Volume 18 | Issue 1 Article 1

4-30-2016

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http://dx.doi.org/10.15830/amj.2016.18.1.1

Exploring Factors and Elements of Coordination between Key Account Management Units and Non-key Account Management Units: Case Study in an IT-related Machinery and System Vendor

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Studies in key account management (KAM) have identified the importance of cross-functional coordination in firms to effectively implement KAM. However, these studies have ignored how companies integrate KAM and other customer management (non-KAM). This paper explores coordination design between KAM units and non-KAM units by analyzing a case study through three dimensions: front-end coordination, back-end-coordination, and organizational translation at the beginning of research. The case study shows that non-KAM conditions can require a modification of the coordination design. This research performs an in-depth analysis of changes in the implementation of sales reforms for an IT-related machinery and system vendor in Japan. Data sources include interviews with KAM units and non-KAM sales units and an analysis of secondary data. This paper suggests that studying the coordination between KAM units and non-KAM units will further our understanding of internal coordination in KAM research.

Key words: Key account management (KAM), Cross-functional coordination, Knowledge management, Sales force automation (SFA)

Ⅰ. Introduction

Key account management (KAM), a method by which suppliers implement relationship marketing, is often considered an important strategy in business-to-business markets (Guesalaga and Johnston 2010; Ivens and Pardo 2007; Pardo et al. 2006). Firms implementing KAM identify strategically important clients and provide special activities for them (Homburg, Workman, and Jensen 2002). Firms are expected

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to improve relationship quality with these clients and increase market performance (Homburg, Workman, and Jensen 2002; Ivens and Pardo 2007; Sullivan, Peterson, and Krishnan 2012; Tzempelikos and Gounaris 2015). KAM is a set of processes and practices, to implement which special units, called "KAM units," are often established within firms (Homburg, Workman, and Jensen 2002; Kempeners and Hart 1999). To implement KAM effectively, KAM units require cross-functional resources and the coordination of salespeople in various regional units or product groups (Workman, Homburg, and Jensen 2003). Therefore, firms must modify their organizational arrangements and coordination to support KAM activities (Birkinshaw, Toulan, and Arnold 2001; Guenzi and Storbacka 2015; Kempeners and Hart 1999; Pardo, Ivens, and Wilson 2014; Storbacka 2012). This study focuses on this internal coordination issue.

Research on KAM has focused on internal coordination as a critical issue from operational (i.e., individual or team) and strategic (i.e., company) perspectives and has identified the elements, dimensions, or frameworks required to effectively implement KAM (e.g., Marcos-Cuevas et al. 2014; Pardo, Ivens, and Wilson 2014; Storbacka 2012). Researchers have discussed the mechanisms needed to implement KAM effectively and the organizational changes required for KAM adoption (Davies and Ryals 2009; Pressey, Gilchrist, and Lenney 2014).

However, most of the research has ignored local sales unit (i.e., non-KAM unit) conditions such as strategy and organizational structure or has considered how ordinary units such as R&D and production within companies support KAM units. Few studies have discussed the coordination design between KAM units and non-KAM units, even though Zupancic (2008) suggests that understanding how companies integrate KAM and other customer management would be an interesting research task. In general, companies implementing a KAM strategy have both KA clients and non-KA clients and must design not only KAM programs but also non-KAM programs. A deeper consideration of the coordination design between KAM units and non-KAM units is critical to furthering internal coordination research concerning KAM.

Therefore this study focuses on coordination design between KAM units and non-KAM units and proposes that the coordination is an important internal coordination issue in the KAM research. First, this paper explores the elements needing coordination between KAM units and non-KAM units and shows that non-KAM unit conditions require that coordination design be modified in KAM programs based on a case study on an IT-related machinery and system vendor in Japan. This study is interested in company-level decision making, which is primarily conducted by senior managers. This paper discusses three dimensions of cross-channel integration in retailing (Cao and Li 2015) as a framework in order to analyze elements of coordination design.

Some of the key terms used in this paper should be explained to avoid confusion. In this paper, the clients whom companies select as strategically important accounts are called "KA clients," and the special organizations within the companies that deal with KA clients are "KAM units." Customers who are not KA clients are described as "non-KA clients," customer relationship management with them is referred to as "non-KAM," and non-KAM organizational units are "non-KAM units" (these are often called "other customers," "average customers," "other customer relationship management," "ordinary organizations," "local sales units" and so on in previous research [e.g., Homburg, Workman, and Jensen 2002; Storbacka 2012; Zupancic 2008]). Generally, KAM is related not only to sales functions but also to various other functions within firms, particularly marketing (Gosselin and Bauwen 2006; Shi et al. 2010; Storbacka 2012). Although this paper broadly discusses coordination between KAM and non-KAM, it focuses on the local sales units directly taking charge of non-KAM in the case study. Therefore, local sales units directly taking charge of non-KAM are called "non-KAM sales units."

The next section briefly reviews the differences between KAM and non-KAM and the internal coordination issue in KAM research. Next, the paper outlines the three dimensions it uses as a framework to explore elements of coordination. Next, the paper explains its research methodology and describes the case study. Finally, the paper presents a discussion of the results and offers a conclusion.

Ⅱ. Literature Review

Previous studies have recognized as an essential issue in internal firm coordination that customer relationship management activities for effective KAM differ from other customer relationship management activities and that effective KAM requires cross-functional resources and cooperation within firms (Pardo, Ivens, and Wilson 2014; Workman, Homburg, and Jensen 2003). This section reviews the research on the differences between KAM and non-KAM and the difficulty of cross-functional coordination.

KAM is a specific customer relationship management (Gounaris and Tzempelikos 2014). The differences between KAM and non-KAM depend on which clients are deemed strategically important for suppliers and which specific activities are related to them (Homburg, Workman, and Jensen 2002). The differences flow from the fact that KAM builds on long-term performance with strategically important clients (Ivens and Pardo 2007; McDonald, Millman, and Rogers 1997; Tzempelikos and Gounaris 2015). The research identifies the special characteristics of KAM from various viewpoints, such as the behaviors of the key account managers responsible for KA clients, their skills and capabilities, team selling, and organizational structures (e.g. Guesalaga and Johnston 2010). Davies and Ryals (2013) examined differences in attitudes and behaviors among key account managers, middle sales managers, and senior sales managers. They demonstrated that key account managers displayed more planning behavior—except for implementation strategy (i.e., information collection, planning analysis, priorities in identifying key customers, planning shared strategy, information analysis), adapting to customers, and internal management—than other managers. Many studies have revealed that KAM has the characteristics of a strategic view, adapts to specific customers, and requires other organizational units in the firm (Abratt and Kelly 2002; Davies and Ryals 2013; Davies, Ryals, and Holt 2010; Homburg, Workman, and Jensen 2002; Ivens and Pardo 2007; McDonald, Millman, and Rogers 1997).

KAM requires more cross-functional resources and cooperation for special client customization and offering than does non-KAM (Storbacka 2012; Workman, Homburg, and Jensen 2003), but key account managers and KAM units often face difficulties in coordination. Several studies have analyzed the difficulties in internal coordination and mechanism (Homburg, Workman, and Jensen 2002; Marcos-Cuevas et al. 2014; Pardo, Ivens, and Wilson 2014; Pressey, Gilchrist, and Lenney 2014). For instance, Pressey, Gilchrist, and Lenney (2014) identified the resistance KAM units faced during each stage from KAM adoption, caused primarily because KAM units typically do not have hierarchical authority over other organizational units and so require different devices for coordination (Homburg, Workman, and Jensen 2002; Pardo, Ivens, and Wilson 2013; Pardo, Ivens, and Wilson 2014). Many studies have indicated that such devices include elements such as formalization (Gounaris and Tzempelikos 2014; Pardo, Ivens, and Wilson 2014; Salojärvi, Sainio, and Tarkiainen 2010; Storbacka 2012), account business planning for organizational learning (Storbacka 2012), IT systems such as sales force automation (SFA) or customer relationship management systems to share and disseminate information (Storbacka 2012; Zupancic 2008), and senior management to provide meaning and direction in implementing KAM and in giving key actors authority (Guesalaga 2014; Marcos-Cuevas et al. 2014; Zupancic 2008). However, KAM units cannot acquire such devices by their own decision making or efforts. Thus, firms adopting KAM often require company-level changes and innovativeness to change into customer- (KAM-) centric organizations and support KAM effectively (Guenzi and Storbacka 2015). This is an internal coordination issue in KAM research.

Therefore, prior studies have revealed that unique mechanisms and organizational change at the company level are required to implement KAM effectively. However, most of the research has dealt with organizations within firms other than KAM units as ordinary units and treated different functional organization as the same units to support effective KAM, thus ignoring the other functional units and failing to investigate organizational integration and coordination, despite their importance to research. For example, Storbacka (2012) noted that firms faced the need to balance driving innovation with clients with improving firm efficiency via standardization in a discussion of organizational integration as a KAM problem. Zupancic (2008) also suggested that investigating how companies can integrate KAM and non-KAM would be an interesting research task. This paper discusses the coordination between KAM units and non-KAM units to address these issues and to further the research on internal coordination in KAM studies.

Ⅲ. Analysis Framework of Coordination Design Elements

Outside the specific area of KAM, coordination has been an important topic in fields such as multi-channel management (Cao and Li 2015), supply chain management (Fugate, Sahin, and Mentzer 2006), and global management (Sinkovics, Roath, and Cavusgil 2011), where various terms such as "coordination," "integration," and "alignment" have been used. This paper analyzes coordination design between KAM units and non-KAM units using Cao and Li's (2015) dimensions of multi-channel integration in retailing—front-end, back-end, and organizational transformation—as a framework. Cross-channel integration in retailing resembles the coordination between KAM units and non-KAM units in some ways. Each channel or unit has customer contact functions, and most corporations manage their channels or units in a decentralized fashion, which causes coordination problems (Workman, Homburg, and Jensen 2003; Zhang et al. 2010).

Cao and Li (2015) defined "cross-channel integration" as the degree to which a firm coordinates the objectives, design, and deployment of its channels to create synergies for the firm and offer particular benefits to its consumers (Cao and Li 2015, p. 200). According to the research, front-end integration involves the integration of marketing communication and merchandising. Front-end coordination can be interpreted as an integration-related encounter process with customers and customer connections. Back-end integration is the centralization of back-end systems, including the integration of logistics, information systems, and merchandise planning systems across channels (Cao and Li 2015); this can be understood as the integration of management systems across units and supply chain management. Organizational transformation includes the sharing of knowledge across channels, changing the organizational structure to adapt to the integration of various channels and an incentive system linked to both online and offline sales (Cao and Li 2015). It is claimed that adopting KAM requires company-level changes and challenges, including to the organizational structure and organizational arrangement (Guenzi and Storbacka 2015; Zupancic 2008; Storbacka 2012).

This paper uses "coordination" instead of "integration" when discussing coordination design within a framework of front-end coordination, back-end coordination, and organizational transformation. The highest-level coordination is integration, and KAM is regarded as not being implemented when all dimensions are at the highest level of coordination.

Ⅳ. Research Methodology

This paper adopts a single case study of a real IT-related machinery and system vendor in Japan (Company A) to investigate the coordination design between KAM units and non-KAM units. A case study approach allows for the exploration of the context and a rich description of events at various points in time (Yin 1994).

This case study primarily focuses on the changes brought about by the sales reform from 2009 and analyzes events from 2000 to 2012. Company A has clearly demarcated KAM units and non-KAM sales units and enjoys the relative advantage of high sales to large clients compared to other firms in the industry. Hence, this research investigates elements of coordination between KAM units and non-KAM sales units as an exploratory case study. In addition, Company A constitutes a unique case in terms of conducting sales reform projects from 2009 and changing the coordination design. It explores factors affecting such coordination as a background of different coordination by analyzing the change deeply. Therefore, this paper discusses the topic of coordination design between KAM units and non-KAM units.

KAM units referred to the sales department in Company A's headquarter. Apart from dealing with the most important clients of the company and providing special attention to these clients, the KAM units conducted team selling as well. Their clients included the headquarters of major corporations in large cities such as Tokyo. Salespeople who interacted with such clients must consider sales activities with various client stakeholders as well (e.g., headquarters, business departments, branches, and affiliated companies). Key account managers were known as account salespeople in the sales department.

Non-KAM sales units were also sales companies of Company A, which were in charge of other clients such as local sales function. By 2005, these units gradually became wholly owned companies, though most non-KAM sales units were joint corporations between Company A and the leading companies in each local area. In 2012, they started having presiding companies in some areas to support the delivery of solutions and services and to mediate between them and Company A's headquarters.

Interviews and secondary data are the data sources used. Company A is relatively large and provides substantial secondary data. Triangulation of data source can help improve the validity of the findings and conclusions of the case study (Yin 1994). As the first step of data collection, I gathered secondary data from different sources, including newspapers, company history, and magazine articles to determine viewpoints in the case study and prepare the questions to be included in the interviews. Second, nine semi-structured interviews were conducted from May 2014 to October 2014 with 12 employees of Company A, including an account sales manager, three account salespeople, a specialized sales manager, a system engineer from KAM units and four salespeople and two employees from the presiding sales company in non-KAM sales units. Interviews were recorded using a digital voice recorder. The length of these conversations averaged 100 minutes. In interviews, internal documents such as conference papers and reports were checked to confirm past events and top management decisions. The following points were identified through these interviews:

- Present organizational system
- Background of sales reform
- Changes in the system before and after the sales reform
- Relationship between KAM units or headquarters and non-KAM sales units
- Result of the sales reform

Finally, the secondary data and the interview data were verified and unclear points were clarified through e-mails.

The information collected was classified into KAM units' events, non-KAM units' events, and common events, and elements of coordination design were analyzed by using the framework. The entire information was arranged in chronological order. A chronological sequence allows deducing causes and effects, and the analysis in the single case study can form the initial basis for casual inferences (Yin 1994). Therefore, this study analyzed the differences in coordination design.

V. Case Study

5.1 Condition before the Sales Reform

Company A's business model of providing IT-related machinery and systems had contributed to its growth. The company had made profits from the maintenance service of these machinery and systems since its establishment. Due to intense competition since 1990, establishing a new business had gained prominence. Consequently, Company A attempted to develop its solution and service business as the new venture, and engaging in solution sales had become critical for its salespeople. In the beginning of 2000, it shifted its focus to strategies that earnestly promote the solution and service business. The company faced two problems at this point: the operating profit margin was low and the new business was not flourishing as expected. To overcome these problems, the company implemented structural reforms from 2004 to 2006 in various divisions, including production, development, and sales.

The structural reforms allocated branches and salespeople in KAM units to non-KAM sales units. Gradually, non-KAM sales units became wholly owned companies by 2005. Thus, they had to develop their solution and service businesses with bigger clients than before. This stream was increasingly clarified from 2009, when Company A developed a strategy to promote a solution and service business provided by both KAM and non-KAM sales units. In 2012, new units (i.e., presiding companies), were established in some areas to support the delivery of solutions and services in the non-KAM sales units and to mediate between them and Company A's headquarters.

In contrast, starting in 2000, KAM units were encouraged to adopt a strategy of promoting the solution and service business. As a result, salespeople had to deal not only with their direct clients (i.e., their headquarters) but also with their clients' various groups (e.g., business departments and branches), for which non-KAM sales units were ultimately responsible. This approach was emphasized as part of the reform during 2004-2006. The structural reform promoted the planning activities of a customer management strategy and account salespeople (i.e., key account managers) prepared the planning documents for the semi-annual meeting. In these planning documents, account salespeople outline the business plan, propose the ways to approach their clients, and make plans for their sales activities for the next three years. They identify suitable team members who are capable of leading the sales strategy and discuss the business plan with them. A system was introduced that allowed both account salespeople and executives to take charge of more important KA clients, increasing the participation of executives in KAM activities.

Overall, although Company A presented a strategy to promote the business, each unit decided its own implementation and did not share and integrate their account management process. However, each unit, including both the KAM units and non-KAM sales units, was trained to visualize the account management process. These activities were called visualization activities. Sales managers were trained in such activities in 2003; subsequently these managers trained their subordinates. The aim was to improve sales skills by visualizing the strategy, markets, customers, and sales processes in sales activities.

5.2 Revelation of Problems

A customer satisfaction research conducted by an external organization in 2007 showed that the degree of customer satisfaction had decreased. Company A found that some clients were dissatisfied with salespeople not following through on their proposals. Subsequently, the KAM units attempted to improve their preparation for such proposals by conducting training sessions on the business analysis tool. In addition, the number of monthly client visits—used as a key performance indicator (KPI) for a long time—was not considered a KPI for many years before 2008. Company A believed that developing the solution required both quantity improvements, including the number of client visits, and quality improvements, such as preparation before visiting key people at the client company. However, these activities could not be implemented effectively: research on the behavior of KAM units' salespeople showed that they spent less time visiting clients than expected. Hence, the solution and service business numbers did not increase through the effective proposal activities.

Eventually, in 2008, a board meeting discussed the following sales force-related problems:

- Salespeople had too much work
- The sales force could not adequately cover the markets
- The sales activity management system did not serve its purpose
- Cross-functional communication and information sharing was insufficient

The subsequent sales reform started to solve these problems, improve customer satisfaction and sales, and promote the business.

5.3 Sales Reform Project

Company A initiated a sales reform project in 2009 by first establishing organizational support systems to enable salespeople to spend more working time visiting clients. These support systems performed three events in the same year. First, a specialized organization for carrying out office work was established, particularly to handle the delivery work as Company A found that salespeople spent a lot of working hours handling deliveries. Second, a standardized system for drafting proposal documents, including the format (i.e., stamp and form) and the content (i.e., pattern of each proposal document and data), was established. Many salespeople spent most of the time in drawing out a proposal document rather than preparing for it. This standardization enabled salespeople to share and refer to documents, reuse them for different clients, and reduce the time needed to draft a proposal document, which inculcated a sense of unity in the entire company. Third, an e-sales base to cover small enterprise clients was established.

To address why the management system for sales activity failed to serve its purpose and cross-functional communication and information sharing proved insufficient, Company A conducted the following activities.

One was the introduction of sales force automation (SFA) as the new information system. The company decided to introduce SFA in 2008, and its operations commenced in 2012 in both KAM and non-KAM sales units. Company A encouraged the learning in these units through behavior-based management control for learning (Matsuo, Hayakawa, and Takashima 2013), particularly in the KAM units.

Company A used a daily visitation card before SFA was introduced. Salespeople who visited clients wrote on the visitation sheet and pasted it on the card, and their manager checked these cards and advised them about sales activities. Customer relationship management (CRM) information was managed using MS Excel, though the system differed among units.

The introduction of SFA was not the first option considered by Company A. In the late 1990s, the company considered introducing IT systems for CRM to manage sales activities. However, the implementation did not take place because the company was unable to determine the ways to enhance the sales process in the solution and service business as it was a new business and believed that its salespeople would not use it effectively. Therefore, the IT systems for CRM were not introduced; instead, visualization activities of account management process were promoted in 2003.

In 2005, a batch information system for managing supply chain information was introduced; however, this system could not distinguish inputs from relevant salespeople. Thus, concerned parties could not use the information system to share information about sales strategy and sales operations. On the other hand, the SFA enabled the concerned parties and the client's management team to communicate about the sales strategy and sales operations. It also enabled various parties such as non-KAM sales units to share a variety of information (e.g., success case of a solution).

The sales process was recreated and integrated through the introduction of SFA. Company A visualized the sales process using the sales visualization activity but did not integrate this activity across the company. Therefore, differences existed among sales units, particularly in terms of terminology (e.g., one unit considered the negotiation stage to be the stage during which "client needs were understood" in the sales process, whereas another unit considered this stage to be the proposal stage). The differences in the management system made it difficult to identify company-level sales activity problems and resolve them. Thus, the introduction of the SFA encouraged learning activities again. The main difference between the old sales process and the new one was that the latter had several patterns and more detailed processes than the former.

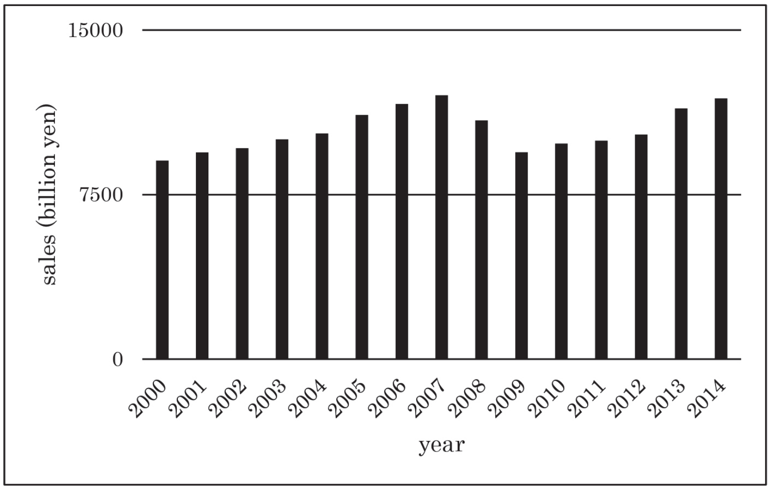
Other important programs in the sales process reform included communication among sales managers across units as well as direct communication across various units, which had increased in 2012. Most sales managers, including those in non-KAM sales units, have met semiannually since 2012 to improve their sales management and coaching capabilities. In the meetings, a topic is chosen for discussion, several presentations are given on the topic, and discussions are initiated among members from various units not belonging to the same regions or business divisions. Company A believed that all managers should address communication issues to improve their motivation and coaching skills. The managers congregated irrespective of their units because learning at only the unit level could create differences in capabilities among units. Moreover, interactions and training increased among members of different units (e.g., salespeople in the non-KAM sales units or the KAM units, individuals in the staff department, and system engineers).

As a result of the sales reform, the degree of customer satisfaction (which was low before the sales reform) increased substantially. Sales that saw a decline in 2008 and 2009 gradually improved in 2010 (Figure 1). Although there were many success stories of solutions or services provided because of coaching, the solution and service business of Company A did not flourish more than expected. Consequently, sales reform efforts are still ongoing.

Ⅵ. Case Discussion

Although previous research has found that

〈Figure 1〉 Annual Sales in Company A



KAM units require cross-functional resources and that companies have to modify their organizational arrangements and internal coordination systems to implement KAM effectively (Birkinshaw, Toulan, and Arnold 2001; Guenzi and Storbacka 2015; Homburg, Workman, and Jensen 2002), scant attention has been paid to the coordination between KAM units and non-KAM units. The primary objective of this study is to explore the elements of coordination design between KAM units and non-KAM units discussed earlier by analyzing a practical case. The case study shows that non-KAM unit conditions affect the coordination of KAM programs. First, the next section discusses the elements of coordination within the framework (Table 1 shows the elements explored in the case study of Company A) and then discusses the influence of non-KAM units on coordination design.

6.1 Elements of Coordination: Front-end Coordination

Front-end coordination has not progressed far in Company A because customer relationship management activities differ between KA clients and non-KA clients. Some interviewees in KAM units said that it was difficult to standardize and package offerings for clients, though Company A had tried a few times. However, standardizing systems for proposal documents was performed during sales reform though limited coordination. This was done to reduce salespeople's tasks via knowledge sharing and bring a sense of unity to the company. It is critical in front-end coordination to pursue a balance between unifying the company and realizing a differentiation of activities and offerings provided between KA clients and non-KA clients. This is connected to the problem of

〈Table 1〉 Coordination Elements in the Case of Company A.

Dimension of the coordination	Elements of coordination design
Front-end coordination	Marketing activity standardization kept at a low level. Integration and unification of customer relationship management activities and sales activities kept at a low level. Proposal documents standardization system was established.
Back-end coordination	IT system for managing supply chain information was introduced before sales reform. SFA was introduced, which meant that sales process was redefined and integrated, and knowledge sharing was promoted.
Organizational transformation	Reselection and narrowing of KA clients was conducted. Control of non-KAM units was strengthened. Formalization was promoted by establishing various support organizations and systems. Knowledge sharing opportunities increased by holding meetings and training sessions.

maintaining a balance between driving innovation with clients and improving firm efficiency via standardization (Storbacka 2012). Front-end coordination may be one of the most difficult balancing tasks in coordination.

6.2 Elements of Coordination: Back-end Coordination

Back-end coordination was changed during the sales reform. Company A introduced a batch information system for managing supply chain information as back-end coordination before the sales reform, but other policies were conducted separately. For example, KAM units conducted activities for strengthening their planning and business analysis tool training to improve their sales activities, but non-KAM sales units did not. Both units also engaged in visualizing activities for their account management process, which was not integrated. One of the characteristic events during the sales reform was the introduction of sales force automation (SFA) in both units. Company A conducted recreation and integration of sales processes and promoted indirect knowledge sharing such as the sharing of success cases in sales activities and of strategic and operational activities through the introduction of SFA.

SFA and IT systems can be key tools for both KAM and ordinary customer relationship management in order to improve the quality and speed of information flow among the sales force, customers, organizations, and support relationship selling and learning (Bush, Moore, and Rocco 2005; Park et al. 2010; Park, Holloway and Lee 2013; Sharma 2006; Speier and Venkatesh 2002; Storbacka 2012), but SFA projects are often unsuccessful (Rivers and Dart 1999). Therefore, a critical issue is how to use SFA and the manner of coordination among units via SFA.

Company A promoted knowledge sharing across units and learning by SFA. Knowledge management is critical for customer relationship management, particularly for implementing KAM (Gebert et al. 2003; Salojärvi, Sainio, and Tarkiainen 2010). Sales management research has highlighted the significant role of knowledge sharing in promoting salesperson learning (Matsuo 2009; Matsuo, Hayakawa, and Takashima 2013; Sujan, Weitz, and Kumar 1994). One characteristic of sales reform is attempting to promote knowledge sharing not only for KAM units but also for non-KAM sales units.

Company A defined and integrated a sales process that has more detail items in each stage and several process patterns via SFA. Storbacka (2012) identified the account management process as design elements of alignment in KAM programs and noted that the account management process included the sales process, but they are different. The account management process includes ensuring continuous business and generating business opportunities, while the sales process cultivates those opportunities to order. As KA clients have complex needs, the account management process is critical for the effective management of accounts (Millman and Wilson 1999; Storbacka 2012). Tuli, Kohli, and Bharadwaj (2007) claimed that suppliers required complex activities to provide solutions. Thus, Company A identified the difference between complex activities to provide solutions and orthodox sales and defined several patterns in sales process integration. This definition and integration play a significant role in knowledge sharing between KAM units and non-KAM sales units because differences in terminology related to sales interfere with smooth communication. This may be a necessary condition for the sharing of knowledge among them.

6.3 Elements of Coordination: Organizational Translation

KAM activities require more internal coordination and functional support than do non-KAM activities (Davies and Ryals 2013); firms require organizational changes in their strategic and tactical activities to implement KAM effectively (Marcos-Cuevas et al. 2014; Zupancic 2008). KAM is also a process that evolves through several stages, and firms require changes and specific activities to accommodate each stage of the KAM adoption process (Davies and Ryals 2009; Guenzi and Storbacka 2015; Pressey, Gilchrist, and Lenney 2014).

Company A changed its organizational arrangement and knowledge sharing between KAM units and non-KAM sales units in two stages: from 2004 to 2006 and from 2009 to 2012. First, Company A narrowed its list of KA clients and strengthened control of its non-KAM sales units by becoming wholly owned from 2004 to 2006. Second, Company A promoted coordination between KAM units and non-KAM sales units and knowledge sharing during its sales reform. Company A established specialized organizations to support sales activities such as units for ordering tasks and e-sales at their first onset, and encouraged direct communication, especially at the middle manager-levels, by holding regular meetings and training sessions in which both KAM units and non-KAM sales units participated after the introduction of SFA. In addition, in non-KAM units, new organizations were established in several areas. The paragraphs below consider this event in detail.

Selecting the key accounts properly is essential to effectiveness (Guesalaga and Johnston 2010; Storbacka 2012). Firms can not only waste resources on the wrong accounts but may also lose the potential upside of deepening cooperation with valuable clients if firms fail in their selection of key accounts (Storbacka 2012). The special KAM activities are executed by narrowing the list of KA clients (Homburg, Workman, and Jensen 2002; McDonald, Millman, and Rogers 1997). KAM units must also often obtain the resources and cooperation of non-KAM sales units (Workman, Homburg, and Jensen 2003); thus, strengthening the control of non-KAM sales units facilitates support for KAM activities. Thus, KAM units are directed to conduct their special tasks and differentiate themselves from non-KAM sales units. This means that non-KAM sales units are given responsibilities for clients who had been KA clients, making their tasks more similar to those of KAM units. These new clients of non-KAM sales units may have more potential than their other clients and may be seen to be more valuable for them. It is assumed that non-KAM sales units are seeing increasingly complex tasks, such as those of KAM units, and are coordinating and aligning with them, not only to support KAM but also for their customer relationship management. Narrowing the KA clients and strengthening control of non-KAM units cause differences in viewpoints between KAM units and non-KAM sales units. It is critical for companies to identify and select KA clients from the viewpoint of the coordination between KAM units and non-KAM sales units.

Studies on KAM often discuss centralization and formalization within organizational structures. Formalization has received considerable attention in KAM research. There are positive (Gounaris and Tzempelikos 2014; Salojärvi, Sainio, and Tarkiainen 2010) and negative effects (Workman, Homburg, and Jensen 2003) of formalization in the context of KAM, but formalized elements generally provide an advantage for internal coordination between KAM units and others (Pardo, Ivens, and Wilson 2014). Company A increased its level of formalization by establishing various support units and systems. The company had to support the coordination and sharing of knowledge among KAM unit members and non-KAM sales unit members. To do so, the company had to decrease their tasks, clarify their key roles, and build on the foundations needed for effective communication. Then, direct communication was promoted. On the other hand, centralization can affect KAM negatively (Gounaris and Tzempelikos 2014). Company A established new units and systems but continued low-level centralization. Thus, this case study can provide a discussion of formalization and centralization.

6.4 Influence of Non-KAM Unit Condition on Coordination Design

The above discussion found that Company A modified its coordination design between KAM and non-KAM units, principally to encourage knowledge sharing and learning.

Previous studies indicate the necessity of company-level changes to accommodate each stage of the KAM adoption process (Guenzi and Storbacka 2015; Pressey, Gilchrist, and Lenney 2014). However, this case study is unique because customer relationship management in a non-KAM unit requires learning and knowledge sharing, and its coordination design was changed.

As commoditization has progressed and competition has intensified in the IT-related machinery and system industry, Company A has attempted to differentiate itself through solution and services and provide for both KA and non-KA clients, particularly since 2009. Therefore, non-KAM units had to conduct tasks to provide the solutions and services that the KAM units provided, but they lacked the resources, skills, and capability to do so. The salespeople in non-KAM units could not implement complex tasks as well as could the KAM units that were responsible for a limited number of specific clients (Jones, Dixon, and Cannon 2005; Weitz and Bradford 1999). One of the main differences between sales and KAM is that sales can act relatively independently of other internal units, whereas KAM depends entirely on other units to engage in the co-creation of value with their clients (Pardo, Ivens, and Wilson 2014). Salespeople in non-KAM units were basically denied cross-functional resources and could not accumulate the skills and knowledge required to generate solutions.

Accordingly, Company A promoted learning and knowledge sharing. Information sharing and communication among salespeople in various units play important roles because they enable salespeople to receive advice from other salespeople who have provided similar solutions in the past. Such activities also allow salespeople to learn methods of obtaining the required resources, knowledge, and skills early on. Therefore, one of the significant reasons that coordination is promoted is to effectively translate the solutions, resources, skills, and knowledge that are required for a change in strategy among non-KAM units.

Therefore, non-KAM conditions such as their strategy and required capability affect the internal coordination design for KAM programs, and furthering our understanding of the coordination design between KAM units and non-KAM units is a critical task.

Ⅶ. Conclusion

The primary purpose of this study is to propose a coordination design between KAM units and non-KAM units, which has not been sufficiently discussed, and to explore elements of the coordination based on a case study. This work offers several research contributions but also has some limitations.

First, previous studies revealed that adopting KAM and types of KAM strategies require changes and challenges to other functional organizations within firms to support effective KAM activities (e.g. Guenzi and Storbacka 2015). They have generally identified non-KAM units as ordinary units and uniform support units such as R&D, local sales units, and production, and have considered coordination between KAM units and other organizational units as a set of cross-functional coordination tasks. This study indicates that non-KAM sales units' implementation of customer relationship management affects the design of the internal coordination of KAM programs, suggesting that a deeper understanding is required of coordination design between KAM units and non-KAM units. Zupancic (2008) called for research that pursues an understanding of how companies can integrate KAM and other customer management, and this study responds to that call. Companies implementing KAM should carefully consider not only KAM and KAM conditions but also non-KAM conditions and the interactions between KAM units and non-KAM units.

Second, this research focused on the coordination between KAM units and non-KAM sales units, exploring the significant elements in terms of three dimensions (i.e., front-end, back-end, organizational translation), and provided a practical example of coordination design between KAM units and non-KAM sales units through a case study. The research show that KAM and non-KAM units have different requirements for implementing customer relationship management effectively (Pardo, Ivens, and Wilson 2014; Davies and Ryals 2013), while firms require coordination and integration in order to support KAM activities and pursue efficient and effective operations (Kempeners and Hart 1999; Storbacka 2012). This paper suggests that how to balance the special characteristics of KAM units and non-KAM units with their coordination and integration is an interesting research question.

Third, this research focused on local sales units implementing other customer relationship management as non-KAM units. Most previous studies considered the coordination between KAM units and other organizational units (e.g., sales, R&D, service, logistics) as a set of cross-functional coordination activities and have rarely examined the differences among functional departments (e.g., sales versus R&D), except for a few studies (Homburg, Workman, and Jensen 2002; Workman, Homburg, and Jensen 2003). However, differences and special functional characteristics may exist among the manners of coordination. In future KAM research on the internal coordination issue, a deeper understanding of the characteristics of each functional type of organizational unit in a manner that is coordinated with KAM units may be required.

Fourth, existing studies demonstrated the relationship between KAM programs and KAM performance (e.g., Davies and Ryals 2014; Workman, Homburg, and Jensen 2003), with some researchers suggesting that KAM programs create value for not only customers but also suppliers (Ivens and Pardo 2007; Pardo et al. 2006). However, the value created for suppliers by KAM programs is not deeply understood. This study shows a real-world example of how a supplier attempted to create value by promoting knowledge sharing between KAM and non-KAM units.

However, one serious limitation of this research is that it cannot present the effects of coordination adequately. For example, multichannel integration research in retailing discusses the synergy effect and cannibalization (Zhang et al. 2010) and has demonstrated that cross-channel integration affects firm performance, such as sales growth (Cao and Li 2015; Oh, Teo, and Sambamurthy 2012). More research is required on the effects of the coordination between KAM units and non-KAM units.

Fifth, previous research identified various KAM configuration types (Birkinshaw, Toulan, and Arnold 2001; Homburg, Workman, and Jensen 2002; McDonald, Millman, and Rogers 1997; Storbacka 2012). For example, Homburg, Workman, and Jensen (2002) present eight configuration types from top management KAM to no-KAM. More understanding is required of the connections between coordination design and KAM configuration type and KAM strategy type. For example, the case study in this paper has a specific national context, and little marketing standardization in front-end coordination was observed. However, the global account management research, which is conceptually similar to KAM research, has demonstrated that standardization in marketing activities increased global account management performance (Shi et al. 2010). It seems that effective coordination design differs according to different KAM configuration types.

Finally, this research has several methodological limitations. It is based on a single case study and thus lacks sufficient empirical data. It was also conducted entirely in Japan. Therefore, this study should be seen as an exploratory case study that discusses elements of coordination in front-end, back-end, and organizational translation. Future research will require more quantitative and qualitative empirical data, and coordination measures must be further developed for quantitative research.

〈Received December 20. 2015〉
〈Revised April 11. 2016〉
〈Accepted April 13. 2016〉

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