The organizational implications of implementing key account management: A case-based examination

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ABSTRACT

Most companies struggle in the effort to become more customer-centric. A typical example of customer-centric change initiative is adoption of a key account management (KAM) program. Companies are increasingly adopting such programs, but knowledge of how to successfully manage the organizational change required to implement them is extremely limited. Our goal in this study was to use case study methodology in order *to develop a comprehensive understanding of organizational issues that firms need to consider when implementing a KAM program.* We accordingly describe, using as our observational lens a well-established framework (the 7S model), how a multinational company adopted a KAM program in a local branch. We argue, on the basis of our review of the literature on KAM adoption and on change management in sales organizations, that the 7S model can be used to meaningfully synthesize both processes. Using the 7S model, we describe and interpret the change management project the company followed in order to implement the KAM program. Based on this we present some key learnings from the case, accompanied by a conceptual model and a checklist, advanced to help academics and executives better understand how to investigate and manage KAM adoption programs.

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1. Introduction

Marketing and sales literature stresses the need for organizations to switch from a product-centric to a customer-centric orientation (Rust, Moorman, & Bhalla, 2010). However, little research has been carried out to understand the implications of such change and how to successfully conduct it (e.g., Sheth, Sisodia, & Sharma, 2000). Academic empirical work directed toward studying change management specifically within customer frontline organizations is likewise limited. What work has been done does not adequately focus on the implementation of strategic changes. This lack is less than ideal because whenever change management is involved, sales organizations become 'special' for several reasons (Hurley, 1998).

Change management has been defined as "the process of continually renewing an organization's direction, structure, and capabilities to serve the ever-changing needs of external and internal customers" (Moran & Brightman, 2001, p. 111). According to Balogun and Hope Hailey (2008), about 70% of all change programs initiated fail. This poor success rate indicates the lack of a valid framework detailing *how* to implement and manage organizational change. It also suggests that the actual process of *implementing* change deserves special, critical attention.

Key account management (KAM) is a form of organizational innovation (Birkinshaw, Toulan, & Arnold, 2001) that requires companies to effect changes in their strategic and tactical activities (Swoboda, Schluter, Olejnik, & Morschett, 2012). Evidence suggests that KAM has become an increasingly important means of increasing a company's value-creation competence (Guesalaga & Johnston, 2010) and ultimately improving its sales performance (e.g., Sullivan, Peterson, & Krishnan, 2012). However, adopting KAM does not guarantee these outcomes; success tends to be difficult (Homburg, Workman, & Jensen, 2002; Wengler, Ehret, & Saab, 2006).

As Davies and Ryals (2009) observe: "… despite the rapid growth in the use of KAM by companies, research into the process of KAM implementation and how companies transition from traditional sales to KAM orientation has been scarce" (p. 1027). Consequently, the purpose of this paper is *to develop a comprehensive understanding of organizational issues that firms need to consider when implementing a KAM program.* We are specifically interested in building a holistic and cross-functional conceptual model focused on sales and marketing integration.

We approached this purpose through an abductive research process (Dubois & Gadde, 2002) that combined an extensive review of literature on KAM and change management with an in-depth analysis of successful KAM adoption in a leading multinational company. The case firm (hereafter referred to as the Company), situated in a major European country, radically changed its go-to-market approach by focusing on a set of major distributors in the industry. This strategic move implied the introduction of a KAM program and a change in organization and

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mindset, particularly with respect to four functions—sales, marketing, sales administration, and technical assistance. In order to advance our goal of developing a comprehensive, holistic model, we referenced a framework well established in the managerial literature, namely the McKinsey 7S model (Waterman, Peters, & Phillips, 1980). As Palatkova (2011), points out, the 7S model "can be helpful when examining prospective effects of future changes within an organization. The model is very useful for implementing a proposed strategy" (p. 46).

2. Research design, method, and process

One reason behind the limited number of empirical investigations about change management in marketing and sales is the complexity of the phenomenon. Quantitative, single-respondent research typically presents only one perspective of events among many and is therefore not sufficiently representative of the depth of meaning of events. Furthermore, respondents often cannot fully verbalize complex situations. Hence, there is a need for triangulation of data and techniques in order to uncover information that the managers cannot articulate. Case study research allows a triangulation of methods in terms of data collected through interviews, analysis of relevant organizational documents (Pettigrew, 1973, 1975), direct observation (Mintzberg, 1979), and so on. Triangulation is also important in regard to establishing analytic generalizability and construct validity (Healy & Perry, 2000). Case study research makes it possible to gain explanations of the sense-making steps, interactions of people, decision-making processes, and outcomes occurring in complex real-life contexts (Woodside & Baxter, 2013).

Information richness is fundamental to deciding on the number of cases to examine (Perry, 1998). Given the difficulty of gaining an in-depth understanding of a complex phenomenon such as KAM adoption, various commentators (e.g., Nätti & Palo, 2012) consider single case study research as a particularly good method. In line with work by Hillebrand, Kok, and Biemans (2001), Järvensivu and Törnroos (2010) explain that "single case-studies can reach a deeper level of contextual insights, whereas multiple case studies are likely to provide a rather distorted picture, or no picture at all, of the underlying dynamics of the case" (p. 103). The authors also point out that the value of case study research, no matter whether it involves one or multiple cases, should be evaluated not in terms of the generalizability of the resulting knowledge but in terms of whether the results contribute to contextual insights.

Consistent with the above arguments, our analysis will focus on a single case. The Company change process was rolled out over two years, and we collected data and materials (e.g., meeting notes, handouts, workshop feedback, and interview transcripts) during the process. To ensure scientific rigor, we used different types of triangulation (Patton, 1987; Yin, 2003):

- Data — using multiple sources of observation and evidence (internal meetings, training sessions, interviews);
- Investigator — two authors working as a research dyad;
- Perspectives — we each carried out an individual analysis of the data and then looked for convergence in our perspectives;
- External — our presentation of research outcomes to the Company's chief executive officer (CEO) and discussions of the findings with managers from many other organizations during several executive education sessions at which we presented the case as a learning tool.

Our research approach was essentially abductive in that it focused on matching, which Dubois and Gadde (2002) define as "going back and forth between framework, data sources, and analysis" (p. 555). We therefore sought to match theory and reality in a nonlinear, path-dependent process that allowed us to systematically combine empirical observations with insights from continuous exposure to literature.

Abductive research is deemed particularly fitting when it aims to refine existing theories rather than invent entirely new ones (van Echtelt, Wynstra, van Weele, & Duysters, 2008). With regard to abductive research, existing theory from literature provides an ample source of inspiration not only with respect to designing the study but also with respect to analyzing its data (Miles & Huberman, 1994).

In summation, our approach focused on identifying an overall theoretical framework and then systematically confronting it with empirical data from the case, thus allowing us to combine the received theory with the empirical findings and other theoretical perspectives in order to build new theory (Andersen & Kragh, 2010). The theoretical foundations that we used for the current study derived from the literatures on KAM as well as on change management, while the 7S model (Waterman et al., 1980) provided us with a guiding conceptual framework within which to analyze and interpret the case data.

When interpreting the findings, we followed Perry's (1998) suggestion that researchers, when presenting a model (complete with its boxes and connecting lines), should acknowledge that it and its parts will need to be tested for statistical generalizability during later quantitative research. Consistent with this suggestion, we elected to build a framework based on the 7S model because of its facility to highlight connections between and across different elements.

The research process consisted of three phases: (1) framework development, (2) analysis, and (3) interpretation. We held two full-day research workshops after each of the first two phases. During the first phase, we conducted an in-depth literature review, planned the research method, and developed a version of the 7S framework specifically focused on KAM. During the second phase, we interviewed representatives of the Company and refined our framework. Our work during the third phase involved summarizing the output of the workshop, developing our theoretical and managerial conclusions, designing an action plan, and advising on training initiatives for the Company.

More specifically, the second data phase consisted of interviewing 10 executives from the case firm and documenting interactions between the research team and 20 informants during the two full-day workshops. The interviewed executives included the CEO, the five managers of (respectively) sales, marketing, human resources, training and development, and products, two account managers, and two sales representatives. Documentation of the interactions during the workshops encompassed participants' comments on the 7S framework, their reflections on the constructs used, and their discussion on the relationships between and across the model's elements. The documented evidence also included material produced in workshop group sessions and subsequent discussions thereof, comments written by the workshop participants, and firm-specific examples. This process of member checks increased the trustworthiness of our qualitative results (Lincoln & Guba, 1985).

The type of we data collected was commensurate with us seeing all representatives of the Company as reflective practitioners (Schön, 1983), such that both they (as informants) and we (as researchers) could collaboratively create knowledge within the context of a social meeting (Holstein & Gubrium, 1997). One of us was also involved in various forms of action research (Gummesson, 2000) with the Company. This involvement, added to our consulting-based interactions, literature analysis, and described data-gathering, provided us with a rich understanding of the Company's contextual and situational aspects.

In order to formally appraise the trustworthiness of our research approach and findings, we used the criteria developed by Storbacka, Polsa, and Sääksjärvi (2011): pre-understanding, credibility, transferability, dependability, conformability, integrity, understanding, and utilization. The appraisal is elaborated in Table 1.

3. Background information about the Company

The firm under consideration in this paper is the aftermarket division of a leading global supplier of technology and services to the