Key Account Management Orientation and Its Impact on Performance – An Empirical Study

By Nektarios Tzempelikos and Spiros Gounaris

The importance of Key Account Management (KAM) in building long-term relationships between suppliers and customers is widely recognized in the marketing literature. However, this relationship-oriented perspective of KAM lacks appropriate empirical examination. To fill this gap, the present study uses data from 304 individually administered interviews to empirically examine Key Account Management Orientation (KAMO), a notion that integrates a set of values that a supplier should develop in order to manage KAM relationships effectively. Furthermore, the study examines the impact of KAMO on financial and non-financial aspects of performance. Academic as well as managerial implications are discussed.

INTRODUCTION

The importance of building long-term relationships between firms that buy and those that sell has been widely recognized in the literature (e.g. Webster, 1992). In business, a marketing approach aimed at building relationships with a loyal customer base is Key Account Management (KAM) (McDonald, Millman and Rogers, 1997). Key Account Management involves targeting important customers by providing them special treatment in the areas of marketing, administration and service (Barrett, 1986).

The topic of what drives KAM success has received a lot of attention by both academics and practitioners. However, prior research in KAM is mainly normative and descriptive and revolves around the organizational aspects of a KAM program (for a review, see Weilbaker and Weeks, 1997). This is probably due to the fact that KAM has been traditionally treated as a sales management activity and, as a result, there is no appropriate theoretical background (Gosselin and Bauwen, 2006). However, more recent thinking about the nature of KAM suggests that it represents an application of *relationship marketing* in business markets (McDonald, Millman and Rogers, 1997). Therefore, the factors that enable suppliers to develop long-term relationships with key accounts are of utmost importance (Millman and Wilson, 1999). Interestingly, empirical research addressing the relational aspects of a KAM program is minimal.

This study attempts to make a contribution along these lines, by conceptually developing and empirically validating a framework incorporating a system of values that reflects the supplier's willingness and ability to respond effectively to the needs of their key accounts. This framework is called *Key Account Management Orientation (KAMO)*. Therefore, the purposes of this study are: 1) to conceptualize and empirically validate KAMO; and 2) to examine the impact of KAMO on financial and non-financial aspects of performance.

The rest of the paper is organized as follows. First, we present the theoretical background underpinning our study. Then, following a review of the literature, we develop the conceptual framework and research hypotheses. Next, we present the research methodology used to test the hypotheses. We then proceed with the data analysis and the testing of the hypotheses. Finally, we discuss the implications of the results and the limitations of the study, as well as suggestions for future research.

TOWARDS A CONCEPTUALIZATION OF KEY ACCOUNT MANAGEMENT ORIENTATION

A recent stream of research concerning the nature of KAM suggests that it is an application of relationship marketing in business markets (e.g. McDonald, Millman and Rogers, 1997; Pardo, 1997; Sengupta, Krapfel and Pusateri, 1997; Lambe and Spekman, 1997; Guenzi, Georges and Pardo, 2009). According to this approach, KAM should

Nektarios Tzempelikos (Ph.D. Athens University of Economics & Business), Senior Lecturer in Marketing, Lord Ashcroft International Business School, Anglia Ruskin University, Cambridge, England, UK, nektarios.tzempelikos@anglia.ac.uk

Spiros Gounaris (Ph.D., Athens University of Economics & Business), Associate Professor of Marketing, University of Strathclyde Business School, Department of Marketing, Glasgow, Scotland, UK, spiros.gounaris@strath.ac.uk

be examined within the broader context of relationship marketing. The general concept behind relationship marketing in business markets is that the focus should shift from short-term, transactional exchanges to more long-term and collaborative relationships (e.g. Morgan and Hunt, 1994). This is in line with the fundamental purpose of KAM, which is to create strategic alliances with key accounts through the development of long-term relationships (Lambe and Spekman, 1997). Therefore, it is important to identify the factors that enable suppliers to develop successful and long-term relationships with key accounts (Millman and Wilson, 1999). However, prior research addressing the relational aspects of a KAM program is mainly conceptual, and related empirical research is limited.

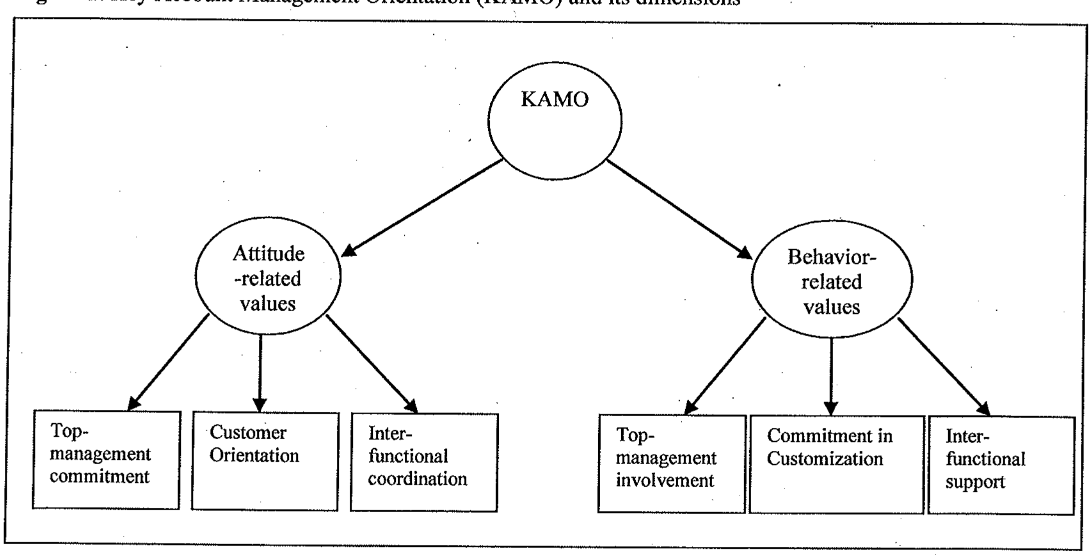
Useful insights into further developing the theoretical base of KAM and addressing factors that lead to effective KAM relationships can be found in Market Orientation theory. The scope of *Market Orientation* theory is, in brief, to describe what values and skills allow companies to practice marketing effectively and meet their customers' needs (e.g. Narver and Slater, 1990; Kohli and Jaworski, 1990; Deshpandé, Farley and Webster, 1993; Homburg and Pflesser, 2000). Clearly, KAM and Market Orientation share certain characteristics, in that they both focus on customer orientation, inter-functional coordination and customer value (Workman, Homburg and Jensen, 2003). However, Market Orientation cannot fully explain the drivers behind a successful relationship in a KAM context, mainly because Market Orientation treats the customer base as a whole and does not differentiate between the customer of strategic importance (i.e. key account) and the average customer (Homburg, Workman and Jensen, 2002). Therefore, it is important to develop a framework incorporating factors that enable suppliers to effectively manage long-term relationships with key accounts.

In an attempt to identify these factors, Shapiro and Moriarty (1984) first introduced the concept of National Account Management Orientation. From this approach, it is evident that there are values pertaining to the attitude of management towards the strategic significance of key accounts and values pertaining to the actions required before a KAM program can be successful. However, this approach remains, conceptually, closely related to the sales management view of KAM, overlooking the relational facet of business development with key accounts (Gosselin and Bauwen, 2006).

On these grounds, using insights from KAM (Shapiro and Moriarty, 1984; Millman and Wilson, 1999; Homburg, Workman, & Jensen, 2002), Market Orientation (Narver and Slater, 1990; Kohli and Jaworski, 1990) and relationship marketing literature (Palmatier et al., 2006), we suggest a conceptualization of *Key Account Management Orientation (KAMO)*. KAMO refers to a system of values that reflects the supplier's willingness and ability to respond effectively to the needs of key accounts.

In the rest of this section we demonstrate how these two sets of values reflect the supplier's degree of Key Account Management Orientation (KAMO), a second order construct of reflective nature, presented in Figure 1.

Figure 1: Key Account Management Orientation (KAMO) and its dimensions



Specifically, an important factor that reflects the organization's attitude towards the significance of key accounts is *customer orientation*. Customer orientation describes the supplier's propensity (Narver and Slater, 1990) to bond with the customer in order to understand his needs (Millman and Wilson, 1999). Through customer orientation the supplier develops the necessary know-how to produce products that meet the customer's needs (Im and Workman, 2004) and, therefore, customer satisfaction is improved (Slater and Narver, 1994).

Securing *top-management commitment* is also equally important and it closely correlates with the development of customer orientation (Kohli and Jaworski, 1990). Top management is responsible for initiating and monitoring the implementation of programs tailored to the needs of specific key accounts (Millman and Wilson, 1999). Top management also affirms the importance of the KAM program as a major strategic orientation for the company (Pardo, 1999).

Finally, *inter-functional coordination*, which ensures the coordinated utilization of resources to create superior value for customers (Narver and Slater, 1990), is also an important value the supplier needs to develop. Centralized purchasing functions call for an equally coordinated selling approach from the supplier (Homburg, Workman and Jensen, 2002). Therefore, inter-functional coordination is the third factor reflecting the significance of KAM for the supplier.

Inter-functional coordination correlates with both customer orientation and top-management commitment. With regards to the former, inter-functional coordination is necessary for disseminating specific information about customers' needs to all those organizational functions that influence the company's ability to generate value for the customer (Kohli and Jaworski, 1990) and for designing and implementing the company's response to customers' needs (Gray et al., 1998). With regards to the latter, top-management commitment to KAM means that the top management monitors and, when necessary, initiates programs to ensure that the various functions work together in delivering value to the key account (Millman and Wilson, 1999; Pardo, 1999). Consequently, these three attitude-related values reflect the extent to which the supplier has developed the appropriate orientation towards KAM.

Yet, because a KAM program requires the supplier to take specific actions towards serving the needs of the key account (Gosselin and Bauwen, 2006), the supplier should also develop a set of behavior-related values. The first factor in this second set of values is ensuring adequate *inter-functional support* for the KAM program. This support does not always come easily (Homburg, Workman and Jensen, 2002), although it is necessary for tailoring supplier's operations (logistics, order-processing) to meet customers' needs (Kahn and Mentzer, 1998). Inter-functional support is also necessary for relieving the pressure that the relationship may produce (Capron and Hulland, 1999).

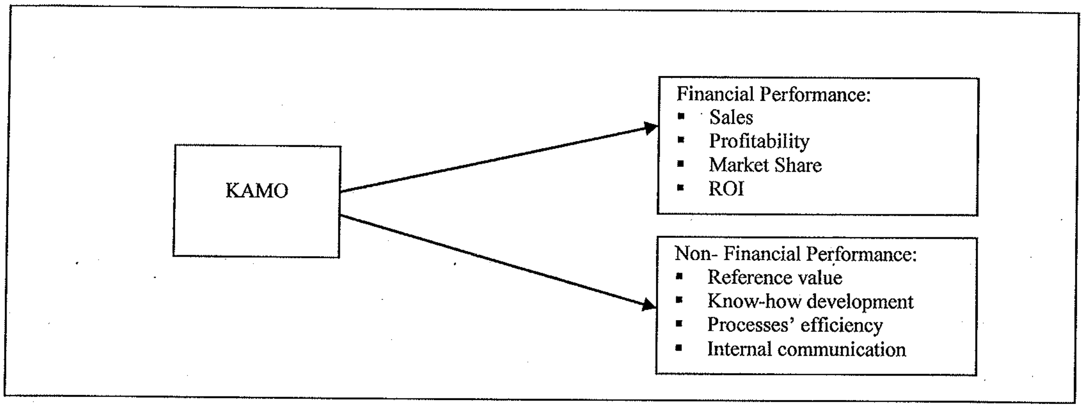
Inter-functional support correlates closely with the supplier's *ability in customization*, the second behavior-related value (Lambe and Spekman, 1997; Montgomery and Yip, 2000). Customization enables the supplier to contribute to the customer's competitiveness by providing unique products and features that differentiate the customer from their competition, either on the basis of quality or cost. This strengthens the relationship between the two companies and eventually allows the supplier to achieve key-supplier status (Lambe and Spekman, 1997; Boles, Johnston and Gardner, 1999; Montgomery and Yip, 2000). Consequently, as customization lies at the heart of the KAM program, the supplier's ability in customization represents the second factor in the supplier's behavior-related values of KAMO.

In addition to inter-functional support, customization also requires significant resources in terms of money, time and effort. This calls for increased *top-management involvement* in the company's KAM programs. Actually, top-management involvement is defined as the "extent to which senior management participates in KAM" (Homburg, Workman and Jensen, 2002, p. 45). Since a typical KAM program involves many functional units, the role of top management should not only be limited to the overview of the KAM function, but should also include initiatives that will help towards the further development of the relationship (e.g. meeting the customer), the allocation of the necessary resources for the KAM function (money, time, personnel) and the encouragement of inter-functional responses (Workman, Homburg and Jensen, 2003; Napolitano, 1997). Consequently, top-management involvement represents another behavior-related value of KAMO.

CONCEPTUAL FRAMEWORK AND RESEARCH HYPOTHESES

Figure 2 portrays the conceptual framework of the study. Following Figure 2, the study investigates the positive influence of KAMO on supplier's financial and non-financial performance.

Figure 2: Conceptual model



Key Account Management Orientation and Business Performance

Prior research has described how KAM programs positively affect the supplier's performance (for a review, see Workman, Homburg and Jensen, 2003) both at the key account and organization level (Homburg, Workman and Jensen, 2002; Ojasalo, 2001). Specifically, developing customer orientation will lead suppliers to customize their product to the needs of key accounts, which will have a positive effect on financial performance (Narver and Slater, 1990; Deshpandé, Farley and Webster, 1993; Cannon and Perreault, 1999). Similarly, top-management involvement and inter-functional coordination also influence the economic outcomes from a KAM relationship (Homburg, Workman and Jensen, 2002; Workman, Homburg and Jensen, 2003; Ivens and Pardo, 2008). Therefore, the company's overall financial performance, as defined by sales, profitability, market share and return of investment (ROI), is likely to improve when a supplier adopts KAMO (Workman, Homburg and Jensen, 2003).

These metrics, although they seem to be critical indicators of performance, are sometimes inconsistent with each other and, individually, may provide misleading conclusions (Gupta & Lehmann, 2005). For example, a supplier may acquire a number of average customers, which will increase its market share but not its long-term profitability. Furthermore, suppliers may maintain relationships with customers that help them achieve strategic priorities, such as know-how, status, etc., but not increase their sales or profitability. Finally, even though key account managers focus on both increased revenues and decreased costs over time (Ryals & Holt, 2007), the cost of maintaining relationships with key accounts (e.g. a large retailer) can be so high due to favorable pricing terms, adaptation of services, logistics, etc., that increased level of sales will still be associated with very low profits or no profits at all! Hence, these performance outcomes need to be reviewed simultaneously, so as to evaluate with more accuracy the degree to which the investment in key accounts is recovered in the long run. On these grounds, the following research hypothesis is proposed:

H_1: *KAMO has a positive impact on the supplier's financial performance*

While prior research emphasizes the impact of a KAM program on financial performance, the outcomes of a KAM relationship can be wide-ranging (Ivens and Pardo, 2007). The literature suggests a number of potential non-economic outcomes, including: reference value (McDonald, Millman and Rogers, 1997; Ojasalo, 2001); access to know-how or to new markets (Pels, 1992; Millman and Wilson, 1999); better business planning (Caspedes, 1993); joint product development (Boles, Johnston and Gardner, 1999); better organization of processes (Ojasalo, 2001); facilitation of internal communication (Stevenson, 1981; Boles, Johnston and Gardner, 1999); and opportunity for globalization (Millman, 1996).

Although some of these non-economic benefits seem to be industry-specific (for instance, suppliers of packaged food and retailers rarely develop joint R&D projects), the literature review reveals that there is a consensus concerning certain key non-economic outcomes. A frequently cited benefit is the *reference value*, which refers to the opportunity for the supplier to enhance their image and status in the market through their relationship with the key account. The implication is that the supplier can use their customer's status as a reference in the firm's efforts to attract other customers (McDonald, Millman and Rogers, 1997; Ojasalo, 2001). A second KAM outcome is said to be *know-how development*. Suppliers responding to the demand from key accounts for improved products and/or services are obliged to update their production or operations, which leads suppliers to develop their competencies and know-how (Pels, 1992; Ojasalo, 2001). An additional benefit of KAM relationships is the *improvement of internal communication* (Boles, Johnston and Gardner, 1999). This is due to the increased pressure for coordination and facilitation of communication between the firm's departments in order to respond to the specific needs of key accounts. One final important outcome is *process efficiency*. Research suggests that managing a few, important customers helps the firm to improve their internal processes such as business planning and evaluation of results (Caspedes, 1993). Even though the impact of these non-financial outcomes on organizational performance is likely to be seen in the long-term (for example, gaining new customers through positive references from key accounts), achieving them is very important, given that in many cases they reflect critical strategic priorities for suppliers.

Suppliers can achieve these non-economic outcomes from a KAM relationship as long as they satisfy the needs of the key account effectively. Specifically, the emphasis that a supplier puts on building a close relationship with a key account, as a result of adopting KAMO, improves the effectiveness of the partnership, and thus the achievement of non-financial performance objectives (McDonald, Millman and Rogers, 1997; Boles, Johnston and Gardner, 1999; Stevenson, 1981; Ojasalo, 2001). Therefore, we propose the following hypothesis:

H_2: *KAMO has a positive impact on the supplier's non-financial performance*

METHODOLOGY

The objectives of the research study were assessed against data from Greek selling organizations, as part of a wider examination of KAM attitudes and practices. In order to increase the validity of the findings, it was deemed appropriate to undertake qualitative research prior to conducting the main quantitative research.

Preliminary Investigation

First, given the overarching importance of KAMO, we conducted a series of interviews which were qualitative in nature: 16 in-depth, semi-structured interviews were conducted with the suppliers' managers who were responsible for the KAM function. This is considered to be a suitable method when trying to derive conclusions of rather "abstract" topics such as orientation towards KAM and its implications (Tull & Hawkins, 1993). The purpose of the interviews was twofold: first, to obtain face validity for the structure of the study; second, to get a deeper understanding of how suppliers determine the components of KAMO as well as its implications. All interviews were conducted on the firms' premises and, on average, lasted between 45 and 60 minutes. The findings were grouped according to common themes and similarities in the responses. The result of this phase was that managers identified various aspects that are claimed to be components of KAMO, which for the most part matched those that emerged from our conceptualization. In addition, they confirmed the role of appropriate orientation as a key determinant in the development of effective KAM relationships. Therefore, we were confident that we had obtained some preliminary evidence for the questions our study aimed to address.

Data Collection and Sample

Data were collected by means of personal interviews. The sample consisted of firms from different sectors, including: fast-moving consumer goods, chemical and pharmaceutical products, computers and electronics, banks and insurance, telecommunications, metals, furniture, medical equipment and professional services. The criterion for inclusion was that the company currently managed relationships with key accounts, regardless of the internal term used to refer to these customers (Workman et al., 2003). The data collection was completed over a 12-month period.

Initially, we contacted 800 companies by telephone to explain the objectives of the study and identify potential respondents. We then checked whether they were managing relationships with key accounts and, if so, we asked for their participation. For those who agreed to participate in the study, an appointment was arranged at the firm's premises. Overall, 304 companies participated, providing an effective response rate of 38%. Table 1 presents the description of our sample.

Table 1: Sample Description

		Total (n=304)
Industry	Food and packaged goods	33,9%
	Computer and electronics	14,1%
	Chemical and pharmaceutical products	10,9%
	Furniture	7,9%
	Banks and insurance	6,6%
	Metals	8,6%
	Professional services	6,3%
	Medical equipment	4,6%
	Telecommunications	5,3%
	Other industrial products	2,0%
Annual revenues	<3 million	6,6%
	3,1 million – 5 million	7,3%
	5,1 million – 10 million	12,9%
	10,1 million – 15 million	11,3%
	15,1 million – 20 million	7,3%
	20,1 million – 30 million	7,3%
	30,1 million – 50 million	12,6%
	>50 million	34,8%

With regards to the sample unit, the key informant approach was employed. Traditionally, the unit of analysis in KAM surveys has exclusively been key account managers. However, this raised concerns in relation to our aim to identify the dimensions of KAMO and the potential qualitative aspects of KAM effectiveness, since key account managers usually have a more short-term and profit-oriented approach towards KAM relationships compared to senior managers. Therefore, we decided to contact KAM supervisors (the job titles of the respondents included: national account manager, key account manager, head marketing manager and head of the sales department) because we believed that they would have a broader view of the KAM practices and benefits within the company (Homburg, Workman and Jensen, 2002).

Variable Measurement

In developing the research instrument, the findings from both the field interviews as well as the review of relevant literature provided the basis for a structured questionnaire. The questionnaire was pretested by three marketing academics and ten practitioners from the population under investigation, in order to increase the content validity and ensure the clarity of the questions.

With regards to KAMO, the central construct of our study, given the lack of relevant measures, we followed Churchill's recommendations (1979, p.66) for scale development. In short, after establishing the construct's domain through the literature review, we developed an initial pool of items based on both the literature review and in-depth interviews. Next, we used this pool of items to develop an initial questionnaire and conducted a pilot study for validation purposes, and then finalized the questionnaire.

Specifically, on the basis of the literature review (Homburg, Workman and Jensen, 2002; Millman and Wilson, 1999, Narver and Slater, 1990) and the findings from the preliminary investigation, 38 items were generated in order to measure the 6 dimensions of KAMO. Following on from this, ten individually administered pilot interviews were conducted: five with academics and five with practitioners. The respondents were asked to suggest any item that they thought would determine the level of KAMO, as well as to comment on the clarity of the questions and indicate any ambiguity they experienced in responding to them. Based on the feedback from this pretest, some questions were developed, some modified and others deleted. A total of 10 items were dropped, resulting in a preliminary 28-item KAMO scale including: customer orientation (α=0.83); top-management commitment (α=0.90); inter-functional coordination (α=0.89) to identify the attitude-related values of KAMO and the level of ability in customization (α=0.75); top-management involvement (α=0.84); and inter-functional support (α=0.79) to identify the behavior-related values of KAMO. In order to assess whether the surveyed companies had adopted KAMO, each was asked to rate their level of agreement/disagreement with each item, reflecting the values of KAMO. A detailed list of the scale items, along with descriptive statistics, is provided in the Appendix.

Financial performance at the corporate level was measured by the self-evaluation of *organizational sales, profitability, market share* and *return of investment (ROI)*. Non-financial performance was assessed through multi-item scales for *reference value, know-how development, process efficiency* and *internal communication.* All items were measured on a seven-point rating scale.

DATA ANALYSIS

Data analysis involved two phases: the evaluation of the measures and the testing of the research hypotheses.

Assessment of Measures

With regards to the psychometric attributes of the measures, reliability and validity were assessed by means of Confirmatory Factor Analysis (CFA). Composite reliability for all measures exceeded the threshold value of 0.60 (Bagozzi and Yi, 1988; Fornell and Larcker, 1981). Furthermore, Cronbach's alpha coefficient for all measures exceeded the threshold that Nunnally (1978) suggested as satisfactory (0.70), and is therefore acceptable.

Next, CFA was used in order to examine the construct validity of the measures. For all the measures, Average Variance Extracted (AVE) exceeded 0.50, providing evidence of convergent validity (Fornell and Larcker, 1981). Additionally, the AVE for each construct was higher than the squared correlation between that construct and any other construct in the model. Hence, discriminant validity held for all constructs used in the study (Fornell and Larcker, 1981). The properties for each are presented in Table 2.

The next step involved examining the psychometric attributes of KAMO, the central construct of our study. As our conceptualization suggested a multidimensional, hierarchical construct, a second order factor analysis was conducted.

The results suggested that all factor loadings on both the first and the second order level were significant, while the analysis of the AVE (above 0.50) suggested that the first order dimensions were unidimensional. Moreover, it is clear from Table 3 that the fit indices of the second order factor model suggest a good fit with superior predictive validity, compared to the first order model.

Table 2: Measures properties

Construct	Indicator (number of items[a])	Mean	Standard Deviation	Cronbach Alpha b	Item-total correlation	Standardized factor loading	Composite Reliability [c]	Average Variance Extracted [d]	Squared correlation	Cronbach Alpha b	Composite Reliability [c]	Average Variance Extracted [d]
Key Account Management Orientation	Customer orientation (5)	5.42	1.05	0.83	.41 - .76	.56 - .87	0.84	0.52	.012 - .446	0.91	0.92	0.57
	Top-management commitment (5)	5.46	0.99	0.90	.71 - .82	.81 - .89	0.92	0.64	.012 - .465			
	Inter-functional coordination (4)	5.14	1.11	0.89	.70 - .78	.83 - .89	0.90	0.66	.028 - .492			
	ability to customization (6)	5.40	0.79	0.75	.45 - .57	.65 - .77	0.76	0.51	.024 - .416			
	top-management involvement (5)	5.36	0.87	0.84	.58 - .71	.73 - .83	0.87	0.52	.017 - .465			
	Inter-functional support (3)	5.16	1.06	0.79	.56 - .69	.79 - .87	0.81	0.57	.030 - .492			
Financial Performance	Sales (1)	5.38	1.11							0.89	0.92	0.68
	Profitability (1)	5.12	1.27									
	Market share (1)	5.16	1.18									
	ROI (1)	5.05	1.19									
Non-financial Performance	Reference value (4)	5.92	0.92	0.87	.62 - .80	.76 - .90	0.91	0.67	.020 - .321	0.81	0.83	0.54
	Know-how development (4)	5.76	0.96	0.89	.64 - .83	.78 - .92	0.92	0.69	.012 - .321			
	Processes' Efficiency (3)	5.13	1.07	0.84	.66 - .73	.84 - .89	0.87	0.64	.028 - .512			
	Internal communication (4)	4.47	1.23	0.95	.82 - .91	.90 - .95	0.96	0.81	.016 - .512			

[a] Items with item-total correlations less than .30 and factor loadings less than .50 have been omitted
[b] Reports coefficient alpha (if more than one item)
[c] Reports composite reliability (if more than two items)
[d] Average Variance Extracted is reported when there are more than two items

Table 3: Results of second-order factor analysis

		First-order factor model		Second-order factor model
		Standardized factor loading	Average Variance Extracted	Standardized factor loading
Attitude-related values	Customer orientation	0.79	0.52	0.87
	Top-management commitment	0.82	0.64	0.88
	Inter-functional coordination	0.86	0.66	0.81
Behavior-related values	Ability to customization	0.81	0.51	0.85
	top-management involvement	0.84	0.52	0.88
	Inter-functional support	0.87	0.57	0.86
Fit indices	$\chi 2$/df	2.13		1.81
	CFI	0.94		0.97
	GFI	0.91		0.92
	RMSEA	0.10		0.06

Hence, as all requirements were satisfied, subsequent analyses aggregated the items of each construct by calculating the scale mean.

Results

Having established confidence in the measurement model, research hypotheses were tested through *structural equation modeling*. The overall fit measures provided a good fit for the data ($\chi 2$ (73)=526.3, $p<0.01$, GFI=0.939, CFI=0.972, RMSEA=0.063). The results of the study, as shown in Table 4, suggest a positive influence of KAMO on financial ($\beta=0.22$, $p<0.01$) and non-financial ($\beta=0.47$, $p<0.01$) performance. Therefore, $\mathbf{H_1}$ and $\mathbf{H_2}$ are confirmed.

Table 4: Hypotheses Testing

Research hypotheses	**Standardized Regression Weights**	**Results**
Financial Performance ← KAMO	.22*	Confirmed
Non-financial Performance ← KAMO	.47*	Confirmed
$\chi 2$/df	526.3/73	
P	.000	
CFI	0.972	
GFI	0.939	
RMSEA	0.063	

*coefficient is significant at the 0.01 level

DISCUSSION AND IMPLICATIONS

The present study is in line with the emerging stream of research that integrates KAM and Relationship Marketing theory (e.g. McDonald, Millman and Rogers, 1997; Pardo,1997; Sengupta, Krapfel and Pusateri, 1997; Lambe and Spekman, 1997; Guenzi, Georges and Pardo, 2009). More specifically, our study revealed that successful implementation of KAM requires that the supplier has developed a system of values that has two major pillars. The first pillar comprises a set of values that reflects the supplier's attitude towards the importance of: (1) customer orientation; (2) inter-functional coordination; and (3) top-management commitment in developing KAM programs. The second pillar relates to a set of values that reflects the supplier's actual behavior in relation to the implementation of the KAM effort. These behaviour-related values include: (1) the top-management's involvement in KAM programs; (2) the supplier's ability to customize the company's product according to the needs of key accounts; and (3) the support from other departments.

To summarize our results from testing the hypotheses: KAMO has a positive effect on financial and non-financial performance, indicating that adopting KAMO is a critical factor of success in KAM relationships. Interestingly, the influence of KAMO on non-financial performance appears to be significantly higher than the impact on financial performance. This finding actually underlines the importance of approaching KAM through a long-term perspective so as to enjoy the full benefits of a KAM relationship, particularly those benefits that can only be realized after a certain period of time (e.g. reference value).

Academic Implications

Three important academic implications follow from this study. First, this study proposes and illustrates an empirical examination of KAMO; a multidimensional approach of consolidating attitudinal and behavioral factors that reflect the supplier's ability to develop effective KAM practices. This is important, since prior research has failed to address these values in an integrated model and empirically validate the findings. The KAMO construct further improves our understanding of the factors underlying successful KAM relationships, since it integrates the behaviors that the management of key accounts requires and the appropriate attitude that should precede KAM implementation. Also, it further develops the theoretical basis of KAM as an emerging paradigm in marketing, beyond the traditional view of KAM as a set of sales management activities (Gosselin & Bauwen, 2006).

The second implication is the need for a relational approach to KAM relationships. As we have previously indicated, previous KAM literature has to date tended to be conceptual or has mainly focused on the organizational aspects of KAM. The present study attempts to enhance the critical factors of KAM success by focusing on the relational aspects that need to be addressed before a KAM program can be effectively implemented.

Finally, the study identifies and examines various dimensions of KAM effectiveness, not merely financial, as has traditionally been the case in KAM research (Workman, Homburg and Jensen, 2003). The present study adds to our understanding of the potential outcomes from KAM relationships by focusing on both financial and non-financial indicators of performance.

Managerial Implications

The study also has various managerial implications. The first implication for practitioners is that suppliers who adopt KAMO as part of their organizational culture are likely to achieve superior business performance. Hence, strengthening the company's orientation towards key accounts should be a priority for suppliers practicing KAM. In practice, this also implies that suppliers should constantly monitor their internal processes and behaviors in order to improve KAM relationships. The proposed KAMO scale serves as a useful self-diagnostic tool that will enable senior managers to track internal changes over time and to identify areas where further improvement is needed in order to respond to customers' needs more effectively.

Second, the study provides insights into the underlying mechanism of successful KAM relationships, exploring KAMO as a precursor to performance outcomes. Understanding the impact of KAMO values improves suppliers' ability to identify and meet the needs of key accounts, offering the greatest potential for success. Hence, suppliers should continually try to establish the conditions that encourage effective KAM relationships.

Finally, firms should not evaluate KAM effectiveness exclusively on the basis of economic aspects of performance, since other, non-economic, outcomes determine the effectiveness of the relationship as well. This implies that suppliers should identify as key accounts not only the 'large' customers, but also those customers that enable them to achieve various strategic goals such as access to new customers, access to know-how, etc. This also indicates that suppliers should move from the "traditional" sales-oriented view of KAM towards a long-term perspective in managing key accounts, if they seek to enjoy significant benefits from KAM relationships.

LIMITATIONS AND FUTURE RESEARCH

This study is not free from limitations, which, nonetheless, future research can tackle. First, this study focuses on direct relationships between KAMO and performance, neglecting potential moderators and mediators that affect the strength of those relationships. Future research can link market characteristics, such as competitive edge, and buyers' characteristics, such as purchasing orientation, to the effectiveness of a KAM program.

A second limitation involves the use of a single-informant design that focuses on suppliers. Future research incorporating perspectives from both sides of the buyer-seller dyad will offer a clearer and more comprehensive picture of KAM outcomes.

A third limitation refers to the static nature of this investigation and the fact that the KAMO dimensions may actually develop as a consequence of KAM relationships. This issue does not diminish the contribution of the study, since deriving a primary understanding of the relationships from the variables under investigation is necessary before moving forward to more complex research designs of longitudinal investigations. Future research in this direction is, therefore, necessary.

Fourth, the aspects of KAM effectiveness that were eventually included in this study are not exhaustive. Future research might expand on the research by incorporating additional dimensions, especially with respect to the relational outcomes, given the increasing attention the topic has received in the KAM and relationship marketing literature (e.g. Walter and Ritter, 2003). Also, the examination of objective financial performance measures would contribute to a more comprehensive and valid assessment of KAM performance outcomes.

Finally, the national context of the study (Greece) is also a concern, since it puts constraints on the generalizability of the results to other cultural contexts. Hence, it is necessary that future research replicates the study in different cultural contexts before we can generalize these findings.

REFERENCES

Bagozzi, R.P. and Yi, Y. (1988) On the Evaluation of Structural Equation Models. *Journal of the Academy of Marketing Science*, 16 (Spring), pp. 74-94

Barrett, J. (1986) Why major account selling works. *Industrial Marketing Management*, 15 (1), pp. 63-73.

Boles, J., Johnston, W. and Gardner, A. (1999) The selection and organization of national accounts: a north American perspective. *Journal of Business and Industrial Marketing*, 14 (4), pp. 264-275.

Cannon, J.P. and Perreault, W.D. Jr. (1999) Buyer-seller relationships in business markets. *Journal of Marketing Research*, 36 (November), pp. 439-460.

Capron, L. and Hulland, J. (1999) Redeployment of brands, sales forces, and general marketing management expertise following horizontal acquisitions: A resource-based view. *Journal of Marketing*, 63 (April), pp. 41-54.

Caspedes, F.V. (1993) Coordinating sales and marketing in consumer goods firms. *Journal of Consumer Marketing*, 10 (2), pp. 37-55.

Churchill, G.A. Jr. (1979) A paradigm for developing better measures of marketing constructs. *Journal of Marketing Research*, 16 (February), pp. 64-73.

Deshpandé, R., Farley, J.U. and Webster, F.E. (1993) Corporate Culture, Customer Orientation, and Innovativeness in Japanese Firms: A Quadrad Analysis. *Journal of Marketing*, 57 (January), pp. 23–37.

Fornell, C. and Larcker, D.F. (1981) Evaluating structural equation models with unobservable variables and measurement error. *Journal of Marketing Research*, 18 (February), pp. 39-50.

Gosselin, D.P. and Bauwen, G.A. (2006) Strategic account management: customer value creation through customer alignment. *Journal of Business & Industrial Marketing*, 21 (6), pp. 376-385.

Gray, B., Matear, S., Boshoff, C. and Matheson, P. (1998) Developing a better measure of market orientation. *European Journal of Marketing*, 32 (9/10), pp. 884-903.

Guenzi, P., Georges, L. and Pardo, C. (2009) The impact of strategic account managers' behaviors on relational outcomes: An empirical study. *Industrial Marketing Management*, 38, pp. 300-311.

Gupta, S. and Lehmann, D.R. (2005) *Managing Customers as Investments – The Strategic Value of Customers in the Long Run.* Upper Saddle River, NJ: Pearson Education.

Homburg, C. and Pflesser, C. (2000) A Multiple-Layer Model of Market-Oriented Organizational Culture: Measurement Issues and Performance Outcomes. *Journal of Marketing Research*, 37 (November), pp. 449–462.

Homburg, C., Workman, Jr. J.P. and Jensen, O. (2002) A configurational perspective of key account management. *Journal of Marketing*, 66 (April), pp. 38-60.

Im, S. and Workman, Jr. J.P. (2004) Market orientation, creativity, and new product performance in high-technology firms. *Journal of Marketing*, 68 (April), pp. 114-132.

Ivens, B.S. and Pardo, C. (2007) Are key account relationships different? Empirical results on supplier strategies and customer reactions. *Industrial Marketing Management*, 36 (4), pp. 470-482.

Ivens, B.S. and Pardo, C. (2008) Key Account Management in Business Markets: An Empirical Test of Common Assumptions. *Journal of Business & Industrial Marketing*, 23 (5), pp. 301–310.

Kahn, K.B. and Mentzer, J.T. (1998) Marketing's integration with other departments. *Journal of Business Research*, 42 (1), pp. 53-62.

Kohli, A.K. and Jaworski. B.J. (1990) Market Orientation: The Construct, Research Propositions, and Managerial Implications. *Journal of Marketing*, 54 (April), pp. 1-18.

Lambe, J.C. and Spekman, R.B. (1997) National account management: large account selling or buyer-supplier alliance?. *Journal of Personal Selling and Sales Management*, 17 (4), pp. 61-74.

McDonald, M., Millman, T. and Rogers, B. (1997) Key account management: theory, practice and challenges. *Journal of Marketing Management*, 13 (November), pp. 737-757.

Millman, T.F. (1996) Global key account management and systems selling. *International Business Review*, 5 (6), pp. 631-645.

Millman, T. and Wilson, K. (1999) Processual issues in key account management: underpinning the customer-facing organization. *Journal of Business and Industrial Marketing*, 14 (4), pp. 328-337.

Montgomery, D.B. and Yip, G.S. (2000) The challenge of global customer management. *Marketing Management*, 9 (4), pp. 22-29.

Morgan, R.M. and Hunt, S.D. (1994) The commitment-trust theory of relationship marketing. *Journal of Marketing*, 58 (July), pp. 20-38.

Napolitano, L. (1997) Customer-supplier partnering: a strategy whose time has come. *Journal of Personal Selling & Sales Management*, 17 (4), pp. 1-8.

Narver, J.C. and Slater, S.F. (1990) The effect of a market orientation on business profitability. *Journal of Marketing*, 54 (August), pp. 20-35.

Nunnally, J.C. (1978) *Psychometric Theory*. 2nd ed., New York, McGraw-Hill.

Ojasalo, J. (2001) Key account management at company and individual levels in business-to-business relationships. *Journal of Business & Industrial Marketing*, 16 (3), pp. 199-218.

Palmatier, R.W., Dant, R.P., Grewal, D. and Evans, K.R. (2006) Factors influencing the effectiveness of Relationship Marketing: A meta-analysis. *Journal of Marketing*, 70 (October), pp. 136-153.

Pardo, C. (1999) Key account management in the business-to-business field: a French overview. *Journal of Business & Industrial Marketing*, 14 (4), pp. 276-290.

Pardo, C. (1997) Key account management in the business-to-business field: the Key Account's point of view. *The Journal of Personal Selling & Sales Management*, 17 (4), pp. 17-26.

Pels, J. (1992) Identification and management of key clients. *European Journal of Marketing*, 26 (5), pp. 5-21.

Sengupta, S., Krapfel, R.E. and Pusateri, M.A. (1997) Switching costs in key account relationships. *Journal of Personal Selling & Sales Management*, 17 (4), pp. 9-16.

Shapiro, B.P. and Moriarty, R.T. (1984) Support systems for National Account Management programs. *Marketing Science Institute Working Paper No. 84-102*. Cambridge, MA: Marketing Science Institute.

Slater, S.F. and Narver, J.C. (1994) Does competitive environment moderate the market orientation-performance relationship?. *Journal of Marketing*, 58 (January), pp. 46-55.

Stevenson, T.H. (1981) Payoffs from National Account Management. *Industrial Marketing Management*, 10 (April), pp. 119-124.

Walter, A. and Ritter, T. (2003) The influence of adaptations, trust, and commitment on value-creating functions of customer relationships. *Journal of Business & Industrial Marketing*, 18 (4/5), 353-365.

Webster, F.E. (1992) The changing role of marketing in the corporation. *Journal of Marketing*, 56 (October), pp. 1-17.

Weilbaker, D.C. and Weeks, W.A. (1997) The evolution of national account management: a literature perspective. *Journal of Personal Selling & Sales Management*, 17 (4), pp. 49-59.

Workman, J.P., Homburg, C. and Jensen, O. (2003) Intraorganizational determinants of key account management effectiveness. *Journal of the Academy of Marketing Science*, 31 (1), pp. 3-21.

APPENDIX

Scale items of Key Account Management Orientation (KAMO)

Construct	Items	Mean	S.D
Customer Orientation[a]	Satisfying the needs of our accounts is a major objective for us	5.47	1.21
	We always monitor the extent that we satisfy our accounts' needs	5.27	1.22
	We try to deliver superior value to our accounts through our products/services	5.62	1.14
	We frequently measure the level of satisfaction of our accounts	5.10	1.35
	We pay a lot of attention on the after-sale service of our accounts	5.69	1.32
Top-Management Commitment[a]	Top management affirms the importance of KAM as a major strategical orientation for the company	5.40	1.20
	Top management sets an example to KAM for the rest of the organization	5.42	1.19
	Top management closely overviews all the activities concerning the management of our accounts	5.61	1.16
	Top management has no hesitation to spend a lot of time in order to contribute in the management of our accounts	5.52	1.13
	Top management always stresses the importance that all units can contribute in delivering value to our accounts	5.35	1.17
Inter-functional Coordination[a]	All units share information with regard to accounts	5.29	1.33
	All units realize that can contribute in the delivering of superior value to accounts	4.98	1.31
	All units are willing to contribute when a problem of an account occurs	5.18	1.25
	There is integration among the different units in order to satisfy the accounts' needs	5.11	1.26
Ability to Customization[a]	We adapt our products/ services according to our accounts' needs	4.92	1.33
	We respond immediately to our accounts' problems	5.78	.99
	We adapt the level of our service quality according to our accounts' needs	5.35	1.05
	(We adapt our pricing policy to our key accounts)	4.95	1.87
	We adapt our internal processes in order to meet our accounts' needs	4.87	1.26
	We frequent and informally communicate with our accounts	6.09	.91
Top-Management Involvement[a]	Top-management allocates the required resources (money, time, personnel) for the KAM function	5.14	1.09
	Top-management systematically monitors the KAM function within the company	5.72	1.05
	Top-management interprets, when necessary, in order to find solutions to problems that our accounts face	5.46	1.09
	Top-management actively participates in the designing of activities regarding our accounts	5.59	1.07
	Top-management compensates/ rewards the actions and initiatives that lead to the development of the relationships with our accounts	4.88	1.28
Inter-functional support[a]	The other units contribute when needed for improving the management of our accounts	5.22	1.13
	The managers who are responsible for managing our accounts have to try hard in order to obtain help from other units regarding our accounts (R)	5.19	1.37
	KAM is viewed as 'competitor' by other functional units (R)	5.08	1.39

[a] Seven-point scale with anchors 1=totally disagree and 7=totally agree
Note: Scale items not retained are indicated in parentheses. (R) denotes a reverse-coded item