The Idea Generation Stage of the New Product Development Process: Can Key Account Management Systems Help?

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The failure rate of new products continues to be high; yet, those developed with some customer input have a greater probability of commercial success. Industrial (B-to-B) salespeople, employed by organizations utilizing key account management (KAM) systems, should be well suited to serve as a conduit between customers and employees who hold primary responsibility for new product development (NPD) efforts. The current exploratory, descriptive study targeting sales managers examines the role the sales force employed by organizations utilizing KAM systems plays in the idea generation stage of the NPD process. Managerial implications and recommendations as to how to improve processes are provided.

Introduction

The failure rate of all new products continues to be in the range of 40-to-90 percent (Cannon 2005; Clancy and Stone 2005; Stevens and Burley 2003). As the business environment gets increasingly competitive, companies are faced with the challenge to improve new products(s)/service(s) development (hereafter referred to as products(s)) success rates while simultaneously guiding their products to market at an ever-faster pace (Strategic Direction 2003). Numerous authors claim that new product development (NPD) holds the key to competitive success (Song and Parry 1997; and Lynn, Abel, Valentine, and Wright 1999). In a study of executives, 'bringing new products to market' was named as the second most critical activity by their organization (ranking first was 'acquiring new customers in existing markets') (Maddox 2005). More recently, the Conference Board, in a 2007 study, found stimulating innovation and improving customer relationships among the top challenges facing CEOs around the world (Lake and Lunde 2008).

New products developed with some customer input tend to have a greater probability of commercial success (Ciappei and Simoni 2005). Savvy companies understand that they should be proactive in developing long-term relationships with customers, engaging them in ongoing interactive and relational activities as it relates to NPD (Alam and Perry 2002; Yakhief 2005). Millson and Wileman (2006) conclude that integrative efforts undertaken with customers and suppliers proved critical to new product success. Customer input should be incorporated in the NPD process as early as possible to avoid costly mistakes later on (Koufteros, Vonderembse, and Jayaram 2005). Unfortunately, it appears that the level of commitment management puts toward communicating with customers and gathering information early on (e.g., doing the vital up-front homework) in the NPD process is lacking (Cooper 2003). Results of a study conducted by Industry Week (Osborne 2002) revealed that poorly defined customer needs were the most frequent reason given for product development delays or failure.

Organizational managers must commit to the notion that the process of becoming more customer-oriented must begin with actually undertaking activities involving the customer. It should no longer be a question of creating value for the customer; rather, it should be

about involving and creating value with the customer (Akamavi 2005). Since the collection of market information and customer involvement is critical to the NPD process, organizations should be utilizing all resources at their disposal to actively solicit the 'voice of the customer.' One functional area that should be well suited for this purpose is the sales force. Industrial (B-to-B) salespeople, in their boundary spanning role, are usually the primary source of information about customers and competition for the rest of the organization (Pelham and Lieb 2004). Foster and Cadogan (2000) find that the quality of the relationships customers build with their salespeople positively influences the propensity to conduct additional business. Piercy and Lane (2005) report that achieving strategic differentiation with key customers requires a strong buyer-seller relationship that focuses on the sales force. KAM (key account management) sales people have strong relationships with their customer organizations and have access to information regarding new product needs.

The current study begins with a review of the findings from previous studies that investigate the role the sales force may play in the idea generation (hereafter referred to as early stages of the NPD process). The objective of the review is to present arguments as to why key account management (KAM) systems should prove advantageous to organizations seeking to utilize the sales force in the early stages of the NPD process. Second, the study investigates: (1) the extent to which KAM salespeople are involved in the early stages of the NPD process, (2) the outcomes of such involvement, and, (3) barriers to successful use of KAM salespeople to gather information and market intelligence. Finally managerial implications, limitations of the current study, and directions for future research are given.

Background

A scarcity of studies on specific aspects of the

Marketing-Sales relationship (Guenzi and Troilo 2007) continues with many researchers identifying the need for additional efforts in this area (Williams and Plouffe 2007; Guenzi and Troilo 2006). Taking it a step further, there has been very little formalized research conducted on the specific role that KAM salespeople play or could play in the early stages of the NPD process, the degree to which organizations utilize this potentially valuable resource in the early stages of the NPD process. Anderson, Mehta, and Strong (1997) in their investigation of sales management training programs make no reference of tasks related to the NPD process. Gordon, Schoenbachler, Kaminski, and Brouchous (1997) conclude that the sales force cannot be counted on as a reliable and valuable source of customer information in the NPD process because few structured systems exist for gathering and reporting this information back to the appropriate area(s) within the organization. Pelham (2006) found that the impact of consulting oriented sales management programs indirectly enhanced customer value through involvement in product design.

Leigh and Marshall (2001) in their study on research priorities in sales strategy and performance allude to sales involvement in the NPD process as part of: (1) establishing a customer-centric culture, (2) developing information systems, and (3) establishing customer feedback and satisfaction loops. Piercy and Lane (2005) note that the importance of strategic customer relationships necessitates a more strategic focus on the part of sales and account management. Arnett and Badrinarayanan (2005) advocate utilizing customer needs-driven core selling teams to derive competitive advantage.

Zahay, Griffin, and Fredericks (2004) find that relevant customer information (as it relates to the NPD process) collected by the sales force may formally reside in CRM systems, the

individual files of salespeople, or simply as mental notations; however, Liu and Comer (2007) state that no known studies exist which look at salespeople's role in retrieving information for these type systems. Sanghani (2005) determines that greater involvement of the sales force in the NPD process can help companies capture useful customer data and Ulaga (2001) advocates using multiple sources of customer value information. In a study conducted by Best Practices, LLC (2005), employees from the areas of sales, marketing, R&D, customer service, and vendors are a main source of ideas for the product development organization.

An examination of the leading textbooks on sales and new product development reveals that while they all acknowledge the importance of the sales force collecting customer information; none specifically focus on this topic. On the product management side, Crawford and Di Benedetto (2003) examine points in time when salespeople should be involved in the NPD process but do not reach a conclusion as to the optimal time. Likewise, the sales literature largely investigates NPD during the later stages, such as how a salesperson can utilize CRM systems to retrieve new product information and match this information up with customers who may have an interest in the related new product (Manning and Reece 2004). This study addresses the need to examine the role played by the salesforce utilizing KAM systems in the idea generation stage of the NPD process.

Involving Salespeople in the Idea Generation Stage of the NPD Process

Empirical evidence supports the notion that a participative approach to NPD improves the process (Tracey 2004). Providing a clear strategic direction to the NPD process and effectively managing ideation activities is as important today as it was when originally advocated (Kahn, Franzak, Griffin, Kohn, and

Miller 2003). For example, upfront, pre-development activities including market intelligence and analysis are the most critical skills needed because the insight and information gained from these activities may reduce costs and problems in the later and riskier stages (Cooper and Kleinschmidt 2000; Wren, Souder, and Berkowitz 2000).

Three facets of the above-mentioned activities provide a strong argument for involving the salesperson in the early stages of the NPD process. First, close ties between an organization and its external partners (e.g., customers) can facilitate the exchange of information critical to successful NPD activities (Bonner and Walker, Jr. 2004). Second, new information technology (such as CRM) further increases the possibility for information sharing and co-development with key customers and lead users (Langerak, Peelen, and Commandeur 1997). Third, teamwork and collaboration is requisite for success (Lynn and Akgun 2003).

In most companies, the salesperson does not become involved in the NPD process until the later stages. The sales force plays an important role in testing customer reaction to and use of new products prior to launch and in influencing targeted customers to purchase new products after launch (Rochford and Wotruba 1993; Michael, Rochford, and Wotruba 2003). However, these efforts come after the bulk of development efforts have been concluded.

In defense of the sales organization, few R&D organizations have the proper systems in place to solicit ideas from entities such as sales (Prather and Turrell 2002). If a firm believes that the sales force should play an integral role in the information gathering and market intelligence stages of the NPD process, then attention must be focused on hiring individuals who possess the necessary skills (Atuahene-Gima 1997) and the training of new and existing salespeople to perform such

tasks becomes critical (Cross, Hartley, Rudelius, and Vassey 2001). For example, Ritrama, Inc., a manufacturer of pressure-sensitive films and specialty paper, trains each salesperson to identify future customer needs and market trends (Boyle 2004). As a result, the sales teams routinely offer the development teams insight into trends in the marketplace. Having a knowledgeable and highly motivated front line can yield a meaningful competitive advantage (De Brentani 2001).

Further, if organizations want to encourage proactive behavior on the part of the sales force, they must reward those who assist in the NPD process. Kleinschmidt and Cooper (2004) found that 44.8 percent of the best performing companies in terms of NPD efforts, provided rewards or recognition to those who submitted new product ideas while all of the worst performing companies provided no rewards. Overall, only 23.1 percent of all businesses provide such rewards.

While there is no one-size-fits-all solution to sales compensation (Fine 2007), current compensation and incentive schemes tend to mainly reward sales of existing products, creating little incentive or motivation for the sales force to spend time with the NPD team, learn about user developments that might have the potential for commercially useful products, or buy into product development strategies as a whole (Withers 2002). The acquiring of customer/market information related to potential new products may take too much sales time (Caruth and Handlogten-Caruth 2004). As a result, these activities are not typically pursued by the sales force because the time required to succeed is too much for the reward received.

KAM: Systems and Stages of the NPD Process

Intensely competitive markets, accompanied by escalating customer demands, necessitate a changing role for the sales force (Lane and Piercy 2004). Toward this end, the sales function can become a meaningful contributor to value creation and innovation efforts within firms. To do so, it would be helpful if top management would acknowledge and support the premise that: (1) innovation is a major responsibility of those in sales, (2) the sales function is a source of competitive advantage in companies, and (3) much of that advantage can come from further sales involvement in the NPD process (Ingram 2004). Given that management acknowledges the above, then the subsequent issue needing addressed relates to whether there is an optimum form of sales organization that promotes and supports sales involvement in the idea generation and opportunity identification process of the NPD process.

Napolitano (1997) was one of the first to outline the responsibilities of the KAM organization, citing the (1) choosing of value drivers, (2) maintaining comprehensive profiles of customer needs and wants, and (3) focusing on mutually beneficial growth opportunities as means to develop a win-win situation for both vendor and customer. Honeycutt (2002) reports that firms in the global marketplace which modify their approach toward key customers from a one-time transaction to a longer term view tend to enjoy more success. Homburg, Workman, Jr., and Jensen (2002) recognize that the increasing role of KAM is one of the most profound changes in sales, yet research on the topic still remains limited (Hughes, Foss, Stone, and Cheverton 2004).

Schultz and Evans (2002) examine communication aspects of KAM, finding that more successful relationships were built on those stressing strategic (e.g., new product) content. In fact, key account managers are supposed to enhance the level of communication between the supplying and the buying firm (Schultz and Evans 2002).

Key account managers are responsible for communicating the customers' issues within the sellers' organization to foster innovative solutions to customer problems, support customer orientation, and ultimately increase the fit between their organization's value offer and customer's needs (Georges 2006).

The key account management process is superior to alternative sales processes when it comes to the early stages of the NPD process. This type of sales organization, regardless of whether it is labeled a major account, key account, global account, or national account management organization, is one that has its primary focus on the importance of customers. Key account management (KAM) organizations are created under the premise that customer's with more current and potential sales over time are of significant importance and, as a result, merit special attention (Ingram, LaForge, Avila, Schwepker, and Williams 2004). Weitz and Bradford (1999) state that the primary goal of key account managers is to optimize the fit between the supplier's value offer and customer's needs.

Methodology

The focus of the current study is to investigate key account management (KAM) sales processes and organizations relative to their involvement of salespeople during the early stages of the new product development process. To examine this involvement within KAM sales organizations, a survey instrument was developed and pre-tested among 30 members of a professional selling advisory board. Their feedback was incorporated into the final instrument. The survey was mailed to sales managers (or sales directors) employed by firms across the United States whose contact information was obtained from a list broker. All participating respondents indicated that they operate in industries that are primarily business-to-business. Surveys were received back from 243 organizations of

which 66 indicated they were either sales managers or directors of organizations utilizing key account management processes. This reflects a usable response rate of 27%. While the number of usable responses may seem low, the exploratory nature of the study must be emphasized. Total responses and response rates are in line with other recent studies examining KAM systems (Wengler, Ehret, and Saab 2006); the use of salespeople as information gatherers (Liu and Comer 2007); and surveys of sales and other managers involved in B-to-B markets (Nevins and Money 2008; Schwepker and Good 2007; Carr and Lopez 2007; Green Jr., Inman, and Brown 2006; Ozer and Chen 2006).

Results

Demographics of the Sample

Collectively, the survey examined the number of employees in the organization. The largest percentage of respondents (47 percent) indicated that their organization employed over 5,000 individuals. The sample reflected 7.6 percent of the respondents were from organizations with 1000-4,999 employees, 10.5 percent with 500-9999 employees, 25.8 percent with 100-499 employees, and 9.1 percent with 1-99 employees. In addition, the sales volume for the sample ranged from 6.3% of respondent organizations having less than $10 million in sales to 51.6 % with over $1 billion in sales.

Salesperson Responsibilities and Types of Information Collected

A key component of the product development process lies in an organization's success in gathering information related to ideas for new products. Respondents were asked to indicate the degree of responsibility field salespeople have for gathering information related to new product ideas generated by customers. Fifty-seven-plus (57.6) percent of the respondents categorized as "extensive" the responsibility accorded to salespeople and

59.1 percent of the respondents categorized as "extensive" the level of responsibility accorded to sales managers. These results strongly suggest the importance of the KAM sales staff in being the "voice of the customer." While the current study focuses on the role of the salesperson, future studies should explore the role of the sales manager as well. Sales managers (or sales directors) were then asked several questions about the types of information collected.

First, they identified categories of information collected by field salespeople and reported back to those holding responsibility for new product development. As seen in Table 1, information related to customer's level of satisfaction with products/services currently being used (81.8 percent) was ranked first with customer's order of preference for competitive products/services (69.7 percent) ranking second. Information related to provider's products/ services the customer is currently using (65.2 percent) was ranked third, followed by product/service features utilized by the customer (57.6 percent), customer's ideal product/services according to customer selection criteria (56.9 percent), and customer criteria for rating competitive products/services (56 percent).

Respondents were next given a list of reasons customers might have for suggesting new product ideas to salespeople. Sales managers were asked to evaluate how frequently customers use these reasons to suggest new products. Table 2 shows the result of these evaluations. Most frequently mentioned were unmet needs or wishes of the customer (67.7 percent), problems with current

Table 1

How often categories of information are collected by salespeople from customers

(n=66)

Information category	Never	Almost Never	Occasionally	Usually	Almost Always	Always
Percentage						
a. Product/service features utilized by customer	1.5	9.1	31.8	**30.3**	21.2	6.1
					(higher freq = **57.6%**)	
b. Provider's products/services customer is using	1.5	7.6	25.8	**27.3**	25.8	12
					(higher freq = **65.2%**)	
c. Customer's level of satisfaction	3.0	0	15.2	**30.3**	37.9	13.6
					(higher freq = **81.8%**)	
d. Customer's order of preference for competitive products/services	1.5	10.6	18.2	**37.9**	27.3	4.5
					(higher freq = **69.7%**)	
e. Customer's criteria for rating competitive products/services	3.0	15.2	25.8	**21.2**	24.2	10.6
					(higher freq = 5**6.0%**)	
f. Customer's ideal product/service	1.5	15.4	26.2	**20.0**	29.2	7.7
					(higher freq = **56.9%**)	

products/services (60 percent), cost reductions (58.8 percent), and changes in technology (52.4 percent). Follow up to these reasons obviously allows savvy suppliers to provide themselves with a large source of new product ideas. As important, these same suppliers are able to portray themselves to customers as caring and interested, leading to improved customer satisfaction and potentially long-term competitive advantage.

Sales managers were asked which type of new product forms were the outcome of ideas gathered from customers by salespeople. Results are shown in Table 3. Mentioned

most frequently were adding features to a current product (55.6 percent), improving the tangible quality of an existing product (55.6 percent), and extensions of an existing product (51.4 percent). In a second tier (in order of frequency of response) were adding services associated with a current product (43.8 percent), finding new uses/market for a current product (26.9 percent), and a totally new product (18.4 percent).

In viewing the above results, several inferences can be made. First, while a good percentage of KAM salespeople and sales managers hold extensive responsibility for

Table 2

How often the reason is the *primary* reason for communicating new product/service ideas by customers to salespeople

(n=66)

Information category	Never	Almost Never	Occasionally	Usually	Almost Always	Always
a. Problems with product/service	1.5	0	38.5	**35.4**	**15.4**	**9.2**
					(higher freq = **60.0%**)	
b. Superiority of competitor product/service	3.1	7.7	40.0	**18.5**	**27.7**	**3**
					(higher freq = **49.2%**)	
c. Unmet needs or wishes of customer	0	13.8	18.5	**43.1**	**21.5**	**3.1**
					(higher freq = **67.7%**)	
d. Changes in regulatory requirements	7.8	35.9	26.6	**12.5**	**9.4**	**7.8**
					(higher freq = **29.7%**)	
e. Changes in industry standards	7.8	25.0	32.8	**17.2**	**9.4**	**7.8**
					(higher freq = **34.4%**)	
f. Changes in technology	6.3	14.3	27.0	**27.0**	**22.2**	**3.2**
					(higher freq = **52.4%**)	
g. Cost reduction	1.6	6.3	33.3	**31.7**	**17.5**	**9.6**
					(higher freq = **58.8%**)	

Table 3

How often the outcome is a result of ideas collected by salespeople from customers

(n=66)

Information category	Never	Almost Never	Occasionally	Usually	Almost Always	Always
Percentage						
a. A totally new product	6.2	18.5	56.9	**12.3**	**6.1**	**0**
(higher freq = **18.4%**)						
b. Extension of an existing product line	1.6	7.8	39.1	**43.8**	**7.7**	**0**
(higher freq = **51.4%**)						
c. Improving tangible quality of product/service	0	7.9	36.5	**47.6**	**7.9**	**0**
(higher freq = **55.6%**)						
d. Adding features to product/service	0	9.5	34.9	**36.5**	**15.9**	**3.2**
(higher freq = **55.6%**)						
e. Adding services to product/service	3.1	17.2	35.9	**26.6**	**17.2**	**0**
(higher freq = **43.8%**)						
f. Finding new use/market for product/service	4.8	25.4	42.9	**19.0**	**6.3**	**1.6**
(higher freq = **26.9%**)						

gathering customer information related to new product development, there appears to be room for improvement as over a third do not. Second, KAM salespeople tend to gather information which could be categorized as being of greater use in the short-term versus the more strategic long-term. Information that can be utilized to gain short-term advantage seems to encompass the primary thrust of efforts while the means by which ideal products could be developed and in-depth information on overall customer ranking criteria were given lower priority. These results strongly support other research on product development which advocates that there must be both a focus on customer and internal R&D as sources of new product ideas. Over-reliance on the customer (especially through use of salespeople as collectors of information) could lead to situations where product improvements and extensions will be emphasized over truly "innovative" products. In other words, varied means of collecting information are preferred.

Reporting of Customer Information

The previously reported information provides evidence that the majority of salespeople and sales managers associated with KAM systems collect a great amount of useful customer information related to new product development. As important is the ability of salespeople in these systems to convey the collected information to the parties most responsible for product development efforts in a timely and effective manner. Sales managers were asked to identify to which entities in their organization and how often salespeople communicated new product

information to. The results shown in Table 4 show salespeople report this information most frequently to their sales managers (84.4 percent), followed by sales team (70.9 percent), marketing/marketing research (56.3 percent), new product/service development groups (46 percent), application engineers (27.4 percent), and operations/manufacturing (26.6 percent).

Respondents were then asked in what form their salespeople communicate new product information and ideas. While 60-plus percent report that information is communicated both in a written (65 percent) and oral (63.3 percent) format, less than a quarter (23.3

percent) report salespeople communicating ideas into a formalized CRM or other database. While the above results paint an encouraging picture of KAM systems ability to have salespeople report new product ideas/information upward in the organization, one has to wonder if reporting this type information to sales managers versus other more appropriate entities just adds an unnecessary step to the process. With speed to market given such importance, having sales managers serve as the primary clearinghouse of information may not be optimum. Second, in the age of high technology, why aren't direct inputs into CRM systems more prevalent?

Table 4

How often salespeople communicate new product/service ideas to internal groups

(n=66)

Information category	Percentage						
	Never	Almost Never	Occasionally	Usually	Almost Always	Always	N/A
a. New product/service development	4.8	15.9	27.0	**14.3**	**19.0**	**12.7**	6.3
				(higher freq = **46.0%**)			
b. Sales manager	0	4.7	10.9	**20.3**	**31.3**	**32.8**	0
				(higher freq = **84.4%**)			
c. Marketing/market research	1.6	4.7	34.4	**18.8**	**29.7**	**7.8**	3.0
				(higher freq = **56.3%**)			
d. Application engineer	22.6	24.2	16.1	**9.7**	**12.9**	**4.8**	9.7
				(higher freq = **27.4%**)			
e. Operations/manufacturing	20.3	25.0	25.0	**10.9**	**14.1**	**1.6**	3.1
				(higher freq = **26.6%**)			
f. Sales team	0	9.1	20.0	**23.6**	**23.6**	**23.7**	0
				(higher freq = **70.9%**)			

Table 5

Incentives given to salespeople for gathering new product/service ideas from customers

(n=66)

Information category	Percentage	
	Yes	No
a. Feedback on performance evaluation	64.6	35.4
b. Company praise (i.e., through newsletter)	43.1	56.9
c. Compensation increase	30.8	69.2
d. Profit sharing	18.5	81.5
e. Bonus (i.e., cash, merchandise, or travel)	33.8	66.2

Training and Incentives Provided

Even assuming the best and brightest salespeople are being hired, training in the gathering of customer information is a requisite for all firms wanting to show continued improvement in this area. Sales managers were asked about the training provided to the KAM salespeople they employed. A first question asked if salespeople understood how the product development process works in their organization. Of interest was the fact that 36.9 percent answered that this was not the case. A follow-up question asked respondents if their organization undertook formal efforts to increase salesperson understanding of the product development process. Again, somewhat surprisingly, 41.5 percent said no. Sales managers were then asked if KAM salespeople received training in methods used to collect information regarding new product ideas from customers. To this question, 36.9 percent of sales managers said no. These results give a somewhat negative view of the priority KAM organizations place on equipping salespeople with the knowledge and skills requisite to become productive contributors to the product development process. Given the vast training provided to salespeople in most KAM organizations, it comes as a surprise that almost 4 out of 10 organizations surveyed did not provide in-depth, formal training in this area. If a high priority is to be given to the gathering and sharing of information about customer requirements and shifting product preferences, then a similar degree of priority must be given to providing salespeople with requisite knowledge and skills.

An additional issue of interest pertains to incentives given to salespeople for gathering new product/service ideas from customers. To be effective, organizations must provide motivation to salespeople. Respondents were asked what type(s) of incentives were provided to salespeople for collecting and disseminating new product information/ideas from customers. As shown in Table 5, listed most often were two, non-financial, short-term incentives—positive feedback on sales performance evaluations (64.6 percent) and some form of company praise such as through a newsletter (43.1 percent). Listed less frequently were more immediate financial incentives such as bonuses (33.8 percent), salary increases (30.8 percent), and profit

sharing (18.5 percent). A conclusion can be reached that a low priority is placed on providing financial incentives to the sales force to encourage active participation in gathering customer information related to the early stages of the NPD process. Coupled with the lack of training provided by many firms, it is a wonder that much valuable information is being collected at all.

Tangible Outputs Associated with KAM Salespeople Efforts

While the results presented in the previous section strongly suggest the need for improvement on the part of KAM organizations in effectively utilizing their salespeople into the early stages of the NPD process, skeptics will point to the fact that the above results only measure inputs to the process. And, as astute managers know, it is the outputs that truly should be evaluated. To address this argument, sales managers were asked two final questions. The first was:

Approximately what percent of new product ideas (those that have been formally evaluated by your organization) have come from salespeople over the past five years?

The second was:

Approximately what percent of the new products launched by your organization have come as a result of

ideas generated (or collected from customers and reported) by salespeople over the past five years?

The results paint a somewhat gloomy picture—52.3 percent of managers surveyed answered that the percentage of new product ideas that came from customers and were reported by salespeople accounted for 20 percent or less of the new product ideas evaluated by their firm. Further, in terms of the totality of new products launched by their organization, 60.6 percent of respondents said that customer ideas reported by salespeople accounted for 20 percent or less of the new products launched by their organization. More alarming is the fact that in over one quarter (27.3 percent) of the responding KAM organizations, the sales force has been responsible for five percent or less of the ideas leading to new product launches.

Managerial Implications

The results of the current study highlight several areas where improvements could be made as it relates to effective utilization of the sales force as a source of customer information in the early stages of the NPD process. Many sales manager comments revolved around the fact that the challenge to support NPD initiatives gets overshadowed by the pressure to grow short-term market share and revenues. The traditional thinking (these

Table 6

Tangible outputs associated with salespeople efforts the last five years

(n=66)

Information category	Percentage					
	0-5%	6-10%	11-20%	21-50%	>50%	N/A
a. New product/service *ideas* generated from salespeople	**20.0** (lower percentage	**20.0** = **52.3%**)	**12.3**	18.5	23.1	6.1
b. New product/services *launched* from salespeople ideas	**19.7** (lower percentage	**28.8** = **60.6%**)	**12.1**	10.6	21.2	7.6

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managers report) has been that involvement in NPD activities distracts salespeople from their primary functions. Further, the results of the present study confirm what previous conceptual and empirical research found— while salespeople are able to collect and report back customer information, to count on them as a reliable source of such information may be a mistake.

It is not enough to just give salespeople the responsibility to collect relevant information; they also need to be trained. What is surprising is that a large amount of KAM organizations provide their salespeople with little or no formal training or even rudimentary training on how to collect the information. A large percentage of the sales managers surveyed recommended the establishment of formalized training programs to educate their salespeople on the following issues:

- The structure of the organization's NPD process

- Means by which customer information can be communicated via CRM systems

- The importance of gathering customer information during the initial stages of the NPD process

- Effective communication techniques: initiating productive conversations with customers, asking the right questions, and actively listening to customers.

In essence, it appears that companies often give salespeople responsibility without the support. If companies want salespeople to provide valuable information in the NPD process (and they clearly do) then they need to provide training to help them perform more efficiently and effectively in their positions.

This study seeks to address another critical issue: with whom do salespeople communicate new product information

(see Table 4). Salespeople need to be equipped with the proper tools to link their information with a centralized product development database. Whether to a CRM system or other database, information needs to be shared quickly across all functional areas. KAM processes are likely to interact with marketing but more emphasis needs to be placed on interactions with R&D, engineering, and operations staff. The authors are not advocating that salespeople not communicate customer information to the sales manager; rather, the sales manager should be communicated with in addition to the other parties.

The role of incentives can also be an issue as to why more salespeople do not actively engage in the early stages of the NPD process. Many managers spoke about the problems they incur in motivating salespeople to take time away from selling to undertake activities that do not have an immediate financial impact on them or the company. It is clear that companies have tried to use intrinsic factors (praise and feed back) more than extrinsic issues (bonus, pay increase, profit sharing, etc.) It would only make sense for companies that know money motivates most salespeople (to do things they normally would prefer not to do) to implement some type of financial incentives. The collection of information on NPD is clearly one type of activity that most salespeople would not do voluntarily. Companies should look at the impact that the lack of new products would have on the company and decide whether it's cost effective to earmark some development money for the sales organization (both in the form of incentives as well as training).

Given that training and NPD processes are in place, KAM organizations are able to focus on customer input and while collecting and disseminating this input on new product development. Then the other two critical tasks of market analysis and stable definition of the

product would be accomplished by others involved in NPD. A simple frequency of new product ideas and the source could be tracked via the CRM system and each KAM would be provided monetary incentive (amount determined by management) for each new idea. Then as the idea moves through the NPD process and passes critical decisions, the KAM would receive additional (residual) money for each stage passed successfully. Thus in this way the KAM receives more compensation for an idea that makes it to commercialization than one that just made it to the market analysis stage. Thus, both input (quantity of new product ideas captured and communicated) and output (quality-commercialized new products) are rewarded.

Conclusions, Limitations, and Directions for Future Research

Results of this study, one of the first in this area, indicate that KAM organizations are, in some cases, providing valuable input into the early stages of the NPD process. The fact that KAM salespeople are more engrained in customer organizations means they have more relationships and more access to key information about new product needs. A majority of the surveyed organizations eported that field salespeople collected and reported back varied forms of information requisite to NPD success. This is consistent with previous research that stresses the importance of NPD in corporate survival.

If companies are serious about the NPD process, they need to do several things to ensure positive results. First, they need to provide training and support for salespeople to collect and disseminate the information to the appropriate people within the organization. Second, companies need to use their resources more efficiently. More specifically, KAM salespeople should be more responsible for involvement in the early stages of the NPD process because they are more

likely to have well developed relationships with existing customers. Third, companies need to develop monetary incentives for salespeople if they ever hope to get their buy in. It is clear that praise and recognition are not sufficient enough incentives and that some of the resources invested in NPD should be shared with the sales force.

There are several limitations associated with the current study. First, the study is exploratory and encompasses a small sample size which could serve as a warning of non-response bias. While the results appear consistent with prior research on the use of salespeople as information gatherers (Judson, Schoenbachler, Gordon, Ridnour, and Weilbaker 2006), a replication of the study with a larger sample would help confirm results. Second, the sample includes only firms based in the United States. Third, sales managers of KAM organizations served as providers of the information driving the current research. These individuals could tend to be positively biased in their views of the magnitude of efforts undertaken and success associated with salespeople in collecting and disseminating customer information in the early stages of the NPD process.

Along with the above, future research could also focus on customers' or other internal entities' (such as marketing, R&D, engineering, or operations) perceptions of the issues covered in the current study versus those of sales managers. Comparative studies evaluating the success of organizations utilizing KAM systems against those who could also be undertaken.

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