

## **DELIVERING INTEGRATION, VALUE, AND SATISFACTION THROUGH KEY ACCOUNT MANAGER'S COMMUNICATION**

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As an increasing number of supplying firms introduce key account management (KAM) systems to service their major accounts, it becomes crucial to understand the impact of key account managers' communication on collaborative relationships. In this study, a model is advanced and tested that examines the nature and consequences of key account manager's communication behaviors. First, four different behaviors (i.e. offer adjustment, buying center consultation, communication transparency and internal communication) are identified and defined thanks to a literature review and a qualitative study among key account managers. Second, a model linking key account manager's communication behaviors and customer-perceived integration, customer-perceived value as well as satisfaction is empirically tested against a sample of 102 purchasing managers. The findings suggest that key account manager's offer adjustment behavior mostly influences customer-perceived value, whereas internal communication has a significant impact on customer's satisfaction. Moreover, it appears that customer-perceived integration strongly depends on buying center consultation and communication transparency. Managerial implications of the findings for key account managers as well as top management are discussed, and several recommendations are formulated to improve communication practices with key accounts.

### **INTRODUCTION**

The management of collaborative relationships with important customers has become a major concern for marketing research and practice alike. In business markets in particular, all customers are not created equal (Hallberg 1995). As a consequence, suppliers dedicate most of their resources to their core portfolio made up by clients who represent high stakes: the key accounts (Pardo 1997). In the literature, many denominations have been used: large accounts (Miller and Heiman 1991), national accounts (Stevenson and Page 1979), major accounts (Barrett, 1986) and global accounts (Wilson and Millman 2001). Considering the many terms employed the present research uses "key accounts" to subsume all of them.

Empirical researches have shown that key accounts can be characterized along four basic dimensions. Firstly, their volumes of purchases are significant in terms of absolute value or in percentage of the total supplier's sales for the concern product (Dishman and Nitse 1998).

Secondly, their procurement decisions are centralized but concern multiple actors (i.e. the buying center) belonging to different organizational positions (Stevenson 1980). Thirdly, these large customers select a limited number of suppliers to collaborate and build partnerships (Wilson and Millman 2001). Finally, many of these powerful customers ask for a coordinated selling approach from their suppliers (Homburg, Workman and Jensen 2002).

The paramount importance of these clients, which are frequently geographically dispersed and require specific procedures, raise complex problems for suppliers. For instance, because key accounts are usually located in many countries it is almost impossible for a regular salesperson to identify the buying center's members as well as their needs and wants. As a consequence, the understanding and monitoring of the relationship are far less evident compared to a relationship with a regular customer. At the same time, the set of demands from these complex accounts (generally in the form of

value-adding activities and worldwide coordination) cannot be handled by a unique salesperson. Often it requires the cooperation of other functional entities. Thus, to manage the complexity of these large-scale buyers, suppliers have to rethink their internal sales organizations and develop a key account management structure (Weilbaker and Weeks 1997).

The cornerstone of these specific sales organizations is a position called “key account manager” (Millman 1994; Wotruba and Castleberry 1993). As stated by Homburg, Workman and Jensen (2002 p. 39) “key account programs frequently involved special (intraorganizational) actors who are dedicated to key accounts.” Key account managers are driven by different objectives than traditional salespersons (Wotruba and Chastelberry 1993). Instead of maximizing the volume of sales in the short term, their overriding goal is to minimize friction within the relationship and optimize fit between the supplier’s value offer and customer’s needs (Weitz and Bradford 1999). Key account managers integrate customer-related activities within their own company and contribute to customer-perceived value (Georges and Eggert 2003). To fulfill their role as an enabler or promoter of an existing relationship (Bacon 1999), key account managers’ communication is key. Effective communication between the supplying and the buying firm is a fundamental condition of collaborative relationships. According to Bleeke and Ernst (1993 p. 16), even the “most carefully designed relationship will crumble without good, frequent communication”. In a similar vein, Mohr and Nevin (1990 p. 36) declare that communication is the “glue” that holds relationships together. Consequently, key account managers are supposed to advance the level of communication between the supplying and the buying firm (Millman 1994; Schultz and Evans 2002).

To date, however, little empirical research has been done to evaluate the impact of key account managers’ communication efforts on

collaborative relationships. This paper contributes to our understanding of collaborative relationships by focusing on the contribution of key account managers’ communication on customer-perceived integration, customer-perceived value and satisfaction. These three outcome variables were chosen because they represent the “raison d’être” of collaborative relationships (Anderson 1995).

In the remainder of this paper, in a first part, we review the existing literature and provide definition for the different constructs studied in this research. In a second part, we develop a conceptual framework and test our hypotheses using structural equation modeling. Finally, we discuss theoretical and managerial implications, outline limitations of the study and highlight future research opportunities.

## LITERATURE REVIEW

The cornerstone of the key account management organization is the position called “key account manager” whose objective is not only to maximize the volume of sales, but also to increase the degree of perceived integration, the value created as well as the customer satisfaction (Wotruba and Castleberry 1993). To achieve these outcomes, key account managers develop specific communications behaviours.

### Customer-Perceived Integration

As highlighted by Barrett (1986), key account managers are usually supported by a team composed of people from production, finance, logistics, marketing or other functional groups. These teams – large and small, permanent and ad hoc – are considered as central elements of a key account program (Jones *et al.* 2005). Therefore, key account managers also act internally (i.e. inside the supplier’s organization) to coordinate the decisions and the pattern of contacts between their team’s members and with the customer’s organization. One of their main objectives is to achieve a high degree of integration between the supplier’s subsidiaries,

functions and individuals interacting with the customer firm. However, as achieving integration is considered as an important objective in a key account setting, there is no uniform definition or accepted measure of this construct. In a recent article, Rouziès *et al.* (2005) reviewed the literature on interdepartmental integration and identified two main forms of conceptualization for this construct. A first group of researchers (Clark and Fujimoto 1991; Lawrence and Lorsh 1967) defines integration as the extent of collaboration between the different departments of a firm. A second group (Ruekert and Walker 1987) adopts a multidimensional approach and describes integration according to the exchanges of resources, work, and technical assistance and the amount and difficulty of communication. According to Rouziès *et al.* (2005), it is necessary to distinguish integration from other related constructs such as interactions, communications, and involvement. They argue that integration is a dynamic process which could be defined as the extent to which activities carried out by several functions or individuals are supportive of each other. More precisely, by supportive, they underline the fact that the different activities carried out should lead to the realization of each other's goals and objectives and that the timing must be coordinated.

In the reminder of our research, we will adopt this definition and consider that a key account manager achieves a high degree of integration if the activities of the supplier's departments involved in the relationship with the key account are perceived as well coordinated and consistent.

### **Customer-Perceived Value**

Although it did not attract much explicit attention until it became a watchword in the nineties, value has always been "the fundamental basis for all marketing activity" (Holbrook 1994, p. 22). The exchange view of marketing (Bagozzi 1975; Hunt 1991) is based on the concept of value. Market exchanges take place because all parties involved expect to be better off after the

exchange. The higher the net-value expected or received, the stronger the motivation to commence and to sustain an exchange process respectively. While the literature contains a variety of definitions stressing different aspects of the value concept, four recurring characteristics can be identified: (1) Value is a subjective concept, (2) it is conceptualized as a trade-off between benefits and sacrifices, (3) benefits and sacrifices can be multi-faceted, and (4) value perceptions are relative to competition.

Value is a subjectively perceived construct (Kortge *et al.* 1993). Different customer segments perceive different values within the same product. In addition, the various members in the customer organization involved in the purchasing process can have different perceptions of a supplier's value delivery (Perkins 1993). This is of particular importance in business markets where the buying center consists of several persons sharing different roles and responsibilities (Robinson, Farris and Wind 1967; Webster and Wind 1972).

Most definitions present customer-perceived value as a trade-off between benefits and sacrifices perceived by the customer in a supplier's offering (Zeithaml 1988, p.14; Monroe 1990 p. 46). Among other conceptualizations, benefits are conceived as a combination of economic, technical, service, and social benefits (Anderson *et al.* 1993) or economic, strategic, and behavioral benefits. Sacrifices are sometimes described in monetary terms (Anderson *et al.* 1993). Other definitions describe sacrifices more broadly as a combination of price and relationship related costs (Grönroos 1997).

Finally, value is relative to competition. The value of a market offering is always assessed in relation to a competing offer. This resembles the notion of the Comparison Level (CL Alt) that is fundamental to social exchange theory (Thibault and Kelley 1959).

On a high level of abstraction, customer-perceived value is defined as the trade-off between the benefits ("what you get") and the

sacrifices (“what you give”) in a market exchange (Zeithaml 1988 p. 14).

### Customer Satisfaction with the Key Account Manager

Customer satisfaction research is based on the disconfirmation paradigm (Parasuraman et al. 1988). This paradigm states that the customer’s feeling of satisfaction is a result of a comparison process between perceived performance and one or more comparison standards, such as expectations. The customer is satisfied when he feels that the supplier’s performance is equal to what was expected (confirming). If the supplier’s performance exceeds expectations, the customer is very satisfied (positively disconfirming), if it remains below expectations, the customer will be dissatisfied (negatively disconfirming).

Though most scholars agree on the disconfirmation paradigm, the nature of satisfaction remains ambiguous. On the one hand, satisfaction arises from a cognitive process comparing perceived performance against some comparison standards. On the other hand, the feeling of satisfaction essentially represents an affective state of mind. Consequently some satisfaction scales tap the cognitive dimension of satisfaction, while others capture its affective nature.

In accordance with the majority of research being done on the satisfaction construct, we

define customer satisfaction with the key account manager as an affective state of mind resulting from the appraisal of all relevant aspects of the business relationship (Geyskens et al. 1999 p. 223).

### Key Account Manager’s Communication

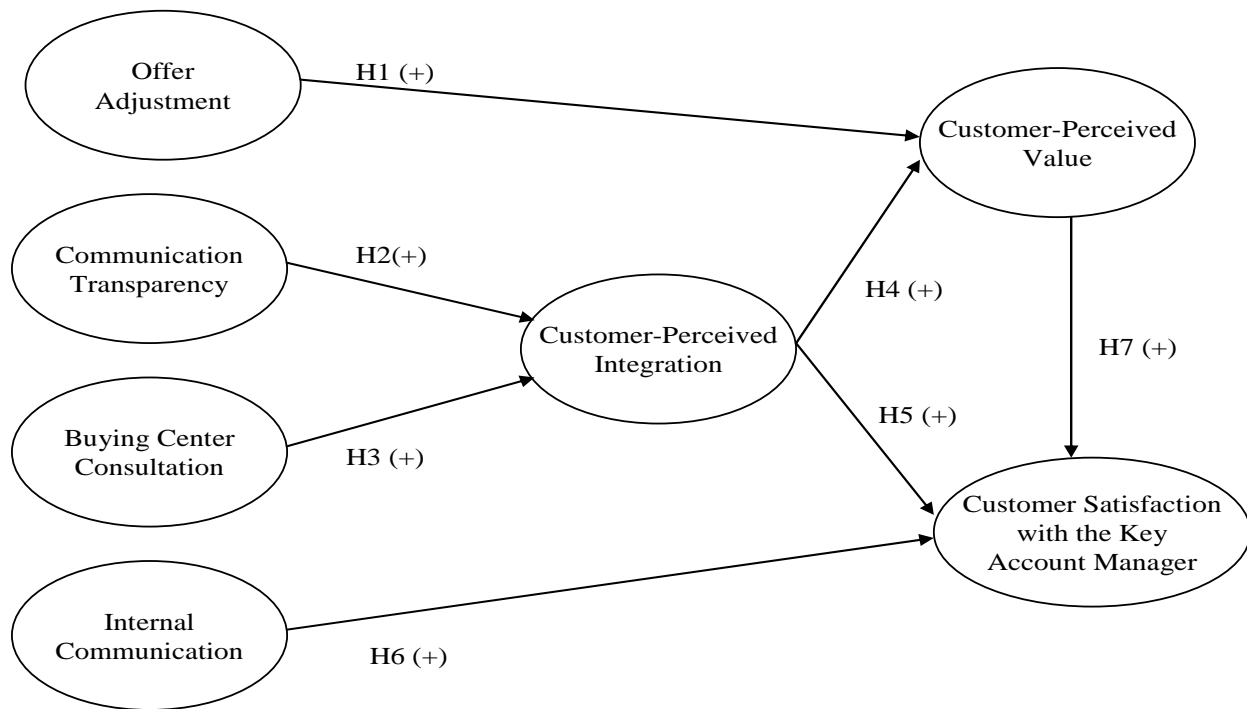
Research on communication in a KAM setting is virtually nonexistent (for a notable exception, see Schultz and Evans 2002). Most of the research on communication and its impact on business relationships have been done within in a marketing channel context or among traditional salespersons. Table 1 provides an overview over selected facets of communication that have previously been studied.

A qualitative study was done to get a well-grounded understanding of the different communication activities performed by key account managers. Consistent with standard procedures for qualitative research (Glaser and Strauss 1967; Yin 1984; Zaltman et al. 1982), twenty in-depth interviews and one focus group with key account managers were recorded and transcribed. Content analysis was conducted by three marketing scholars to develop a classification scheme and to examine the meaning of the different communication activities. Four communication-related variables were identified. They were labeled as buying center consultation, internal communication, offer adjustment, and transparency, respectively.

**TABLE 1:**  
*Selected research on communication*

| <i>Auhors</i>                      | <i>Facet of communication studied</i>                                   |
|------------------------------------|---|
| <i>Sheth (1976)</i>                | <i>content and style</i>  |
| <i>Frazier an Summers (1984)</i>   | <i>content</i>  |
| <i>Soldow and Thomas (1984)</i>    | <i>code and rules</i>   |
| <i>Williams and Spiro (1985)</i>   | <i>content, rules, and style</i>  |
| <i>Mohr and Nevin (1990)</i>       | <i>frequency, direction, richness, and content</i>                      |
| <i>Mohr and Spekman (1994)</i>     | <i>quality of information and participation</i>                         |
| <i>Leuthesser and Kohli (1995)</i> | <i>frequency, richness, strategy to influence</i>                       |
| <i>Schultz and Evans (2002)</i>    | <i>strategic content, frequency, bi-directionality, and informality</i> |

**FIGURE 1**  
**Conceptual Framework**



### CONCEPTUAL MODEL

Figure 1 depicts our conceptual framework of communication and its impact on customer-perceived value, customer-perceived integration and satisfaction with the key account manager. In the following, we elaborate on its underlying hypotheses.

Key account managers acquire an in-depth knowledge of customers and their needs (Wotruba and Castleberry 1993). As part of their boundary-spanning function, they communicate their insights within their own organization to foster innovative solutions to customer problems, fuel customer orientation and ultimately increase the fit between their organization's value offer and customer's needs. As a good fit will promote customer-perceived value, hypothesis 1 reads as follows:

H1: Offer adjustment has a positive impact on customer-perceived value.

Transparency has been defined as the perception

of being informed about the relevant actions and properties of the other party in the interaction process (Eggert and Helm 2003). Key account managers impact transparency by providing useful information about the supplier's strategy, marketing programs and competitive status. From the customer's perspective, supplier transparency reduces uncertainty and facilitates the interaction process. It therefore appears reasonable to hypothesize:

H2: Supplier transparency has a positive impact on the customer-perceived level of integration.

Buying center consultation captures a key account manager's efforts to understand the needs and preferences of a buying center. The more intensively a key account manager communicates with the different members of the buying center, the more likely he is to obtain valuable information about their needs and preferences (Leuthesser and Kohli 1995). As valid information is regarded as an antecedent of

coordinated action, we hypothesize:

H3: Buying center consultation has a positive impact on the customer-perceived level of integration.

Key account managers orchestrate customer-related efforts within their own organization (Pardo, Salle and Spencer 1995) in order to increase the customer-perceived level of integration. An increased level of integration facilitates the interaction process, reduces customer-perceived costs of handling that relationship and enhances customer satisfaction (Mohr and Spekman 1994). Stated more formally, hypotheses 4 and 5 posit:

H4: Customer-perceived integration has a positive impact on customer-perceived value.

H5: Customer-perceived integration has a positive impact on customer satisfaction.

To make sure that their clients enjoy a preferred status among their own organization's employees, key account managers engage in internal communication. By means of internal communication, they develop and strengthen a set of shared values between the client's and their own organization's personnel. As this contributes to customer satisfaction (Helman and Payne 1992), we hypothesize:

H6: Internal communication has a positive impact on customer satisfaction.

Finally, customer-perceived value has been shown to be an antecedent of customer satisfaction in business markets (Anderson and Narus 1984; Eggert and Ulaga 2002). In distribution channels, Frazier (1983) showed that economic results or gratifications influence customer satisfaction. Consequently, the seventh hypothesis posits:

H7: Customer-perceived value has a positive impact on customer satisfaction.

## QUANTITATIVE STUDY

### Data Collection

To validate our conceptual framework, we interviewed purchasing agents who are serviced by a key account manager. This population is not compiled in a complete list, preventing us from drawing a straightforward probability sample. Instead we first had to generate a list of respondents. Potential respondents were identified through a snowballing sampling procedure which is particularly well suited for special populations that are difficult to access (Dawes and Lee 1996). An initial set of 52 purchasing agents was identified by the key account managers interviewed during our qualitative study. Overall, 335 questionnaires were sent out with 127 (38 %) being returned.

Participants were asked to select a purchasing relationship meeting the following three conditions: (1) the relationship was served by a key account manager, (2) the relationship with the supplier was a collaborative one and (3) the purchases were predominantly industrial goods and not industrial services. As the key informant methodology was applied to collect data, we also assessed our informants' competency in accordance with Kumar, Stern and Anderson (1993). From the 127 questionnaires returned, 25 contained missing data or did not meet the screening requirements, leading to a net sample size of 102.

### Sample Characteristics

The final sample consists of purchasing agents working in a large variety of industries, such as automobiles (20%), chemicals (15%), pharmaceuticals (7%), electronics (7%), steel (6%), computer (6%), transportation (5%), food (5%), industrial equipment (5%) and others (24%). The product categories considered by respondents in their buyer-seller relationships are components (35%), equipment (24%), raw materials (25%) and semi-finished products (16%). More than two third of the respondents firms (67%) had more than 10.000 employees

and about one third of the sample is composed of firms which had more than 30,000 employees. 74% of the selected relationships were qualified as long term relationships by the respondents and 26% as partnerships.

### Measures

Regarding customer-perceived integration, customer-perceived value and customer satisfaction, we used multi-item scales from measures adopted in relevant literature. As for key account manager's communication behaviors (i.e. offer adjustment, transparency, internal communication and buying center consultation), new scales were developed based on literature review and our qualitative research. The questionnaire was pre-tested with 31 purchasing managers. After some minor adjustments, the resulting items were included in the final survey (see Appendix for scale items). Our measures are reflective as opposed to formative. In fact, in keeping with the suggestions provided by Jarvis et al. (2003), the constructs used in this research relate to individual attitudes or behavioural intentions, not to managerial aspects, and the items are better interpreted as manifestations, not characteristics of the underlying constructs.

### Model Estimation

The structural equation model, represented in figure 1, was estimated using partial least square (PLS) latent path model. PLS is a non-parametric estimation procedure (Wold 1982). PLS can accommodate small samples (Wold 1982) and it provides measurement assessment which is crucial to our study as we have a rather limited sample size. With a sample size of 102, PLS was better suited for our study because unlike LISREL, PLS makes minimal demands about sample size (Fornell and Bookstein 1982). Using the resampling procedures (i.e. bootstrap), one can calculate the standard deviation and generate an approximate t-statistic. This overcomes non-parametric methods' disadvantage of having no formal significance tests for the estimated parameters.

## ANALYSIS AND RESULTS

### Scale Purification

As recommended by Churchill (1979) and Nunnally (1978) several steps were taken to ensure scale purification. In the first step, an exploratory factor analysis and an examination of the item intercorrelations, means, and standard deviations were used. Two items measuring transparency were dropped because of low intercorrelations. We then assessed unidimensionality by the presence of a first factor in a principal components analysis that accounted for a substantial portion of the total variance. In addition, all items had a loading greater than .80 with the theoretically correct sign.

In the second step, internal consistency of the scales was assessed by calculating the Cronbach alpha, which for all constructs is well above .70.

In the third step, principal component analyses with varimax and oblimin rotations were conducted for the variables contained in each hypothesis. High loadings on hypothesized factors and low cross-loadings showed favorable discriminant validity at the exploratory level.

### Structural Equation Modelling

The PLS results are interpreted in two stages: (1) by assessment of its measurement model, and (2) by assessment of its structural model (Fornell and Larcker 1981). The properties of the measurement model are detailed in Table 2. All factor loadings are higher than 0.73 and Jöreskog's Rho exceeded the 0.7 threshold (Fornell and Larcker 1981). For each latent variable, the average variance extracted is well above 60 percent indicating favorable convergent validity.

In a second step, latent variables' discriminant validity was checked using the Fornell and Larcker (1981) criterion. As shown in Table 3, the square root of the average variance extracted (AVE) exceeds the correlations between every pair of latent variables. This indicates a

**TABLE 2**  
**Scale properties of the measurement model**

|                                | Item  | Loading | Rho de Jöreskog | Average Variance Extracted |
|--------------------------------|-------|---------|-----------------|----------------------------|
| Customer Satisfaction          | Sati1 | 0.90    | 0.94            | 0.79                       |
|                                | Sati2 | 0.86    |                 |                            |
|                                | Sati3 | 0.91    |                 |                            |
|                                | Sati4 | 0.87    |                 |                            |
|                                | Sati5 | 0.90    |                 |                            |
| Customer-Perceived Value       | vale1 | 0.92    | 0.93            | 0.76                       |
|                                | vale2 | 0.86    |                 |                            |
|                                | vale3 | 0.89    |                 |                            |
|                                | vale4 | 0.82    |                 |                            |
| Customer-Perceived Integration | coor1 | 0.86    | 0.91            | 0.68                       |
|                                | coor2 | 0.87    |                 |                            |
|                                | coor3 | 0.87    |                 |                            |
|                                | coor4 | 0.76    |                 |                            |
| Offer Adjustment               | offr1 | 0.80    | 0.85            | 0.66                       |
|                                | offr2 | 0.81    |                 |                            |
|                                | offr4 | 0.82    |                 |                            |
| Communication Transparency     | tran2 | 0.73    | 0.88            | 0.65                       |
|                                | tran3 | 0.82    |                 |                            |
|                                | tran4 | 0.79    |                 |                            |
|                                | tran5 | 0.86    |                 |                            |
| Internal Communication         | inte1 | 0.77    | 0.89            | 0.71                       |
|                                | inte2 | 0.88    |                 |                            |
|                                | inte3 | 0.82    |                 |                            |
|                                | inte4 | 0.82    |                 |                            |
| Buying Center Consultation     | sult1 | 0.91    | 0.91            | 0.75                       |
|                                | sult2 | 0.87    |                 |                            |
|                                | sult3 | 0.82    |                 |                            |

satisfactory level of discriminant validity.

Table 4 reports the standardized B1 parameter which is based on the total sample, and the standardized B2 parameter which is obtained from bootstrap simulation. Differences between both parameters are low, indicating stable estimates. In accordance with our hypotheses, all parameters were found to be positive. Bootstrapped standard deviations and t-values

(Guiot 2001) confirm the significance of all seven hypotheses.

Parameter expansion (i.e. adding direct links e.g. between transparency and value, and between transparency and satisfaction) did not produce any significant parameter estimates. This provides empirical evidence for the validity of the conceptual framework in general and the moderating role of coordination in particular.



**TABLE 3**  
**Discriminant validity**

|                                  | 1           | 2           | 3           | 4           | 5           | 6           | 7           |
|----------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 1. offer adjustment              | <b>0.81</b> |             |             |             |             |             |             |
| 2.transparency                   | 0.54        | <b>0.81</b> |             |             |             |             |             |
| 3. buying center consultation    | 0.38        | 0.23        | <b>0.87</b> |             |             |             |             |
| 4. internal communication        | 0.53        | 0.33        | 0.29        | <b>0.84</b> |             |             |             |
| 5.customer-perceived integration | 0.45        | 0.42        | 0.38        | 0.36        | <b>0.82</b> |             |             |
| 6. customer-perceived value      | 0.76        | 0.55        | 0.37        | 0.50        | 0.56        | <b>0.88</b> |             |
| 7. customer satisfaction         | 0.73        | 0.53        | 0.38        | 0.64        | 0.54        | 0.73        | <b>0.89</b> |

**TABLE 4**  
**Parameter estimates**

| Hypothesis  | B1<br>parameter* | B2<br>parameter** | Standard<br>Deviation | t-value | Sig. at the<br>5% level |
|---|------------------|-------------------|-----------------------|---------|-------------------------|
| H1 offer adjustment à customer-perceived value                  | 0.64             | 0.63              | 0.07                  | 8.60    | ü                       |
| H2 supplier transparency à customer-perceived coordination      | 0.35             | 0.36              | 0.06                  | 5.63    | ü                       |
| H3 buying center consultation à customer-perceived coordination | 0.30             | 0.32              | 0.08                  | 3.70    | ü                       |
| H4 customer-perceived coordination à customer-perceived value   | 0.27             | 0.28              | 0.08                  | 3.56    | ü                       |
| H5 customer-perceived coordination à customer satisfaction      | 0.16             | 0.15              | 0.08                  | 1.93    | ü                       |
| H6 internal communication à customer satisfaction               | 0.35             | 0.35              | 0.06                  | 5.50    | ü                       |
| H7 customer-perceived value à customer satisfaction             | 0.46             | 0.46              | 0.09                  | 5.16    | ü                       |

\*B1 parameter is based on the total sample and the standardized

\*\*B2 parameter is obtained from bootstrap simulation

## DISCUSSION

This paper raises the research question whether key account managers' communication efforts contribute to customer-perceived integration, customer-perceived value and satisfaction in business relationships with large-scale buyers. Based on a quantitative study among 102 purchasing managers, our results show that key account managers' communication efforts have a significant impact on the three outcome variables. With a standardized path coefficient of

0.64, offer adjustment has the strongest reported impact on customer-perceived value. Key account managers' efforts to increase the supplier's transparency (standardized path coefficient = 0.35) as well as their efforts to understand the needs and preferences of the buying center (standardized path coefficient = 0.30) increases the perceived level of integration. Integration in turn impacts customer-perceived value (standardized path coefficient = 0.27) as well as customer satisfaction (standardized path

coefficient = 0.16). Finally, key account managers' internal communication has a positive impact on customer satisfaction (standardized path coefficient = 0.35).

The theoretical contribution of our research to current knowledge can be summarized as follows. First, our findings fill a gap in the literature on key account management. As pointed out previously, there is a lack of empirical research specifically investigating the contribution of a key account manager's communication behaviors in fostering customer perceived-value, satisfaction or perceived-integration. Second, our findings fill a gap in sales literature, where interpersonal relationships mainly focused on traditional salespeople. On the contrary, little attention has been devoted to the contribution in the integration-building process offered by key account managers. Since key account managers play a different role in nurturing relationships with customers than that of traditional salespeople, their contribution in developing customer perceived-outcomes needed to be investigated. Third, we used customers as respondents: this is relevant, because many empirical studies on the topic used salespeople as key informants, thus incurring in the risk of biases in relying on self-reported measures of customer-based outcomes.

## MANAGERIAL IMPLICATIONS

From a managerial point of view, these results underline the importance of communication for the development and maintenance of collaborative relationships within a KAM setting. This research also provides empirical evidence to the notion that key account managers "utilize collaborative communication to establish longer-term customer satisfaction and value-added selling" (Schultz and Evans 2002 p. 23). The findings reported in this paper concern both key account managers and the individuals responsible for the management of a key account sales force.

## Implications for key account managers

Our findings provide some important starting points for an effective management of relationships with key accounts. More specifically, several recommendations can be formulated regarding the way key account managers might shape their communication practices with their customers.

Offer adjustment: Key account managers create value for their customers by improving the fit between their organization's value offer and customer's needs. To enhance the adjustment of their offering, we advice key account manager to make a systematic analysis to determine the causes of the problems their customer might encounter at the different stages of the relationship with their organisation. They should also listen beyond product needs and suggest ways in which the customer may reduce its costs and increase its benefits thanks to the supplier's products and services. Identifying constraints before recommending corrective action is also a prerequisite. Finally, as one key account manager said during our qualitative study: "If I want to create value for a key account, I need ton constantly adapt my strategy and offering. Therefore, modifying proposals or plans to deal with the customers' specific concerns and incorporating customers' suggestions is all part of my job".

Transparency: At this level, the goal is to demonstrate the supplier's value to the customers in terms of customers' financial strategies and measures. From the customer's perspective, supplier transparency reduces uncertainty and facilitates the interaction process. To effectively increase transparency, key account managers should inform their clients about the actions that were taken by the supplier to resolve past failures. They also impact transparency by providing useful information about the supplier's strategy, marketing programs and competitive status. To do so effectively, they provide reports and documents which help their clients to evaluate more

thoroughly the supplier and its competitiveness. Finally, as underlined by several key account managers during our qualitative study, cultivating transparency also implies formulating a clear vision of how the supplier will contribute to the relationship and what the key account/supplier relationship can be in the future.

Buying center consultation: This behavior reflects the key account managers' own attempt to understand the needs of the buying center. It is shown to have a positive impact on customer-perceived integration. On a practical level, consultation implies regularly visiting the client's production sites to better understand the expectations and needs of all departments involved in the buying process. As one key account manager said during our qualitative study: "One of my key missions is to gather information to understand customers' business strategies and their view of their market opportunities. To obtain such strategic information, I network inside the buying center (and sometimes outside) to broaden my knowledge of the customer's business".

Internal communication: As shown in our study, key account managers also have an important internal role to play inside their firm to develop a true "key account" orientation among all the functions, departments and divisions of their organization involved in the relationship with the key account. As noted by one key account manager interviewed, through this communication behaviour, they also look: "Thanks to internal communication through regular meetings, memos and newsletters, I try to mobilize and assemble a balanced, diverse team of experts to provide high-quality solutions and service to customers. What I do is to build a real team spirit. I have even created a dedicated website for the team dedicated to my key accounts. Lotus Note© also provides some interesting solutions to facilitate internal communication between people who are not always located in the same geographical location".

### **Implications for the management of a key accounts sales force**

At a managerial level, the adoption and reinforcement of these four behaviors could be conducted in several ways. First, individuals responsible for managing a key account sales force should carefully select candidates for key account positions, investigating their inclinations (e.g. consideration of future sales consequences: see Schultz and Good 2000) and skills (e.g. communication skills: see Weitz and Bradford 1999). This screening can be done via relevant personal histories and through the use of interpersonal role-playing situations within the interview environment. Second, companies should design training programs specifically aimed at helping key account managers to develop those behaviors. For instance, key account managers might be taught to exhibit transparency and offer adjustment. These behaviors can be taught by means of formal lectures or role-playing exercises. Regarding internal communication, management might facilitate the development of this behavior by providing different supports such as newsletters, dedicated websites and information technologies. Job rotation and frequent meeting between the different functions involved in a relationship with a key account should also be encouraged. Third, when designing reward and compensation schemes for key account managers, sales managers may, at least in part, take into account their behavioral performance as well as indicators of relational performance, such as customer satisfaction, perceived-value or integration. Fourth, companies may change the sales department's organizational structure, as well as their sales force control systems. For example, managers may decide to create two separate sales forces (a traditional one opposed to a key accounts one) with different compensation plans. Similarly, firms may shift from outcome-based to behavior-based sales force control systems, in order to better control the actual implementation of communication behaviors on the part of their key account

managers. To do so, managers might use the scales developed in our study.

### LIMITATIONS AND FUTURE RESEARCH OPPORTUNITIES

As in any empirical research, the results of the present study cannot be interpreted without taking into account the study's limitations. First, the relatively small sample size can be regarded as a limitation. By definition, however, key account relationships are not numerous. In many industries, some dozens or even less key accounts exist, making large-number research virtually impossible. Instead of neglecting empirical research and relying on conceptual frameworks only, we recommend the application of statistical methods that are particularly well suited for small samples (e.g. PLS and the bootstrap method). This way, complex models can still be stably estimated. Second, the snowball sampling method may raise concerns with respect to the generalizability of the results (Churchill 1979). Strictly spoken, only a straightforward probability sample ensures generalizability. For pure probability sampling, a complete list of the population were required – a condition that cannot be fulfilled in our case. Under these circumstances, snowball sampling appears as a pragmatic solution. As long as the initial set is heterogeneous and relatively large, this should lead to a good approximation of pure probability sampling. Against this background, replication studies that evaluate the generalizability of the findings are of foremost priority.

Future research on the topic should broaden our framework by including other classes of behaviors, such as coordination or conflict resolution behaviors. Similarly, different measures of performance could also be considered, e.g. by comparing the impact of relational behaviors on long-term versus short-term performance indicators. In fact, some key account manager's behaviors may pay off only over the long run, while being even detrimental to immediate sales. Moreover, there is a need to

better understand both the organizational factors (e.g. sales force control systems and training programs) and the personal variables (e.g. personality traits and skills) supporting the adoption of relational behaviors from key account managers.

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## APPENDIX: Scale Items

| Construct                                   | Measure Description   |
|---|---|
| Customer-Perceived Value <sup>a</sup>       | Compared to other KAMs <sup>b</sup> , how would you rate the target KAM's contribution to...your company's competitiveness (vale1).<br>Cost reduction within your company (vale2).<br>the fulfillment of the relationship objectives (vale3).<br>the fulfillment of your company's needs (vale4).   |
| Customer Satisfaction                       | With respect to the target KAM, it can be said that...<br>the quality of his work reconfirms us having chosen the right suppliers (sati1).<br>he contributes significantly to our overall satisfaction with the supplier (sati2).<br>his efforts have a positive impact on our assessment of the supplying company (sati3).<br>we better would chosen a different supplier, taken into consideration his performance (sati4).<br>he make it a pleasure to deal with the supplier (sati5). |
| Customer-perceived Integration <sup>c</sup> | With respect to the KAM's company (i.e. the supplier), it can be said that...<br>the decisions are well coordinated between the different subsidiaries (coor1).<br>the different departments work together to ensure your satisfaction (coor2).<br>the actions of the different departments are mutually consistent (coor3).<br>a real team spirit prevails between the different departments (coor4).  |

*Offer Adjustment* <sup>c</sup> *With respect to the target KAM, it can be said that...*

- the KAM collaborates with you to adapt the supplier's offer to your specific needs (offr1).
- the KAM regularly suggests new solutions and ideas to improve the relationship (offr2).
- the KAM tries to impose standardized solutions (offr3, reverse scored).\*
- the KAM does not make any effort to customize the supplier's offer (offr4, reverse scored).

*Internal Communication* <sup>c</sup> *With respect to the target KAM, it can be said that...*

- he defends our best interest in his own organization (inte1).
- he makes sure that the different departments of his own organization treat us as a preferred customer (inte2).
- he urges the different departments of his own organization to adapt to our needs (inte3).
- he makes sure that the different departments of his own organization behave in a cooperative and helpful manner (inte4).

*Buying-Center Consultation* <sup>c</sup> *With respect to the target KAM, it can be said that...*

- he works hard to understand the expectations of all departments involved in the buying process. (sult1).
- he visits your production sites in order to understand your employees' needs (sult2).
- he is only in contact with the procurement department (sult3, reverse scored).

*Communication Transparency* <sup>c</sup> *With respect to the target key account manager, it can be said that...*

- he tends to be secretive about the supplier's strategy (tran1, reverse scored).\*
- he tends to sidestep talk about the supplier's weaknesses (tran2, reverse scored).\*
- he informs you of the actions undertaken by the supplier to improve your competitiveness (tran3).
- he presents reports and documents which help you to evaluate the supplier more thoroughly (tran4).
- he gives you a clear picture of the measures the supplier has taken to resolve past failures (tran5).

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