purpose

This research aims to observe different evaluation procedures for business services that are applied by buying companies; revealing the necessity of an integrative evaluation approach.

Design/methodology/approach

Based on a systematic analysis, explorative case study research – regarding five Swiss multinational companies – is used. In addition, the research also provides a structured literature overview of existing evaluation procedures.

Findings

Next to specific and business service related difficulties, the research observes different phases – named “levels of integration” – in which the evaluation process takes place within a company: (1) preparation, (2) acquisition as well as (3) an operational phase.

Research limitations/implications

The paper is limited to a qualitative research approach addressing only five case selections from Switzerland. However, assuming the results are generalizable, future research on service evaluation should always distinguish between the different phases of evaluation.

Practical implications

For practitioners, it is shown that a company's ability to consider information and experiences from all levels of integration is highly related to its capability to ensure a successful service purchasing performance. Therefore, the research provides practical support for the purchasing process to ensure highly efficient business services.

Original/value

As research on business service evaluation barely exists, this paper is the first known work that addresses the different phases of an integrated service evaluation.

Keywords: Service purchasing, business services, purchasing capability, service evaluation, performance measurement

1. INTRODUCTION

Essentially, business services¹ appear to be crucial for the value creation of companies. Reasons can be found in a company's intent to focus on core competencies (Bhagat et al., 2010), in a lack of required expertise (Gotzamani, 2010) as well as in volatile capacity availability. Furthermore, this importance is reflected by a firm's large amount of externally procured business services (Sonmez, 2010, van der Valk, 2008). Although the significance of business services is noticed within a company, the majority of purchasing managers still struggle with an efficient procurement and evaluation process (Rottmann, 2015). As indicated by several researchers, such problems are often induced by specific characteristics of services (de Oña et al., 2014, van der Valk, 2009, Hallikas, 2014). Due to immaterialism, heterogeneity, and external factors, the purchase of business services as well as the related evaluation can be considered as a challenging task (Sitar, 2012).

While goods purchasing is a well-known process, the purchasing and evaluation of business services is still underachieved in both a theoretical and a practical context. With a view to an increasing significance of business services within a company – on average up to 40% of a firm's overall purchasing volume is related to business services (Ellram et al., 2007, CAPS, 2003) – structured evaluation processes are required to enhance the overall purchasing capability and firm performance. Existing approaches mainly consider monetary items, whereas qualitative aspects are often neglected. Major objectives are seen in the identification of cost savings, the creation of market transparency, and the procurement of reliable business services (Hallikas, 2014, Min, 2010).

Despite the tremendous potential an efficient evaluation for business services may have on a firm's purchasing capability (Fredendall, 2005), there is lack of research on existing evaluation procedures in comparison to goods (van der Valk, 2009). An aspect that is often neglected addresses the different phases of an evaluation of services. It is assumed that evaluation appears not only at different points of time but also conducted by various entities within a supply chain. Therefore, it is implied – but so far not scientifically observed – that an evaluation procedure for business services must always consider different integrative phases – named by the authors “levels of integration” (LOI)² – in which the evaluation takes place: (1) preparation, (2) acquisition as well as (3) the operational phase.

With the intention to pursue and to fill the indicated research gaps, this paper explores evaluation approaches applied by practitioners using case studies from five Swiss international operating companies. More precisely, the following research questions are analysed in more detail:

- RQ1: To what extent do buying companies evaluate business services and which factors are considered essential for the overall purchasing capability?
- RQ2: From a buyer's perspective, is the level of integration related to an increased evaluation and purchasing capability?

According to Eisenhardt (1989) and Yin (2003) case study research is appropriate as the conducted research is of explorative nature – trying to explore a new theory. Analogue to the recommendation of Yin (2003), section two provides an initial literature review on existing evaluation procedures as well as on well-known and approved success factors during the purchasing process. Subsequently, section three provides insights into the applied methodology

¹ Business services are created by companies and bought by other firms (e.g. logistic services, marketing services, facility services, etc.) (Axelsson and Wynstra, 2002).

² The LOI is not to be confused with SCM integration (integration between SCM partners). The LOI indicates how many different purchasing phases are integrated or considered within the business service evaluation procedure.

and the underlying conceptual framework that was used. Conclusively, section four presents a detailed overview of empirical research results. The last section summarizes the outcomes not only with a view to their managerial and theoretical contribution but also with an indication of limitations and proposed future research areas.

2. LITERATURE REVIEW

Initially, the research presents a literature review that aims to provide an overview of consolidated findings on business service evaluation. Existing evaluation approaches as well as related evaluation criteria and influencing variables during the evaluation are revealed. As a result, the current research gap and addressed research questions are stated.

2.1. Business service evaluation and purchasing capability

In comparison to goods purchasing and its evaluation, the acquisition of business services and the related evaluation is very difficult (Min, 2010, Behara, 2001). Essentially, this is caused by the intangible and often heterogeneous characteristic of services. More precisely, business services can rarely be tested beforehand and a transaction is typically based on experiences and trust between the business partners (Axelsson and Wynstra, 2002). Ancillary, services are not transportable and their consumption and creation occurs simultaneously (Van Looy et al., 2003). This leads to the fact that volatile demand of business services cannot be compensated by inventory. Caused by a specific design of acquired business services, the interaction between the service provider and the buying company might always appear as a unique and hardly replicable process. From a practical viewpoint, companies demand a generalizable and applicable business service evaluation method. This importance is reflected by a steady increase of purchased business services within a company (CAPS, 2003). However, Bruhn (2003) points out that there is no prevailing practice in the field of business service evaluation. Moreover, he revealed the complexity regarding different definitions for the term “quality” as well as the diversity of interpretations quality management for business services might have.

Kopperger (2004) notes that in the field of business services purchasing a supplier change is more unlikely in comparison to goods purchasing. This might be related to a lack of information regarding business service costs, their related value structure as well as the comparability with alternative service providers. While the costs of a purchased business service are comparable in terms of agreed subjects within a service contract, the quality evaluation and consideration during a purchasing decision appear to be more challenging (Sonmez, 2010). Consequently, the acquisition of business services with an optimal cost-quality ratio can often not be achieved.

With the intention to allow a more objective evaluation and assessment, Phillips and Louvieris (2005) suggest to use performance measurement systems as a basic instrument for business service evaluation as they provide a fundamental structure of a cost-breakdown. Moreover, such systems combine quality aspects with existing cost measures. However, the measurability of service quality can be seen as a more important endeavor in the purchasing process, as a quantitative approach would allow more objective decision-making (Marchthaler et al., 2011). Given these facts, Hofmann and Locker (2009) argue that a proper value analysis in a supply chain might help to reduce costs, to improve quality, and to increase the functionality of business services. In that respect, the value management as part of a firm’s service management is mentioned in existing literature (Yang et al., 2014, Naoum and Egbu, 2015).

Whereas the business service quality is a critical success factor for any service providing company, it also influences the performance of a buying company (González-Benito, 2007). As a basic structure, Figure 2-1 shows a framework for the purchasing process, basically, adopted by Dobrzykowski (2012). As a final output variable in this basic framework, the buying firm’s

performance is used. Several researchers argue that an overall purchasing capability is positively associated with firm performance (Song et al., 2012, Danese and Romano, 2011, Paulraj et al., 2006). It is described and assessed in several papers by a combination of the same variables – operational, financial, and market performance (e.g. Zimmermann and Foerstl, 2014, Golicic and Smith, 2013, Chin-Chun et al., 2008, McNaughton et al., 2002, Cousins, 2008). However, as our study aims to explore additional success factors for the business service evaluation, it primarily focuses on an assessment of purchasing capability rather than on firm performance.

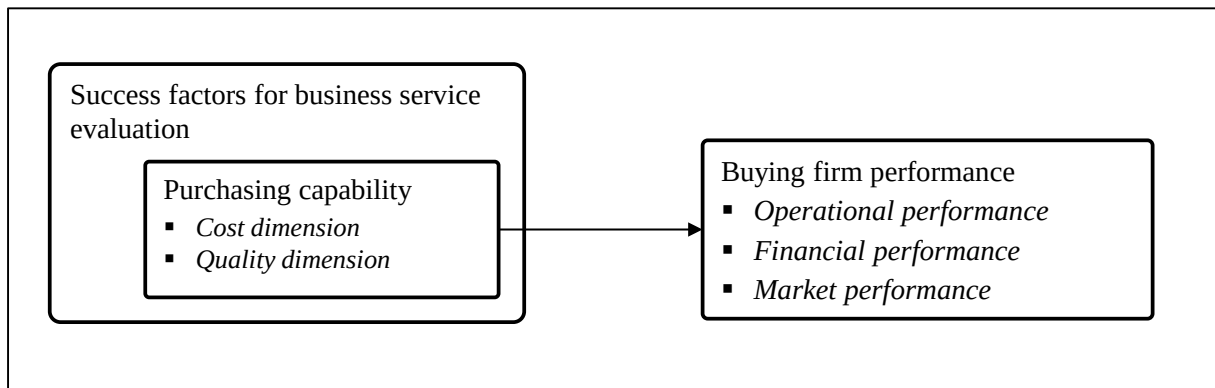


Figure 2-1 Basic framework (adapted by Dobrzykowski (2012))

Success factors

With a view to the purchasing capability of buying companies, many conducted studies reveal the integration of both internal customer and supplier as positively related to the purchasing capability (Danese and Romano, 2011, Coppini et al., 2010, Zhao et al., 2002, Lin et al., 2002). In this context, the term purchasing capability is used synonymously with the expression purchasing performance in several literature (Danese and Romano, 2011, Emiliani, 2010).

The item internal customer describes staff – normally directly employed at the purchasing company – who are assigned as an essential user of acquired business services. In literature, not just communication or information sharing but also cooperative partnerships are named as positive enablers (Chin-Chun et al., 2008). For the second item, supplier collaboration, positive enablers were found in the variables communication (Chen et al., 2004) and shared company goals (Fredendall, 2005). Claassen (2008) named information sharing between both entities as a crucial factor for a successful supplier collaboration. With a view to business service purchasing, the term service provider is used interchangeably with suppliers of acquired services.

Purchasing capability

As outcome variable, the purchasing capability is observed in more detail. According to Ordanini and Rubera (2008), capability can be operationalized with a two-item construct capturing the costs and the quality of business services. Even though this effect is verified in existing research, none of these publications exclusively focus on business services.

With the intention to provide reliable solutions for a quality assessment, Parasuraman et al. (1988) coined the term SERVQUAL as a fundamental theory in the context of service evaluation. In this gap-based approach – primarily focusing on B2C-services – a customer's perception of service quality was compared with an initial expectation. In contrary, perceptions-only measures were used for the evaluation by various authors neglecting the original

expectations (Brandon-Jones, 2010). Pan and Kuo (2010) capture basic elements from such approaches and aim to develop a new key performance index for measuring service quality. However, these approaches focus on a retrospective evaluation after the initial purchase and neglect a pre-evaluation as a part of a purchaser's decision-making. Whereas some authors provide industry-specific recommendations for business service evaluation and provider selection (Axelsson and Wynstra, 2002, Grönroos, 2000), a generalized method for different types of business services is currently missing.

Due to accompanying moderators that may have an impact on the outcome variable, contingent factors need to be addressed. In the context of business service purchasing and evaluation, Haensel and Hofmann (2016) observe different types of business services that are consumed and evaluated by different entities within and outside a company at various times. This fact reveals the type of business service as a contingency that significantly influences the evaluation procedure as well as the purchasing capability.

2.2. The necessity of an integrative approach

In general, the purchasing process of business services can be described as a decision process with several consecutive phases. In this context, Gallouj (1997) suggests a conceptual procedure for selecting and evaluating service providers. He introduces an evaluation process that is divided into four phases: (1) search for general information, (2) pre-selection of potential service providers and tendering, (3) evaluation of tenders and shortlisting as well as (4) presentations by selected service providers and the final choice. Although specific problems in this process are addressed, e.g. the asymmetry of information between the service provider and the client, the evaluation method does not cover all of the required evaluation phases.

As described before, existing research regarding evaluation procedures aims to measure the service quality. Therefore, Grönroos (2000) differentiated between technical quality (e.g. basic and core benefits of the business service) and functional quality that can be assessed before, during, and after the business service deployment. Normally, existing approaches assume that a quality evaluation of business services is done by a purchasing manager even though the business service is used by different departments within the company (e.g. production or logistics department). While Axelsson and Wynstra (2002) provide a basic example for an evaluation approach from a buyer's perspective, Arshad (2015) points out that an efficient business service evaluation must also combine experiences from different users of purchased business services (e.g. internal, external, or end-customer). This fact is already partially considered by Robinson et al. (1967) who provides one of the first existing descriptions of a purchasing process, differentiating between eight buying phases. More precisely, Van Weele (2009) describes a pre-purchase process and an "aftercare" process – both involving employees (internal customers) from within the company. In this context, it becomes explicit that not only purchasers or internal customers are responsible for a business service evaluation but also the external customers or other parties in a supply chain (e.g. the end-consumer). As Zablah et al. (2010) distinguish between previous experiences of the purchasing manager (e.g. acquiring a business service the first time, as a rebuy, or as a modified rebuy), the necessity of an internal consumer integration may vary. However, an integrative evaluation approach for buying business services – that addresses pre-purchase processes (e.g. goal-setting, strategy, and requirements) as well as follow-up processes (e.g. quality assessment by the essential users) – is needed but has not yet been described or developed in existing literature.

2.3. Resume of the literature review and research gaps

As the measurement of performance in business services is frequently named to be more difficult in comparison to that of goods; literature in this area is incomplete. The existing research in the field of business service purchasing calls for standardized methods to detect potentials for cost savings and quality improvements. As existing publications also describe this incompleteness and point to the research gap, no satisfying solutions are yet offered.

For the aforementioned reason, several key challenges in the acquisition and evaluation of business services – also identified as research gaps – are summarized:

- *No standardized evaluation approach:* Although industrial-specific approaches are described in literature, so far no holistic evaluation procedure exists.
- *Retrospective business service evaluation:* Existing evaluation approaches focus on a retrospective evaluation but provide no support for the purchasing process.
- *No integrative evaluation focus:* It is assumed that a highly efficient evaluation approach needs to consider different phases (LOI) in which the assessment of quantitative and qualitative variables takes place. Hitherto, there is no consideration of this in existing research.

3. METHODOLOGY

It is shown in the literature overview that the topic of business service purchasing and evaluation is relatively under-researched. More specifically, a profound wide-angle view that considers several phases of business service evaluation (LOI) is very uncommon. With the aim to provide solutions for the revealed research gap and to present answers for the research questions, the following section gives an overview of the applied methodology and the conceptual framework of this research.

3.1. Study design and conceptual framework

Generally, a qualitative case study methodology is employed to answer the research questions and to develop a profound understanding about business service evaluation. This qualitative proceeding seems appropriate, due to the fact that this research is explorative and trying to develop a new theory (Eisenhardt, 1989, Yin, 2003). Miles and Huberman (1994) outline qualitative research as highly appropriate during early research stages, whereas case study research initially focuses on the investigation of little-known phenomena (Marshall and Rossman, 2014).

With a view to the research questions – focusing on a business service evaluation from a buyer's perspective – an identical single-view perspective for the conceptual framework is applied. Based on the findings from the conducted literature review, two variables were identified as significantly influencing the purchasing capability: supplier collaboration and internal customer collaboration (Danese and Romano, 2011). With the LOI, this research aims to introduce a new variable that influences the purchasing capability. However, it is assumed that the LOI not only influences the purchasing capability but also impacts the existing variables.

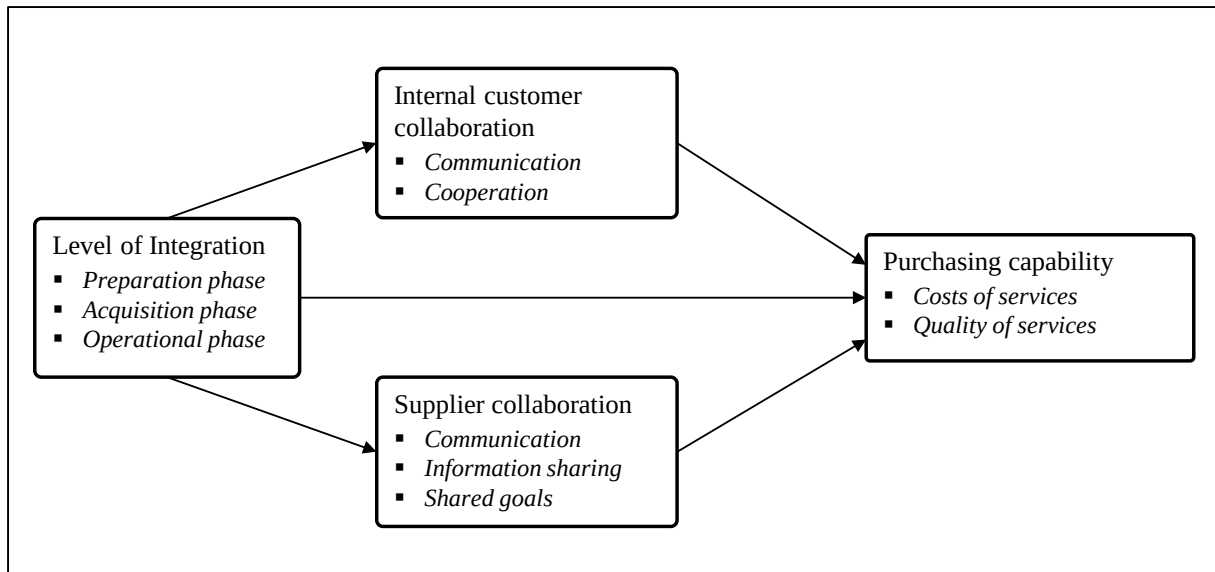


Figure 3-1 Conceptual research model

All interviews were conducted with purchasing-related employees, including purchasers, commodity managers and executive staff members (e.g. heads of global purchasing). Altogether, ten systematic interviews – each with a length of three to five hours – were carried out by the same researchers in the summer of 2015 in Switzerland. All conducted interviews were recorded, transcribed, and reviewed by the interview partners for correctness and completeness. Therefore, the applied interview guideline consisted of four main sections. While the first section asked for general company data (e.g. firm size, demographic data, and purchasing capability), section two focused mainly on the three different LOI. An excerpt of the interview guideline is shown in Table 3-1.

Table 3-1 Excerpt of the interview guideline used for data collection

1. Initial situation of the firm with regard to their purchasing capability

- How would you describe your purchasing capability in general (and differentiated by goods and selected business services)?
- According to your applied evaluation procedures, are there any differences between goods and business service evaluation?
- What kind of business services is your firm purchasing on a regular basis and is there an explicit difference in the applied evaluation procedure?

Continued on the next page.

2. Scope and configuration of the applied evaluation procedure for business services

Preparation phase

- In which way does a structured collaboration with internal and external customers with regard to acquired business services occur?
- To what extent does your company consider make-or-buy decisions before acquiring business services from an external service provider?
- Is there a clear, company-wide understanding about the requirements for business services and about their contribution to a service value creation?

Acquisition phase

- To what extent is your company applying qualitative and quantitative criteria for the evaluation of business services?
- How would you describe the market transparency regarding, for instance, market knowledge, specific price structure, or value composition of business services?
- Are there any standardized contract templates for business services applied and to what extent are specific requirements addressed during the preparation phase?

Operational phase

- To what extent do purchasers consider experiences and impressions of internal and external customers with regard to acquired business services?
- Are there any quality management practices for business services applied that are considered on a regular basis for future purchasing activities?

3.2. Case selection and sampling

In order to get a wide variety of examined business cases, selected firms (1) operate in different industrial branches and (2) can be differentiated according to their firm size. In concrete terms, a pharmaceutical producer, a machine and a plumbing manufacturer, a producer of tobacco goods as well as a postal service provider from Switzerland were chosen. Subsequently, a differentiation is applicable regarding the firms operating scope considering Trans-European, domestic but also worldwide operating companies. With the intention to allow a manageable complexity but, at the same time, to ensure a wide range of different types of business services, the research focuses primarily on logistics, marketing as well as on information and communication technology services (ICT). According to suggestions from Eisenhardt (1989) and Yin (2003), the applied diverse case selection leads to an increased external validity and ensures a more generalizable research approach.

As proposed by Seawright and Gerring (2008), a two-step analytical sampling approach was applied. Therefore, a relatively homogenous sample – considering origin and firm size – was selected, in order to guarantee a similar legal and competitive market environment. However, the researchers assume that differences in the evaluation procedure might occur depending on firm size. Consequently, our research neglects small firms and focuses primarily on medium to large scale companies. In a second step, different companies with regard to their LOI were chosen. The research suspected that not a firm's size but rather the accomplished LOI during the evaluation procedure affects purchasing and evaluation capability. Table 3-3 presents an overview of the selected cases. As anonymity is mandatory, abbreviation are applied for firm identification using A1, A2 and A3 for large firms and B1 as well as B2 for medium sized companies.

Table 3-2 Case overview

Study perspective		Case characteristic			Number of interviews	
Case	Selection criteria	Size	Origin	Industry	Interview partner	Total
A1	Large-scale, world-wide turnover and service purchasing, mass production	Large	Switzerland	Pharmaceuticals	Head of global sourcing; head of global warehousing & distribution	2
A2	Large-scale, domestic turnover and service purchasing	Large	Switzerland	Postal service	Head of global purchasing; head of service purchasing	2
A3	Large-scale, world-wide turnover and service purchasing, customized production	Large	Switzerland	Machine manufacturing	Head of global purchasing; logistic purchasing manager	2
B1	Medium-scale, trans-European turnover and service purchasing	Medium	Switzerland	Plumbing manufacturing	Head of global purchasing; head of indirect purchasing	2
B2	Medium-scale, trans-European turnover and worldwide service purchasing	Medium	Switzerland	Tobacco industry	Head of global operations; director corporate procurement and services	2

3.3. Data analysis

In a first step, the collected data was analyzed in more detail using an structural analysis approach proposed by Corbin and Strauss (1990). Therefore, a within and a cross-case analysis was conducted. While the within-analysis allows a better understanding of evaluation procedures, addressed criteria, and the applied scope of evaluation (LOI), a cross-case analysis helps to identify patterns among the observed cases. To support the data examination and the construct validity, data triangulation was applied – examining data from interview transcripts, internal company documents (e.g. evaluation templates and service contracts), and from several site visits. However, the content of the semi-structured and open-ended interviews appear to be the main source of analyzed information. As a final step, applied evaluation procedures, evaluation criteria as well as other influential factors were examined in more detail.

4. KEY FINDINGS FROM THE EMPIRICAL RESEARCH

The fourth section provides an overview of conducted observations and gives insights into the empirical and explorative case analyses on business service evaluation. With the intention to give answers to the pre-defined research questions, conclusively, four propositions are made and discussed. Next to specific and business service related difficulties the research confirms, as mentioned before, different phases – named “levels of integration” – in which the evaluation process takes place within a company: (1) preparation, (2) acquisition as well as (3) an operational phase.

As suggested, the research reveals that a company's ability to consider information and experiences from all levels of integration is highly related to its capability to ensure a successful business service purchasing performance. With the intention to get a better understanding about the correlation between the LOI and the purchasing capability, the interviewees were asked to rate the companies' purchasing capability on a five-point Likert scale differentiating between logistics, marketing, and ICT-services. In addition, the LOI of each individual business service was assessed by the research team and compared with the stated purchasing capability. As suggested, a positive correlation between both items was confirmed for all of the three types of business services. However, differences appear regarding marketing services, as an effect of the LOI on the purchasing capability was less viable in comparison with logistics and ICT services. Nevertheless, as a positive correlation is certain, this research proposes:

Proposition 1: The consideration of all LOI during the purchasing and evaluation process of business services leads to increased market transparency, to a better understanding of requirements and offerings, and, therefore, to an enhanced purchasing capability regarding business services.

In this manner, company A3 can be seen as a good example as purchasing capability and the applied business service evaluation appears to be the best observed during the research. The head of global purchasing stated, "Purchasing does not simply start with the acquisition and bidding. Especially when buying strategic services, several meetings with our internal customers are conducted to set goals and to define service requirements. You could say, we employ experts at every step of our purchasing process. We consult the legal department for contract closings, offer negotiation trainings for our purchasers and conduct meetings on a regular basis [before and after the acquisition phase] with internal customers." While similarities were revealed at the other firms but also with existing literature (e.g. Axelsson and Wynstra, 2002), this research revealed ten different subsections that were considered during the purchasing and evaluation process (Figure 4-1). However, the selection makes no claim to be complete.

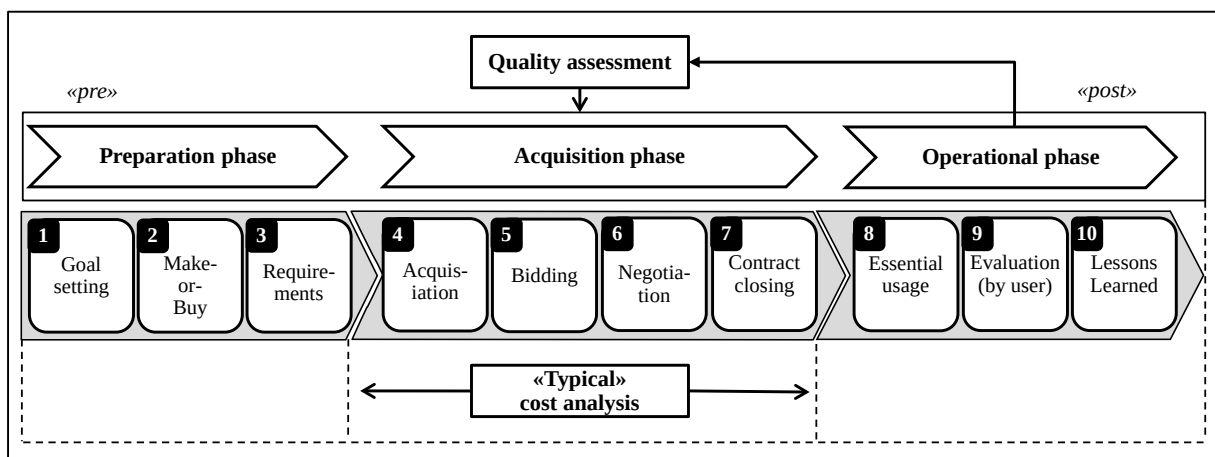


Figure 4-1 Different phases of business service evaluation

The first section, (1) goal setting, can be described as an initial determinant for the applied evaluation procedure in later phases. The director of corporate procurement of company B2 noted, "Due to a limited budget, we cannot apply extensive evaluation procedures to all of the externally sourced business services." Therefore, the companies differentiate between several acquired business services, e.g. addressing the contract duration or a service's contribution to

the firm strategy. With sub-section two, (2) make-or-buy, a critical reflection – addressing internal capabilities and resources – is required. However, the logistic purchasing manager from firm A3 reveals, *“Although internal resources were available [in-house service provider], an inner perspective was often neglected in the past. Recently, management applied initiatives for a systematic consideration of both internal and external service providers.”* As last subsection, (3) qualitative and quantitative requirements for acquired business services need to be specified. This can affect core benefits (e.g. service level, capacity, or quality expectations) as well as specific requirements (e.g. brand reputation, sustainability confirmation, etc.). In either way, not the purchasing manager but the internal consumers are named as responsible for the required setting. The head of indirect purchasing of company B1 clarifies this fact: *“Our guys [from the purchasing division] can be described as intermediary between the departments and the service providers; we set the agenda, we negotiate, and we sign the contracts. However, specific requirements for the services are determined by the departments. I mean, how shall we know what these guys need?”* In accordance with insights from Arshad (2015) and Van Weele (2009), the following proposition summarizes the statements from the interviewees and revealed insights of the preparation phase:

Proposition 2: An early reflection with internal capacities and required specifics of business services – considering internal customers as well as executive staff members – allows a more precise understanding of the market, the business services, and the service provider evaluation in subsequent phases.

With the fourth subsection, (4) the acquisition, a tendering process is initialized. Therefore, pre-defined requirements from the preparation phase are captured and contextualized for the tendering. However, as stated by the head of service purchasing from company A2, problems may occur on a regular basis, *“In theory, this task sounds quite easy. The problem is, when buying, e.g. marketing services, people normally do not know what to expect. How shall we address specific requirements without knowing the output?”* Another aspect is described by the head of global purchasing as he notes *“[...] differences occur in the context of public tenders as a part of our purchases is governed by public law.”* In this context, contracting authorities are bound by specific procurement regulations (e.g. principal of non-discrimination, transparency, or equal treatment) that need to be considered.

At the fifth subsection, (5) bidding, obtained offers from potential service providers are selected, evaluated and compared to each other. Typically, this section describes a cost analysis in which buying companies compare prices regarding offered service conditions (Yusuf, 2012). Assuming, a business service is purchased for the first time; a buying company can at most assess quality aspects regarding the service provider (e.g. appearance, professionalism, or responsiveness) rather than the quality of the business service. Contextually, the head of global warehousing from company A1 stated, *“We do assess a bunch of quality aspects at this stage [acquisition phase]. But don’t get me wrong, without our tremendous amount of past experiences, a comprehensive quality assessment based on biddings would not be possible.”* More precisely, the head of indirect purchasing from company B1 notes, *“If a logistic service provider assures a delivery performance [adherence to delivery dates] of above 98%, we cannot call it a quality aspect but only a promise of performance, comparable with other biddings. If a service provider continuously demonstrates its capability – e.g. in the past with other companies or recently with us – we call it a quality aspect considerable during the purchasing process.”* For the aforementioned reasons, it is proposed:

Proposition 3: Next to the aforementioned consideration of all LOI, evaluation procedures for business services must obtain but also clearly distinguish between offered service conditions (comparable by a cost-break-down) and quality aspects from both service provider (before the purchase) and business service (after usage).

With the next subsections, (6) negotiations with preselected service providers are initialized before a contract with a chosen tenderer is concluded (subsection 7). As processes during the seventh section need to be as accurate as possible, all observed company's state the "[...] use of standardized templates for contracting [...]" and the necessity of "[...] legal advice from internal or external experts." With the intention to allow a proper negotiation, all large-sized companies applied frequent trainings for their purchasers. However, the head of global sourcing from company A1 points out that, *"Although we have applied trainings for purchasing managers addressing negotiation tactics and skills, experience shows that these trainings are mostly insufficient without a profound understanding of market and price conditions obtained during the preparation phase."*

The last LOI, the operational phase, appears to be the only phase in which a quality evaluation of the acquired business services is possible (subsection 9). In this context, one must distinguish between the decisions made during the acquisition phase. Even though inputs from the operational phase are considered, e.g. experiences or references, the actual evaluation and data collection occurs during the essential usage of a purchased business service (subsection 8). Coherently, essential users appear to be both internal customers (employees) and external customers (distributors, traders or end-consumers) as stated by the head of global purchasing from firm A2, *"As a purchasing manager we need to consider objectives from other departments [internal customer] but also requirements of end consumers [external customer]. If we want to acquire, for example, a website for our customers – where our products are presented and customizable – representatives from different departments are involved. Additionally, external service providers [ICT] and their experiences regarding consumer perceptions and wishes are consulted if necessary [supplier collaboration]."* Subsequently, the last section, (10) lessons learned, can be described as the most essential element for the quality evaluation of business services as gathered experiences from the usage are systematically analysed and communicated with the purchasing department. Therefore, the head of global operations from company B2 stated that *"[...] the collaboration with the internal customer as well as with the end-consumer along the supply chain is crucial [...]"* for a comprehensive business service evaluation. Moreover, information on pre-evaluated service providers becomes expandable and therefore more substantial for future acquisitions. Consequently, the last proposition is made as follows:

Proposition 4: As the efficiency of the entire purchasing and evaluation process is correlated with the LOI, the integration of both service provider and internal customer is also strongly dependent on a widespread consideration of all described main phases and subsections.

5. CONCLUSION

With a view to globalization, shortened product life cycles and increasing outsourcing rates, it is essential for firms to be aware of both service requirements and service quality measurements. The goal is always to improve product quality, to reduce costs, and to ensure highly reliable business services. Therefore, the conducted research provides some detailed insights on business service evaluation revealing the level of integration as a crucial factor to consider for future research on this topic. For both researchers and practitioners, a consideration of information and experiences from all phases is required and therefore recommended to ensure an efficient business service evaluation as well as the desired purchasing capability. However, the research reveals that differences occur regarding both the type of purchased business service as well as the industry in which the business takes place. Conclusively, further research is required as the characteristics of different types of business services as well as the environmental setting may influence the implications made in this paper.

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