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A DYNAMIC CAPABILITY APPROACH TO GLOBAL ACCOUNT MANAGEMENT: CAPABILITY, ANTECEDENTS AND CONSEQUENCES

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ABSTRACT

A DYNAMIC CAPABILITY APPROACH TO GLOBAL ACCOUNT MANAGEMENT: CAPABILITY, ANTECEDENTS AND CONSEQUENCES

By

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Global account management (GAM) refers to specialized personnel or teams within a global supplier organization that centrally coordinates worldwide selling activities to serve a global key customer account. On the one hand, global accounts rationalize purchasing through a limited number of preferred suppliers; on the other hand, global competition continuously involves sophisticated new rivals. The result is hypercompetition – a rapidly escalating competitive environment in which competitive advantages are created and eroded quickly. Suppliers must employ GAM to remain competitive in the global market.

Three crucial GAM organizational processes were derived using a discovery oriented approach based on interviews with twenty executives from six *Fortune 500* companies, and analysis of forty cases pertaining to the global account management activities of thirty companies. The resulting theoretical framework was empirically assessed with cross-industry and cross-country survey data. The theoretical framework addresses two questions: (1) what organizational processes are critical for a successful GAM capability? and (2) what conditions facilitate these processes?

Using Dynamic Capability Theory (DCT) and a discovery-oriented approach, this dissertation develops a Global Account Management (GAM) framework that includes three GAM organizational processes, their antecedents, and consequences.

This study also makes a contribution by empirically testing the framework. Rigorous empirical analysis is generally lacking in the GAM and DCT literature. Data were collected with the help of the Strategic Account Management Association (SAMA), and structural equations modeling was used to test the conceptual model. Three findings are presented: (1) GAM capability has six sub-processes: customer intelligence acquisition, competitor intelligence acquisition, inter-organizational coordination, inter-functional coordination, cross-country coordination, and reconfiguration; (2) GAM capability is facilitated by three antecedents of horizontal support, goal congruency, and market dynamism; (3) GAM capability has significant positive effects on GAM program performance and GAM contribution to an organization.

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RESEARCH MOTIVATION

INTRODUCTION

Over the past decade there has been a major power shift in favor of global customers who have gained substantial influence over their suppliers. These demanding customers increasingly require globally-consistent products and services regardless of where they operate, and their purchasing is often based on close relationships with a reduced set of preferred suppliers. As a result, many suppliers are targeting these key customers by shifting resources from regional and function-based operations to global account management (GAM) (Homburg et al. 2000). GAM programs feature dedicated cross-functional teams, specialized coordinating activities for specific accounts, and formalized structures and processes (Homburg et al. 2002).

The growing significance of GAM calls for research on what processes drive the success of these programs. Attention has been given to program design (e.g., Homburg et al. 2002), inter-organizational account relationship management and control (Sengupta et al. 1997a), and account intelligence generation and dissemination within a supplier organization (Arnold et al. 2001b). Nevertheless, there is a need for coherent theory that can guide GAM practices (Birkinshaw et al. 2001; Homburg et al. 2002). The present study addresses this gap by providing a comprehensive theoretical framework. Intensive interviews within leading supplier companies reveal fundamental GAM processes based on these suppliers' best practices. Field research and case studies also reveal propositions linking the processes that entail GAM capability with favorable outcomes. The objective is to formulate a framework that provides testable propositions and directions for future research.

GAM capability is defined here as a complex bundle of skills and accumulated knowledge, exercised through organizational processes, that enables suppliers to address rapidly changing global customer needs and environmental changes (Day 1994; Narayanan et al. 2003; Teece et al. 1997; Venkatraman and Camillus 1984). An appropriate framework for understanding GAM capability is Dynamic Capability Theory (DCT). Dynamic capability employs resources to continuously create new value-creating resource configurations that are not simultaneously being implemented by competitors, which constantly generates new temporary advantages (Eisenhardt and Martin 2000). This rationale is particularly relevant to global account management, because suppliers are continuously striving to engender value-creating offerings for global accounts in order to generate superior customer value. According to Teece et al. (1997), an organizational capability needs to be understood mainly in terms of organizational processes. Organizational processes play three important roles: scanning and evaluating market information, coordinating internal and external activities, and reconfiguring assets and resources as necessary.

The primary purpose of this dissertation is to delineate the main dynamic processes in GAM and necessary facilitating conditions. The conceptualization of these processes and antecedents is achieved through a synthesis of literature and qualitative findings, resulting in a comprehensive theoretical framework featuring a set of testable hypotheses. The framework was empirically assessed using cross-industry survey data.

The present dissertation is organized as follows. This chapter discusses the research motivation. Chapter 2 reviews GAM literature and points out contributions of this study to GAM literature. Because dynamic capability is important to GAM success as discussed above, the next chapter integrates the main ideas of dynamic

capability theory (DCT) relevant to GAM and then discusses how this research advances dynamic capability knowledge. Qualitative research findings provided in Chapter 4 lead to a theoretical framework encompassing important hypothesized processes, antecedents, and outcomes. The questionnaire development and the data collection procedure are described in Chapter 5. Chapter 6 summarizes the CFA results and the path analysis findings. The conclusions and limitations are discussed in Chapter 7.

JUSTIFICATION FOR THE STUDY

Global account management (GAM) refers to organizational forms and processes within a global supplier organization by which specialized personnel or teams centrally coordinate worldwide selling activities to serve global accounts (Montgomery and Yip 2000; Montgomery and Yip 1998; Montgomery et al. 2002; Yip 1995). The GAM literature has given attention to global account management resource deployment (Homburg et al. 2002; Homburg et al. 2000), global account inter-organizational coordination (Birkinshaw et al. 2001; Harvey et al. 2002; Harvey et al. 2003; Sengupta et al. 1997b), global account intelligence generation and dissemination (Arnold et al. 2001b), external environmental drivers that facilitate use of GAM (Montgomery and Yip 2000; Montgomery and Yip 1998; Montgomery et al. 2002; Yip and Madsen 1996), and GAM managers' skill sets (Harvey et al. 2003; Wilson and Millman 2003; Wilson et al. 2002). Little work has been done on consolidating these various perspectives by offering an integrated theoretical framework. This study addresses this gap by providing a theoretical framework that integrates fragmented perspectives in the literature.

An Evaluation of the Literature

Prior GAM research has yielded a limited number of conclusions (Birkinshaw et al. 2001). First, GAM requires specialized personnel and multi-functional resources (Harvey et al. 2002; Homburg et al. 2002; Shapiro and Moriarty 1984; Wilson and Millman 2003; Wilson et al. 2002). Second, the management of global accounts is influenced by dyadic conditions pertaining to complementary resources, interdependency, and collaboration incentives (Arnold et al. 2001a; Birkinshaw et al. 2001; Toulan et al. 2002). Third, GAM is a cross-country task that is influenced by competitive intensity and market turbulence (Homburg et al. 2002; Montgomery and Yip 2000; Yip and Madsen 1996). Fourth, it is important for the supplier to detect customer needs, coordinate value-added activities across organizational and national boundaries, and constantly change existing configurations to adapt to environmental changes (Arnold et al. 2001b; Harvey et al. 2002; Montgomery and Yip 1998; Wilson and Millman 2003).

Notwithstanding these findings, there is a lack of cumulative knowledge and coherent theoretical frameworks for investigating processes of global account management processes. First, extant empirical studies have focused on a limited set of processes. Thus, there is a need for a conceptualization of GAM capability, which not only integrates important processes mentioned from the literature but also has managerial significance in practice. There are five core processes in the literature: (1) *customer intelligence acquisition process*; (2) *inter-functional coordination process*; (3) *inter-organizational coordination process*; (4) *cross-country coordination process*; and (5) *reconfiguration process*. According to the market orientation framework proposed by Narver and Slater (1990) and the qualitative interview findings in the present study, another process of *competitor intelligence acquisition* process needs to

be added to the proposed framework. However, there is no explicit conceptualization or empirical test of each process in a global account management context. Very little is known about specific conceptualizations and mechanisms of these processes. A key contribution of this study is that it proposes a framework for conceptualizing GAM capability that incorporates the aforementioned processes.

Second, the sparse research about account management has been lacking consolidation and thus, coherent theoretical framework is not in place. Specific GAM issues such as account management internal support, inter-organizational fit for global account relationship, GAM globalization drivers, and the role of the global account manager have been studied mostly in isolation. Since these isolated perspectives are concerned with only one aspect of global account management practice, there is little consensus in the literature. This dissertation integrates formerly fragmented perspectives to provide a comprehensive framework. Importantly, this framework is developed and tested in two steps. A discovery-oriented approach is conducted to develop, qualitatively test, and revise a preliminary model, followed by a rigorous empirical test to validate the revised model. The qualitative method (the discovery-oriented approach) is used to construct the theory and quantitative one is employed to validate it.

Third, there is a general lack of empirical studies on GAM issues. Much of the research on this topic has been done at a conceptual level. The limited number of empirical findings has generally focused on only one dimension of the issue. For example, Homburg et al. (2002) studied the internal account management program design and resource allocation. Birkinshaw et al. (2001) focused on inter-organizational information processing and dependency issues. External globalization as a driver of the use of GAM was empirically tested by Montgomery et

al. (2002). In spite of these efforts in understanding GAM phenomena, an integrative and empirically tested framework is still not available. Thus, this study not only consolidates existing perspectives by conceptualizing GAM capability along with its antecedents and consequences, but also provides empirical validation.

PURPOSE OF THE STUDY

Given these three gaps, the primary purpose of this dissertation is to develop the comprehensive conceptualization of GAM capability and test it within a nomological net of antecedents and consequences. More specifically, this dissertation seeks to make four contributions to the GAM literature: (1) conceptualize GAM capability and processes through a synthesis of executive interviews, available business cases, and literature; (2) investigate the mechanisms of GAM capability and performance links; (3) identify the facilitating conditions for GAM capability; (4) develop a set of measurements for the key constructs and test the framework in a cross-country, cross-industry context.

The present study uses dynamic capability theory framework as a starting point and further develops the GAM capability framework employing a discovery-oriented approach. Global account management practice is a supplier's response to the challenges of global competition (Montgomery and Yip 2000). Dynamic capability theory provides an appropriate framework here because its purpose is to address rapidly changing environments. According to Teece et al (1997), dynamic capability is an organization's ability to learn, integrate, coordinate, and reconfigure internal and external competences. Thus, GAM capability is hypothesized to play three roles: intelligence acquisition, coordination, and reconfiguration. GAM capability is conceptualized as complex bundles of skills and accumulated knowledge that are

exercised through organizational processes that enable suppliers to address rapidly changing global customer needs and environmental changes (Shi et al. 2005).

The dissertation is organized into six sections. First, the relevant literature streams are reviewed. Second, the dynamic capability theory as the foundation for the integrative model is discussed. Third, a discovery-oriented approach is employed to enrich the generic dynamic capability theory framework and develop a theoretical framework for GAM capability. According to qualitative research findings, six GAM sub-processes are delineated. Fourth, the empirical research design and data normality issues are discussed. Fifth, data analysis results are presented. Finally, contributions and findings are discussed.

CHAPTER 2
LITERATURE REVIEW

This chapter reviews the literature pertaining to GAM capability and its antecedents. The evaluation of prior research findings provides a conceptual background for the theoretical model that is developed in Chapter 4. The first section reviews the relevant literature streams. Second, a synthesis of extant literature summarizes the literature gaps and contributions of this dissertation.

RELATED LITERATURE STREAMS

Research relevant to global account management is found in four streams of literature: Key Account Management (KAM), market orientation, relational exchange, and global strategy. The major constructs and relationships of each research stream are followed by a review of their limitations in understanding global account management phenomena.

Key Account Management (KAM) Literature

According to Conlon et al. (1997), KAM is a supplier's strategy in response to the environmental changes and key account's business needs. It is the vanguard of professional selling that can be traced back to the 1960's. Key accounts features a centralized coordinated purchasing process, large purchases (large purchase potential or strategic importance for the supplier), and a need for special service.

KAM research can be divided into three focuses: (1) the individual key account manager, (2) the dyadic key account relationship, and (3) the design of key account programs (Homburg et al. 2002).

Focus1 mainly deals with the key account manager's training and skills and its roots can be traced in the personal selling literature (Homburg et al. 2002). For example, Weeks and Stevens (1997) find that some key account managers are dissatisfied with their current training programs. Capon (2001) discusses the key account manager skill sets – recruitment, selection, training, and retention and stresses the importance of rewarding key account managers.

Focus2 supports the view that KAM/GAM relationship management is "the new frontier of the relationship marketing" (Yip and Madsen 1996, p.24). For example, Sengupta et al. (1997a) report that seller adaptation, customer incentives, and customer investment may influence customer switching cost, which in turn influences KAM performance. Lambe and Spekman (1997) use exploratory data analysis to examine the collaborative characteristics of KAM alliances and non-KAM alliances. They find that KAM alliances seem to possess a greater degree of shared information, cooperation, and compatible goals than do non-KAM alliances.

Focus3 concerns on KAM program design. Homburg et al. (2002) summarize four themes of KAM program design: inter-organizational activities such as pricing, products, distribution, and information sharing (Pardo et al. 1995); intra-organizational actors such as senior executives, key account managers, and support staff (Napolitano 1997; Pardo et al. 1995; Sengupta et al. 1997b); multi-functional efforts involving marketing, sales resources and non-marketing/sales resources (Pardo et al. 1995); and the degree of formalization of the KAM program (Shapiro and Moriarty 1984).

Limitations of KAM Literature for GAM Research

KAM literature differentiates the most important customers (Key Accounts) from regular accounts. Therefore, it extends personal selling research into the area of

managing the most important customers. However, when these customers have a global operation, they seek global coordination and integration. KAM literature has not addressed these emerging global issues. Also, broad based empirical research on account management is still lacking (Kempeners and Van der Hart 1999; Stevensen 1980). Empirical research methods applied in KAM research have mainly relied on descriptive statistics (see Homburg et al. 2002 study as an exception). Since the beginning of this century, researchers and practitioners have shifted the focus from KAM research to Global Account Management (GAM) research (Birkinshaw et al. 2001; Wilson et al. 2001).

Market Orientation Literature

Market orientation is grounded in the marketing concept, and has been viewed as the implementation of the marketing concept. (Kohli and Jaworski 1990; Narver and Slater 1990). There are four definitions of the market orientation concept. Deriving the market orientation concept from an information processing perspective, Kohli and Jaworski (1990, p.6) define market orientation as "an organizationwide generation of market intelligence pertaining to current and future customer needs, dissemination of the intelligence across departments, and organization wide responsiveness to it." Narver and Slater (Narver and Slater 1990) argue that market orientation consists of three behavioral components: customer orientation, competitor orientation, and inter-functional coordination. Deshpandé et al. (1993, p.27) examine market orientation from an organizational cultural perspective. They define customer orientation as "the set of beliefs that put the customer's interest first, while not excluding those of other stakeholders such as owners, managers, and employees, in order to develop a long-term profitable enterprise". Day (1994) states that market

orientation represents superior skills and knowledge in understanding and satisfying customers.

Scholars have used a capability approach, an information processing approach, and an organizational change management approach to discuss how an organization sustains and enhances market orientation. Day (1994) focuses on the role of capability in creating a market-oriented organization featuring the organization's market sensing and customer linking capability. From an information processing perspective, Menon and Varadarajan (1992) propose that effective use of knowledge is critical to being more market-oriented and successful in an intensively competitive environment. Kohli and Jaworski (1990) propose that both top-down initiatives led by senior management, and initiative percolated bottom-up from the lower/middle levels of organization are important for market orientation enhancement.

Limitations of Market Orientation for GAM Research

The market orientation literature has examined both intra-organizational and inter-organizational processes that can create superior value for customers. In doing so, several constructs have been delineated that are related to those in this study. However, the market orientation literature is limited in explaining GAM. First, market orientation constructs treat the customer base as a whole and do not differentiate between important customers and average customers. Second, although the market orientation literature addresses many interesting implementation issues and provides insightful findings, it includes a vast body of concepts and arguments which are only broadly applicable to the study of GAM. It is still unclear what specific processes are needed to develop successful GAM capability as well as what antecedents facilitate this capability.

Relationship Exchange Literature

Drawing on modern contract law relationships, MacNeil (1978; 1980) emphasizes the importance of inter-personal relationships surrounding a contract. Interpersonal relationships as a control mechanism are similar to the control exerted by a socialization clan mechanism (Ouchi 1979). In a clan, members are influenced by well-accepted norms under a socialization system. Therefore, opportunistic behaviors are minimized through self-control based on norm values.

Discrete and relational exchanges are different (MacNeil 1978; MacNeil 1980). Discrete exchange is a purely transactional relationship characterized by limited communication and investment, while relational exchange occurs over time and is viewed in term of history and anticipated future. It requires communication and dedication.

Building upon their arguments, researchers have conceptualized and operationalized important relational exchange constructs, such as relationship phase (Dwyer et al. 1987; Jap and Ganesan 2000); coordination (Buvik and John 2000); norms (Heide and John 1992); flexibility (Heide 1994); trust (Morgan and Hunt 1994; Noordewier et al. 1990); and commitment (Anderson and Weitz 1990; Ganesan 1994; Morgan and Hunt 1994).

Limitations of Relational Exchange Literature for GAM Research

The relational exchange literature focuses mainly on inter-organizational issues between suppliers and customers. This literature stream stresses the external relationship rather than internal process development. For example, much of this literature deals with how a powerful manufacturer manages its suppliers or retailers. However, as power shifts from supplier to customer, GAM research needs to focus on

how a supplier satisfies the changing needs of its most important customers worldwide.

Global Strategy Literature

Global strategy has been posited as a major contributor to corporate performance (Andrews 1971; Porter 1980; Yip 1995; Zou and Cavusgil 1996; Zou and Cavusgil 2002). According to Zou and Cavusgil (2002), previous literature examines global strategy mainly from three perspectives: standardization (Hout et al. 1982; Jain 1989; Samiee and Roth 1992); configuration-coordination (Craig and Douglas 2000; Porter 1986); and integration (Birkinshaw et al. 1995; Roth and Morrison 1990; Yip 1995; Zou and Cavusgil 1996). They conceptualize global marketing strategy (GMS) as "the degree to which a firm globalizes its marketing behaviors in various countries through standardization of the marketing-mix variables, concentration and coordination of marketing activities, and integration of competitive moves across the markets" (Zou and Cavusgil 2002, p.42).

The GMS consists of eight dimensions: product standardization, promotion standardization, standardized channel structure, standardized price, concentration of marketing activities, coordination of marketing activities, global market participation and integration of competitive moves (Zou and Cavusgil 2002).

Representing the standardization perspective, Levitt (1983) and Jain (1989) pervasively argue that the world market is largely homogenized and consumers demand the same products at low prices. Therefore, the main imperative for a global corporation is to achieve a global scale of economy and provide consistent customer service. Hout el al. (1982) express a cautious attitude to the adoption of standardization. They believe that global strategy requires not just a single tool like standardization, but also many techniques such as managing interdependencies across

countries, achieving strategic position through first mover-advantage, and exploiting the advantage of scale economy.

According to the configuration-coordination perspective, a global organization can achieve competitive advantage through configuration of value-adding activities across countries and coordination of these activities to obtain comparative advantage (Craig and Douglas 2000; Porter 1986). Due to the different comparative advantages existing across countries, the degree of concentration becomes the major decision of configuration strategy (Craig and Douglas 2000). For example, high technology products should be manufactured in countries possessing advanced technology, while labor intensive products are usually manufactured in countries providing cheap labor.

The global integration perspective contends that a firm can attack its rivals by leveraging strategic resources across country-markets (Bartlett and Ghoshal 1988; Yip 1995). Barlett and Ghoshal (1988) use the term "transnational capability" to describe the ability to utilize resources at the global level while simultaneously maintaining local flexibility. Thus, the main thrust of the global integration view is to cross-subsidize strategic resources and coordinate strategic moves across countries.

Yip (1995) develops a contingency framework arguing that external globalization drivers force organizations to adopt a global strategy in order to respond to industry imperatives. According to Yip (1995), a global strategy consists of five dimensions: global market participation, product standardization, concentration of value-adding activities, uniform marketing, and integrative competitive moves. He argues the degree of fit between the global strategy and the external industry globalization drivers determines a firm's performance.

Limitations of Global Strategy Literature for GAM Research

The global strategy literature extends strategy research into the international arena and provides a holistic picture of how the global firm coordinates across different functions and different countries to accommodate changing global environmental needs. However, this research uses the firm as a unit of analysis to address a broad array of strategic issues faced by global organizations, including production, distribution, sale, and price. It does not resolve the issues specific to global account management. Thus, it remains unclear which processes enable a firm to respond to global environmental changes and how a firm can cultivate these processes.

Global Account Management Literature

Extant research has examined processes with implications for GAM capability. Arnold et al. (2001b) examined *GAM intelligence acquisition process*, which is a process to generate, disseminate, and respond to intelligence about global accounts. They explain that sufficient understanding about a global account is critical to GAM success because it increases global account dependency on the supplier by increasing the cost of switching suppliers (Birkinshaw et al. 2001).

According to Montgomery and Yip (2000), the essence of GAM is an *inter-functional coordination process* that results in consistent and centralized global selling to a key customer. Additional coordination processes – *inter-organizational coordination and cross-country coordination* — are processes implicitly discussed by Harvey et al. (2003, p.564). They define GAM as "a dependency arrangement between the customer and supplying organizations (or their parts) that are interrelated through both formal and informal ties at multiple levels across national borders", which underscores formal and informal inter-organizational coordination mechanisms

at a global scale. They imply a *cross-country coordination process* by suggesting that GAM is "the value-adding quasi-integration of globally dispersed facilities, activities, and social relationship" (Harvey et al. 2003, p.564).

Another process *inter-organizational adaptation process* is achieved through acquiring, exchanging, and reconfiguring technical and social competencies across national and organizational boundaries (Harvey et al. 2002). Wilson and Millman (2003) concur and suggest that GAM adaptation is the process of transforming internal organizational resources to match environmental changes. Thus, adaptation is in fact a result. Resource transformation or namely *reconfiguration process* really enables adaptation to global account needs and environmental changes.

Five core processes emerge from the former global account management studies: (1) *customer intelligence acquisition process*; (2) *inter-functional coordination process*; (3) *inter-organizational coordination process*; (4) *cross-country coordination process*; and (5) *reconfiguration process*. In addition to these five processes, the subsequent qualitative study reveals that *competitor intelligence acquisition* is another important process. There is no explicit conceptualization or empirical test of each. A better understanding of the specific conceptualizations and mechanisms of these processes is needed. The definition of each will be discussed in Chapter 4.

In addition to these five core themes, researchers have viewed the focal drivers and antecedents pertaining to GAM through the lens of three perspectives. The three perspectives are summarized in Table 2.1.

Focusing on intangible GAM resources, the *intra-organizational perspective* has its roots in traditional research on Key/National Account Management (KAM /NAM). This research stream examines the resources necessary for managing accounts, such as the skill sets of global account managers (Wilson and Millman 2003; Wilson et al.

2002), dedicated cross-functional teams (Homburg et al. 2002; Shapiro and Moriarty 1984), and access to functional support (Homburg et al. 2002; Pardo et al. 1995; Shapiro and Moriarty 1984; Yip and Madsen 1996).

Using the global account customer and global account supplier dyad as the main unit of analysis, the *inter-organizational perspective* draws upon relationship marketing literature. The coalignment between buyer request and seller offering is emphasized. Drawing on fit literature in which inter-organizational fit is a static match between actors (Van de Ven and Drazin 1985), Toulan et al. (2002) expect that a fit between a global supplier and its global account on a variety of aspects results in higher GAM performance. Specifically, the symmetry of approaches across two organizations is associated with enhanced mutual performance (Pardo et al. 1995). Also, a supplier's strategic importance to its global account is emphasized because a global account may involve power over a supplier if the supplier is not important (Arnold et al. 2001a). Thus a supplier can increase power by providing unique complementary resources, especially resources that are knowledge-based (Arnold et al. 2001a; Birkinshaw et al. 2001).

The *macro environmental perspective* focuses on the influence of external environmental factors on the use of GAM. GAM is considered as an organizational response to changing customer needs and environmental turbulence (Montgomery and Yip 2000; Montgomery and Yip 1998; Montgomery et al. 2002; Yip and Madsen 1996).

Table 2.1

Focal Drivers and Antecedents of GAM

Perspectives	Main Concern:
Micro Intra-organizational Perspective (Arnold et al. 2001a; Harvey et al. 2003; Wilson and Millman 2003; Yip and Madsen 1996)	*Internal Supports* ▪ Global account manager must possess high level of global communication and coordination skills. Multi-layer personnel including top executives, middle-level managers, and low-level operators are involved in GAM. ▪ Cross-functional coordination is critical. In some cases, GAM managers have authority to obtain resources. In other cases, they must rely on their informal relationships and influence to seize functional supports.
Inter-organizational Perspective (Arnold et al. 2001a; Birkinshaw et al. 2001; Toulan et al. 2002)	*Complementarities and Fit* ▪ The symmetry of approaches across two organizations is associated with enhanced mutual performance. ▪ A better fit between a global supplier and its global customer on a variety of strategic as well as structural aspects will result in higher performance of the relationship.
Macro Environmental Perspective (Montgomery and Yip 2000; Montgomery et al. 2002; Yip and Madsen 1996)	*Industry Globalization Driver* ▪ Supplier use of GAM is driven by increasing global customer demands for globally consistent service, uniform price, and coordination. GAM can flexibly satisfy global account changing demands. ▪ GAM is a supplier's response to the competitive environment. The more intensive the global competition in supplier industry, the more likely a supplier will adopt a GAM program.

SUMMARY ASSESSMENT OF EXTANT RESEARCH

The KAM and market orientation literatures are valuable in that they elucidate major resources and processes for satisfying customer needs. The KAM literature delineates the main actors, activities, resources, and organizational structures for managing important customers. However, it mainly deals with domestic customers. Subsumed in personal selling research, a majority of KAM studies are conceptual and often employ basic descriptive statistics. Although this research stream provides many important constructs for GAM study, it has not yet addressed the question of what processes enable a firm to accommodate a key account's changing needs.

Drawing on the marketing concept, the market orientation literature addresses marketing implementation issues from an information processing, behavioral, and capability perspective. Kohli and Jaworski (1990) contend that intelligence acquisition, dissemination, and organizational responsiveness are the key implementation processes. Drawing from organizational culture perspective, Narver and Slater (1990) propose three behavioral components: customer orientation, competitor orientation, and inter-functional coordination. Day (1994, p.38) defines capabilities as "complex bundles of skills and accumulated knowledge, exercise through organizational processes, that enable firms to coordinate activities and make use of their assets." A market-oriented organization is characterized by customer sensing and a customer linking capability. However, the market orientation literature assumes a high level of abstraction. It does not differentiate the most important customers from regular customers. Furthermore, it has not extended the research into the international arena. More importantly, a variety of schools provide different arguments in this research stream. Therefore, it remains unclear which specific

processes can enable a firm to satisfy its global accounts' changing needs as well as how the firm can cultivate these processes.

The relational exchange literature draws attention to the need to understand the dyadic relationship when investigating GAM dynamics. However, this research stream focuses on the external dyad, neglecting internal resources and processes.

Global strategy research brings marketing research in the international arena. It describes three major strategies (standardization, configuration and integration strategies) and five industry globalization drivers (market, cost, government, and competitive drivers), which together influence a firm's global performance (Yip 1995; Zou and Cavusgil 2002). However, this research stream focuses on the firm as a whole. Relationships with important customers have not been differentiated as a research subject.

In summary, the previous discussion highlights two important gaps in the literature. First, there is a general lack of a conceptualization of GAM capability and its antecedents which integrate theory and practice. Fragmented perspectives exist in the prior literature, and no study referenced in the literature reviewed here has explicitly investigated what processes comprise a GAM capability as well as what conditions facilitate these processes. More importantly, much of the research on GAM is based on researchers' conceptualization of what it should be, not what it is in practice.

Second, there is a lack of a comprehensive framework that is tested within a nomological net of capability, antecedents, and consequences. Prior research has mainly examined the relationships between facilitators and consequences. Capability is a missing link in the literature. This study develops and proposes a theoretical framework for GAM capability by using a discovery-oriented approach that

supplements the literature findings with qualitative interviews and business case analysis.

Dynamic capability theory (DCT) and a discovery-oriented approach are appropriate for addressing the aforementioned two gaps because DCT provides a generic model to address the challenges of rapidly escalating competition and a discover-oriented approach adds practical meanings into this generic model. First, dynamic capability theory (DCT) is applied to provide a basic structure of this GAM study because dynamic capabilities are believed to be able to continuously generate competitive advantages under fierce competition (Eisenhardt and Martin 2000; Helfat and Peteraf 2003; Teece et al. 1997). DCT application in this study is explained in Chapter 3. Second, a discovery-oriented approach is applied to integrate theory and practice to address the conceptualization concern. A discovery-oriented approach is delineated in detail in Chapter 4.

CHAPTER 3
THE DYNAMIC CAPABILITY APPORACH TO GLOBAL ACCOUNT MANAGEMENT

This chapter discusses resource-based theory (RBT) and dynamic capability (DCT) which arouses in response to the challenges to the former theory.

RESOURCE-BASED THEORY AND ORGANIZATIONAL CAPABILITY

The main thrust of resource-based theory (RBT) is that valuable, rare, inimitable, and nonsubstitutable, resources attain and sustain competitive advantages (Barney 1991). Despite its noticeable significance, RBT has been challenged because of its inattention to the mechanisms by which resources are obtained and how these resources contribute to performances (Priem and Butler 2001; Williamson 1999).

In response to this challenge, RBT scholars distinguish between a capability and a resource. Resource refers to a tradable asset or input that is owned by, controlled by, and accessible to an organization. In contrast, capability refers to a non-tradable, complex bundle of knowledge and skill embedded within organizational routines and processes which employs resources to effect a desired end (Amit and Schoemaker 1993; Day 1994; Dierckx and Cool 1989; Helfat and Peteraf 2003; Winter 1987). Deeply embedded within organizational routines, a capability is a highly patterned activity that is frequently exercised and accumulated over time through interactions with organization resources such as organizational actors and specialized knowledge. A capability contributes to competitive advantage because it is a valuable, inimitable, reliable, and immobile intermediary between resources and competitive advantages.

However, RBT has been challenged for its inability to explain how a firm can remain competitive in rapidly changing environment where competitive advantage is quickly eroded. Thus, RBT is not an appropriate theory to explain global account

management phenomenon because global account management practice is adopted to address fierce global competition. The involvement of sophisticated global rivals can quickly imitate and replicate the resource configuration so as to disable the supplier's competitive advantage. A dynamic capability approach is employed here to develop GAM capability model.

DYNAMIC CAPABILITY THEORY

Teece et al. (1997) extended RBT into dynamic capability theory (DCT) in response to the challenge that sustained competitive advantage seems unlikely in highly dynamic markets (D'Aveni 1994; Eisenhardt and Martin 2000). The purpose of dynamic capability theory is to: (1) identify capabilities that can constantly create competitive advantage, (2) explain how capabilities exploit existing internal and external resources in response to changing environments, and (3) explain how capabilities are developed, deployed and protected (Teece et al. 1997).

Dynamic capability theory (DCT) is used to provide the overall theoretical framework for this research for three reasons. First, dynamic capabilities can continuously generate temporary competitive advantages that sustain long-term superiority embedded within fierce competition (Eisenhardt and Martin 2000; Helfat and Peteraf 2003; Teece et al. 1997). The competition forces the supplier to adopt global account management practice. Second, DCT explains well what organizational processes and mechanisms enable a firm to achieve competitive advantage in a highly turbulent global environment. Third, DCT describes what antecedents cultivate dynamic capability and how the dynamic capability is developed. Therefore, this study uses DCT as a starting point and further develops the model applying a discovery-oriented approach.

What is a Dynamic Capability?

Dynamic capabilities are the solution to the challenges of hypercompetition, which is a condition of rapidly escalating competitive environment where competitive advantages are rapidly created and eroded (Eisenhardt and Martin 2000; Grant 1996; Zott 2003). Scholars distinguish between dynamic capability and operational capability (Grant 1996; Helfat and Peteraf 2003; Nelson and Winter 1982; Winter 1987; Winter 2003). Operational capability is knowledge and skills embedded within stationary processes and routines that enable organizations to perform explicit functional tasks such as production, sales, accounting, and human resource management (Nelson and Winter 1982; Winter 2003). Operational capability is described as a "how we earn a living now" capability (Winter 2003, p.992). Dynamic capability, in contrast, refers to skills and knowledge embedded within changing processes and routines that manipulate resources and operational capabilities to match market changes (Nelson and Winter 1982; Winter 2003). This results in accomplishments of tacit and complicated tasks such as innovation, customer/supplier management, production process modification, and organizational restructuring (Grant 1996). In particular, dynamic capability encompasses a variety of manipulating activities such as acquiring, integrating, coordinating, reconfiguring, and releasing resources (Blyler and Coff 2003; Eisenhardt 1989; Teece et al. 1997). Terminologies used in this study are summarized in Table 3.1.

Table 3.1
Terminologies

Terminology	Definition	Reference
Resource	Asset or input that is owned, controlled, and accessible by an organization.	(Amit and Schoemaker 1993; Helfat and Peteraf 2003)
Capability	Non-tradable knowledge and skill embedded within organizational routines and processes that employ resources to affect a desired ends.	(Amit and Schoemaker 1993; Day 1994; Dierckx and Cool 1989; Helfat and Peteraf 2003; Winter 1987)
Operational Capability	Knowledge and skill embedded in stationary process that enables a firm to perform basic tasks in order to survive (make a living) in competition.	(Helfat and Peteraf 2003; Winter 2003)
Dynamic Capability	Knowledge and skill embedded within changing processes and routines that manipulate resources and operational capabilities to match market changes.	(Grant 1996; Helfat and Peteraf 2003; Winter 2003)
Resource Configuration	Single or combined resources, activities, processes, and routines. It can take a variety of forms such as product/process innovation, value-creating strategies. The purpose of creating new resource configuration is to attain new competitive advantage.	(D'Aveni 1994; Eisenhardt and Martin 2000; Zott 2003)
GAM Capability	Complex bundles of skills and accumulated knowledge that are exercised through organizational processes that enable suppliers to address rapidly changing global customer needs and environmental changes.	(Shi et al. 2005, p.94)

How Can a Dynamic Capability Drive Performances?

In the world of hypercompetition, organizations must seize the initiative by creating a series of temporary advantages (D'Aveni 1994). Dynamic capability manipulates resources to continuously create new value-adding resource configurations that are not simultaneously being implemented by competitors. These constantly generate new temporary advantages (Eisenhardt and Martin 2000). By moving from one temporary advantage to the next, a firm can always keep one step ahead of its competitors, which results in sustained competitive advantage once this full pattern is considered (Blyler and Coff 2003; Eisenhardt and Martin 2000; Grant 1996; Zott 2003).

This rationale is particularly relevant to global account management because as hypercompetition is emerging in most industries, suppliers are continuously striving to engender value-adding offering for global accounts in order to generate superior customer value. As Day (1990, p.13) states, "Sooner or later all market arenas lose their luster, as sales growth stagnates, profit margins are squeezed, and competition intensifies. Management cannot wait until this has happened to take action". For suppliers serving global accounts, an important action is adopting a dynamic capability approach to continuously create customer value through understanding an account's business, customizing products or services, and providing various innovative initiatives for global accounts.

Facilitating Conditions of Dynamic Capabilities

Strategy scholars have employed a social construction perspective, an organizational learning perspective, and a knowledge-based perspective to look at how social actors, internal resources, and external environments interact over time to build capabilities (Chang and Singh 2000; Grant 1996; Helfat and Peteraf 2003; Raff

2000; Rosenbloom 2000; Zott 2003). Capability building mechanisms are believed to be similar for both dynamic capability and operational capability. Attention has been given to specific topics such as product sequencing (Helfat and Raubitschek 2000), market entry (Klepper and Simons 2000), merger and acquisitions (Karim and Mitchell 2000), technical changes (Rosenbloom 2000), managerial cognition (Tripsas and Gavetti 2000), managerial processes (Narayanan et al. 2003), managerial capital (Adner and Helfat 2003), and learning and knowledge based integration (Grant 1996; Zollo and Winter 2002). Very little, however, is known about facilitators of capability development in an inter-organizational context, particularly in a GAM context. Identifying capability facilitators relevant to a GAM context is an important contribution of this dissertation.

A capability involves coordination across organizational subsystems (Teece et al. 1997). Capability development entails multiple-layer activities that include horizontal (functional divisions) layers (Narayanan et al. 2003). Horizontally, integrating a variety of specialized knowledge promotes adaptiveness (Ruekert et al. 1985) and accomplishment of complex tasks (Clark and Fujimoto 1990). Sometimes access to other functional resources may be difficult. As Narayanan et al. (Narayanan et al. 2003, p140) note, "capability building entails involvement of various sub-units within an organization, who may have different degrees of stakes and interests and who may be operating from a different base of power."

Inter-organizational collaboration increases the efficiency of capability development because collaboration offers quick access to a range of complementary knowledge and resources, which reduces environmental uncertainty, therefore fostering strategic decision-making (Adner and Helfat 2003; Grant 1996; Liebeskind et al. 1996). Speed of access to new knowledge provided by collaboration is critical

because competitive advantage in hypercompetition often depends on seizing first-mover advantage (Grant 1996).

The external environment is a critical macro factor in capability building because a capability must be exercised in a repetitive pattern embedded within the environment (Winter 1987; Winter 2000; Winter 2003). Therefore a fit between internal competence and the external environment must be achieved for an organization to exploit an idiosyncratic combination of knowledge, assets, and resources (Amit and Schoemaker 1993; Eisenhardt and Martin 2000; Thompson 1967; Zollo and Winter 2002). Among various external macro factors, supplier industry competitive intensity and customer preference turbulence are particularly relevant to GAM in hypercompetition conditions. Embedded within a highly competitive environment where customer preferences are changing frequently, a supplier has a high degree of pressure to develop a dynamic capability in order to address the environmental challenges.

Contribution to Dynamic Capability Theory Literature

Despite its significance for addressing the challenges of hypercompetition, dynamic capability literature is fragmented in that some studies focus on the capability-performance link while other studies address capability evolution and development. Further, much of DCT—based research is at a conceptual level. Scholars have employed an anthropological method, a multiple-case approach, and a single-industry empirical method. However, large scale cross-industry empirical research is scant in the dynamic capability literature. As mentioned previously, although a number of important topics have been discussed, no attempt has been made to apply dynamic capability theory in a global customer management context, a notable gap.

Addressing these shortcomings, this study offers a coherent framework encompassing dynamic capabilities relevant to GAM, its facilitators, and its consequences. To test the framework, cross-industry empirical data were collected from companies that have active global account management programs in place. Thus, this study extends DCT into the GAM context.

JUSTIFICATION FOR DYNAMIC CAPABILITY THEORY

Dynamic capability theory provides an appropriate framework in understanding global account management phenomena for two reasons. First, it assists in understanding how and why an organization can address rapid environmental changes and remain competitive (Teece et al. 1997). Second, it is a higher-order capability exercised within multiple organizational processes (Grant 1996; Winter 2003). Addressing changes and intertwining with multiple organizational processes feature GAM capability. GAM capability is defined here as complex bundles of skills and accumulated knowledge that are exercised through organizational processes that enable suppliers to address rapidly changing global customer needs and environmental changes. The purpose of developing GAM capability is to accommodate rapidly changing needs of global account customers. Due to the complicated nature of GAM practice, it requires the involvement of multiple functional levels and organizational levels and encompasses a series of processes. Thus, GAM capability is a type of dynamic capability.

According to Teece et al. (1997), it is a dynamic capability that enables organizations acquire and learn information, integrate and coordinate internal and external activities, and reconfigure routines and processes to address changes. Thus, a dynamic capability needs to be understood mainly in terms of organizational

processes of intelligence acquisition, coordination, and reconfiguration. These processes are influenced and facilitated by conditions within the firm, by conditions that arise due to the interface with external partners, and by environmental conditions. However, there is still a lack of understanding about which conditions managers believe are critical to GAM capability as well as which conditions in practice would facilitate these processes. Thus, this study employs a discovery-oriented approach in which literature findings, executive interviews, and business case analysis are triangulated to generate insights for the generic dynamic capability theory framework.

The present chapter discusses the dynamic capability theory as a main thrust to understand global account management phenomena. In the next chapter, the qualitative research method and findings are delineated. An integrated framework is provided and seven hypotheses are posited.

CHAPTER 4
QUALITATIVE STUDY OF GAM CAPABILITY: THEORETICAL FRAMEWORK AND HYPOTHESES

This chapter introduces a discovery-oriented approach for theory development, followed by qualitative findings which enrich the generic dynamic capability framework. The definitions of GAM processes and antecedents are discussed. The hypotheses are posited.

QUALITATIVE RESEARCH ON GAM CAPABILITY

Research Method

Because global account management is relatively new, theory is still being developed; therefore, a discovery-oriented approach was employed to enrich the generic dynamic capability framework. Executive interviews, available business cases, and insights from the literature are triangulated to integrate theory and practice (Eisenhardt 1989; Kohli and Jaworski 1990; Menon et al. 1999; Yin 2003). A discovery-oriented approach to theory development entails deriving a theoretical framework from the literature, and then assigning real-world analogues for the constructs of the framework based on findings from executive interviews and case studies. The discovery-oriented approach is expected to provide a deep understanding of how GAM capability is linked to performance outcomes, an important yet not well-understood phenomenon. This approach ensures construct reliability by using multiple sources of evidence, and external validity via replication across multiple contexts.

A discovery-oriented approach develops and enriches a preliminary model by triangulating literature findings, executive interviews, and case studies (Kohli and Jaworski 1990; Menon et al. 1999). Using a discovery-oriented approach, this

dissertation was conducted in two phases: (1) supplementing literature findings with qualitative results to develop and enrich a preliminary model of GAM capability; and (2) implementing a rigorous quantitative test of the enriched model. Thus, this study employs a qualitative method to develop the theory and a quantitative method to validate it. This approach of theory development and verification is recommended by marketing research (Menon et al. 1999).

Executive Interviews

A total of 20 executives in six *Fortune 500* companies were interviewed. In order to avoid potential bias from a single informant, multiple informants were selected in each company who are responsible for different aspects of global account management across various countries, preferably the most senior managers in each case. Many of the initial interviewees were sales/marketing managers at the level of the director or above, and were responsible for global accounts. The number of informants per firm was increased by asking initial interviewees to recommend other senior managers in their company experienced in managing major accounts. Using this method, up to three executives from each of the six *Fortune* 500 companies were interviewed, for a total of twenty executives. Five of the six companies are in manufacturing while one is a financial services company. Some of the global account managers are located in the United States, while others are based in their customers' countries, including China, Canada, and Turkey. Most customers or global accounts are typically *Fortune 500* firms in such industries as high technology, manufacturing, and banking.

The principal means of data collection were semi-structured interviews. The interviews began with a brief description of the study, and continued with a series of questions about GAM practices. Among others, the following issues were explored:

(1) What processes are important for a successful GAM relationship?

(2) How is information/knowledge managed in a GAM relationship?

(3) How does a supplier organization coordinate its relationship with a global account?

(4) How are the worldwide resources of the supplier firm assembled to serve a global account?

(5) How are changes in a GAM relationship managed?

(6) How does an organization measure the performance of its GAM program success?

Executive interviews lasted approximately 60 to 90 minutes and were conducted in English or Chinese. Interview transcriptions are the primary source of data, along with relevant company documents and archival data. This method contributes to validity of the constructs in the model because the same qualitative findings were replicated and confirmed by using multiple data sources (Yin 2003).

Case Studies

The available business cases pertaining to global account management practices were subsequently analyzed. These cases were obtained from *Strategic Account Management Association, Harvard Business School Working Knowledge, Knowledge at Wharton*, and published books about GAM practices. The most useful insights were gleaned from the publications from the *Strategic Account Management Association (SAMA)* — the world's largest professional association of global/strategic account managers.

Only cases that clearly relate to supplying global accounts were selected for this study. In addition, resources that did not specify actual company names and practices were not used. Some 35 publications involving 30 companies were analyzed. Some of

the selected business cases were authored by global account managers, while the rest were contributed by management consultants. Together with the six companies involved in the interview, a database of 33 unique company cases with relevant insights on GAM practices was built. The 33 companies in this qualitative research are diverse in terms of the global customer's industry as well as supplier size, nationality, and industry. Finally, additional information about these companies was secured from their websites, annual reports, and the business press. Table 4.1 provides a summary of company profiles in the database. Next, I describe the coding scheme used to categorize the data obtained from the executive interviews and case studies.

DELINEATION OF GAM PROCESSES

All of the information obtained through interviews, available business cases, and company publications and websites was coded and analyzed. In developing the coding scheme, the supplier company was used as the main unit of analysis. The coding scheme was based on the conceptualization of GAM capability as complex bundles of skills and accumulated knowledge, exercised through organizational processes that enable suppliers to address rapidly changing global account needs and environmental changes (Narayanan et al. 2003; Venkatraman and Camillus 1984). As a first step, any statements that represented clear strategic imperatives undertaken by a specific GAM program was coded in a spreadsheet. According to Teece et al. (1997) definitions of intelligence acquisition, coordination, and reconfiguration processes, the statements were classified under these three categories. The coded information became the primary data source.

Table 4.1
Companies Researched

Companies Researched	Title of Respondent / Research Subject	Source
3M	Global Account Manager for IBM storage relationship Storage Systems Business Manager, serving five very large accounts in the United States and two foreign manufacturers, both in Japan.	(Sperry 2000a; Sperry 2000c)
AFTONIA Chemical Inc.	Vice President of Corporate Accounts	(SAMA and Consulting 2002b)
American Express AMEX	N/A	(SAMA and Consulting 2001)
Armstrong World Industries	U.S. Global Account Manager - Citibank	(SAMA and Consulting 2001)
BC Components	Global Marketing Director, Industrial, BC Components, The Netherlands	(Bradford and Schwan 2001)
British Telecom (BT)	IMCP (Integrated Multi-Channel Programme) Manager	(Abery et al. 2002)
Cisco	Operations Director of Strategic Accounts and Sales Acquisition Integration	(Parr 2001)
Corporate Express	Strategic Account Executive for BellSouth	(SAMA and Consulting 2002b)
Da La Rue	Director of Key Accounts	(Sperry 2000b)
Eastman Chemical Company	Chairman & CEO	(Deavenport 1999)
ESAB Welding & Cutting Products	N/A	(Sperry 2000a)
George Fischer Corporation	N/A	(SAMA and Consulting 2002b)
Guinness United Distillers and Vintners North America (UDV)	UDV strategic accounts manager; Vice President, Global Strategic Accounts	(Johnson et al. 2001; SAMA and Consulting 2001)

Table 4.1 (cont'd).

Hewlett Packard	N/A	(Jeannt and Hennessey 2003; Yip and Madsen 1996)
Honeywell Industrial Automation and Control	N/A	(Sperry 2000b)
Lanier Worldwide, Inc.	Regional vice president of global accounts; Global Account Manager	(Cornell 2002)
Marconi Commerce	Strategic Account Manager for 7-11	(Sperry 2000a)
Marriott International	Alliance Account Director for Siemens Alliance Account Director for Deloitte & Touche Alliance Account Director for the Accenture account	(SAMA and Consulting 2002a)
MasterCard	Vice President of Business Performance	Personal Interview with the authors in October 2003; (SAMA and Consulting 2001)
Mettler Toledo	Director of Strategic Accounts	(McNaughton and Beckett 2001)
Nortel Networks	Customer Value, Optical Networks Portfolio, Canada Customer Service SBC-Pacific Bell Account Team, Canada	(Cook et al. 2000)
ONDEO Nalco	Executive Account	(Sperry 2001a)
Pepsi Company	Global Account Manager	Personal Interview with the authors in March 2004
Procter & Gamble	Vice President of Sales, Customer Business Development, Western Europe Director, Management Information Systems Global Account Executive	(Graen 1999; Wilson 2003)
Satyam Computer Services Ltd.	Global Account Manager for Caterpillar	(Sperry 2003)

Table 4.1 (cont'd).

SC Johnson	Global Account Director	Personal Interview with the authors in March 2004; (SAMA and Consulting 2001)
Schurter Group	President and CEO	(SAMA and Consulting 2002b)
Siemens	Vice President, Information and Communications Global Accounts	(Macaulay 2000)
SN Brussels Airlines	Vice President, Strategic Accounts	(Bradford and Lagae 2003)
Steelcase, Inc.	Global Alliance Director, Public Relation Manager, Supply Chain Director	Personal Interview with the authors in March and April 2004
Visteon Corporation	Global Account Manager	Personal Interview with the authors in March 2004
Williams Company	Vice President of Alliance Development Group	(Sperry 2001b)
Xerox	Director of Global Account Field Operations	(Jeannt and Hennessey 2003)

In step two, an iterative analysis of the qualitative data and the literature synthesis further narrowed the three major processes suggested by Teece et al. (1997) to become six sub-processes. Although five out of six sub-processes were implicitly mentioned by account management literature, they were studied based on researchers' conceptualization of what it should be according to theory, not what it is in practice. This present study uses a discovery-oriented approach to assign real-world meaning to these sub-processes. Based on this analysis, three distinct GAM processes and their sub-processes were delineated:

1) *GAM Intelligence Acquisition* refers to the process of scanning and evaluating the global account needs and the business environment. It is comprised of two sub-processes:

   i. *Customer intelligence acquisition* refers to the process of understanding explicit and latent needs of global accounts.

   ii. *Competitor intelligence acquisition* refers to the process of understanding the strengths and weakness of current and potential competitors who do or will do business with the global accounts.

2) *GAM Coordination* refers to the purposive organization of internal and external activities and information flow across countries (Buvik and John 2000; Teece et al. 1997). In the global account management context, there are three dimensions of coordination:

   i. *Inter-organizational Coordination* refers to the process of purposively organizing joint activities at each level of two organizations;

   ii. *Inter-functional Coordination* refers to the process of collectively utilizing organizational resources to satisfy global account needs.

   iii. *Cross-country Coordination* refers to the process of cross-subsidizing global resources and interdependently planning competitive moves to secure or retain global accounts.

3) *GAM Reconfiguration* refers to process of changing resources and practices according to environmental changes and effectuating the necessary adjustments ahead of competition.

Table 4.2 summarizes the definitions of the six sub-processes.

The aforementioned three main processes are consistent with the dynamic capability framework which suggests that creation of competitive advantage in a rapidly changing environment largely relies on developing internal organizational processes (Teece et al. 1997). Faced with an intensely competitive and changing global market, the supplier has to continuously create customer value through understanding of a global customer's business, customizing products or services, and providing various innovative services.

The field interviews and the business cases yield information reasonably consistent with the literature. In the following section, the qualitative findings are integrated with the extant literature in order to provide a detailed description of each of the processes that comprise a GAM capability.

Intelligence Acquisition. Global account managers agreed on the importance of intelligence acquisition. Managing global accounts requires the integration of new and complex knowledge such as planning and interacting with customers, local-country best practices, and so on. Global account management is not only a selling strategy, but also an enterprise-wide strategy that defines future business for both the supplier and the customer (Arnold et al. 2001b). Executive comments suggest the need for a proactive approach to understanding customers' explicit and latent needs, such as creating new demand rather than just waiting for requests.

Coordination. Most interviewees accentuated the importance of coordinating company-wide efforts to serve global account customers. Their comments are consistent with the statement by Harvey et al. (2003) that global account management involves formal and informal ties at multiple levels across national borders. Two points are worth highlighting. First, coordination involves managers at multiple levels from both the supplier and customer organizations. Their titles range from top

executives to selling/buying representatives. Second, coordination activities take place in all the markets where the customers do business. This is then a deliberate supplier effort to cross-subsidize global resources and interdependently plan competitive moves across countries.

Reconfiguration. As global environments change constantly, a supplier must be able to continuously modify existing configurations in order to adapt to new business situations (Teece et al. 1997). This capability can be called *GAM reconfiguration,* because it taps the domain that the supplier should adjust strategic resources as necessary. The idea that suppliers should constantly change their product offerings, services, processes, and even channel structures to adapt to changing customer needs was frequently mentioned by executives. In the 2003 Annual Survey of SAMA, there was a significant increase in the percentage of global account managers suggesting that "(GAM programs are) in need of restructuring or currently being restructured" (from 14.3 percent to 19.4 percent). In the literature, Homburg et al. (2002) found that the appropriate organizational configuration can generate favorable outcomes for strategic account management.

In conclusion, three main processes that comprise a GAM capability — intelligence acquisition, coordination, and reconfiguration — are evident in this integration of the literature and the qualitative findings. The next section discusses the expected performance consequences of GAM capability, and formulates hypotheses relating GAM capability to performance outcomes.

INTEGRATED FRAMEWORK AND HYPOTHESES

The proposed integrative framework linking GAM processes to performance consequences is shown in Figure 4.2. Essentially, the framework posits that GAM

processes generate favorable outcomes in terms of GAM program performance and GAM contribution to the organization. The field perspectives and the available business cases suggest that a useful distinction exists between GAM program performance and GAM contribution to the organization (Homburg et al. 2002).

GAM Capability

As discussed earlier, three categories of organizational processes exemplify GAM capability. Effective global account management can enable a supplier's offerings and resources to fit the idiosyncratic needs of its global customer (Arnold et al. 2001b; Harvey et al. 2003; Homburg et al. 2002; Montgomery and Yip 2000; Montgomery et al. 2002). When a supplier's strategic resource deployments are aligned with customer needs, positive GAM performance is expected to be generated (Cavusgil and Zou 1994; Venkatraman and Prescott 1990). All GAM processes are considered to have a positive influence on GAM performance.

GAM Intelligence Acquisition refers to the process of scanning and evaluating the global account needs and the business environment. It is comprised of two sub-processes — *customer intelligence acquisition* and *competitor intelligence acquisition.* See Table 4.2 for their definitions.

Customer Intelligence Acquisition. In the majority of companies covered by the current study, executives explicitly mentioned the important role of GAM intelligence in creating customer value. For example, since 1988, Procter & Gamble pioneered a successful GAM relationship with Wal-Mart. According to Jeff Schomburger, Vice President of Customer Business Development, Western Europe:

> "Our customer will shape our future, so we had better know what our role is and how we're going to add value. P&G must understand its customers' strategies, comprehend P&G's role in supporting those

> strategic objectives, determine how its assets and core competencies dovetail with the assets and core competencies of the customer, and link its products and services so that they are recognized on the customer's financial scorecard" (Wilson 2003, p.2).

It is essential to understand and analyze a global account's explicit and latent needs, its business, and its preferences. Intelligence can be generated by formal and informal means, including customer surveys, interviews, analysis of sales reports, meetings with customers and trade partners (such as distributors), open houses at supplier sites, and collection and analysis of primary and secondary data (Kohli and Jaworski 1990).

The SN Brussels Airline's GAM program exemplifies how a team can employ various approaches to gather intelligence. In order to survive and grow in the highly turbulent airline industry, SN Brussels decided at the start of 2003 to invest in a GAM program, which was a radical sales innovation for the company. The global account team conducted customer interviews and collected sales data pertaining to corporate customers. It was found that the largest 50 accounts generated 10 percent of SN Brussels sales, and the smallest 250 accounts comprised only 7 percent of sales. Francois Lagae, Vice President of Strategic Accounts SN Brussels, states:

> "From the customer interviews that were conducted, we saw clear differences between corporate accounts. There were significant differences in their value sensitivities, use of travel agents, attitude towards company-wide contracts and the organization of their travel internally. This was a significant aid to us in prioritizing which accounts were most suited to strategic management. We were effectively a new start-up airline. We were handling all accounts in the

> same way without acknowledging the differences in size or requirements, and very little focus had been possible from both sides of the relationship. But the sales analysis and customer visits showed us which accounts to focus on in the future" (Bradford and Lagae 2003, p.2).

A decision was made that SN should target large multinationals with global or European headquarters in Brussels and persuade travel managers in those companies to shift airline travel to SN. After establishing the account, global account managers visited customer sites to acquire insights about customer needs. After the new program was launched, sales at contracted rates to the global accounts were significantly higher in the first quarter of 2003 than in the previous quarters. In the second quarter of 2003, SN reported a small profit, better than most traditional airlines (Bradford and Lagae 2003).

An important theme that surfaced in most executive interviews is that global account managers and cross-functional global account teams are key players in collecting and interpreting useful customer information. According to Earnest W. Deavenport, Jr. (1999, p.15), Chairman & CEO, Eastman Chemical Company: "The mission of the GAM is not so much to sell products and services as much as it is to manage relationships... As GAMs, they need to know everything about key customers in every side of business that customer has." In the field interviews, a chief global account manager from a *Fortune* 500 manufacturing company stated:

> "My goal is to understand the business of each one of my customers... how I can offer value to bring better business results to them? My team has to understand the business of each customer, different lines of business with each account. We have to manage these businesses,

therefore they can understand our different product offerings that we have and how we can bring value to them."

Intelligence acquisition is a broad concept that involves not only an understanding of the customer but also proactive approaches to solving customer issues and identifying new business opportunities. For example, a vice president from a *Fortune* 500 financial services company commented: "We manage our customers proactively rather than reactively. We take initiatives to bring up opportunities." Such efforts increase customer value, customer satisfaction, and the business with a global account. The story of 3M's IBM global account team is another example. The cross-functional team at 3M reduced IBM storage loss by about 10 percent with new materials that make IBM disk drives less vulnerable to contamination. Before the real issue was identified, 3M's global account manager interviewed IBM managers at multiple locations around the world. Then a 3M technology group spent two years creating the new materials (Sperry 2000c).

In summary, GAM customer intelligence acquisition is valuable because it enables a supplier to investigate a customer's latent and expressed needs as well as anticipate changes in the relationship. The supplier can analyze business situations, identify new product development opportunities, and create the appropriate mindset to respond to these opportunities (Teece et al. 1997). As a result, an alignment with a customer can be achieved. Empirical findings support the view that intelligence acquisition has a positive effect on a supplier's market performance (Grewal and Tansuhaj 2001; Homburg and Pflesser 2000 ; Jaworski and Kohli 1993).

GAM Competitor Intelligence Acquisition. The interview showed that GAM units collected competitor information from various channels such as participating in

industrial goods trade shows or exhibitions, coordinating with channel members or end customer to detect competitive moves, buying secondary data from a third party (e.g. A.C. Nelson), and doing internal competitive analysis to analyze present competition and predict future competition.

It is posited that GAM competitor intelligence acquisition can help achieve superior GAM performance because it allows a supplier to keep pace with or stay ahead of competitors. In hypercompetition, in order to retain a global account, an organization must pay attention not only to the account, but also gather intelligence about current and potential competitors, because any competitive advantage can be nullified by a competitor's imitation and substitution. Sometimes, the competitive substitution can be radical (Dierckx and Cool 1989; Peteraf and Bergen 2003). Thus, a supplier must keep a balanced mix of GAM customer intelligence acquisition and GAM competitor intelligence acquisition to unceasingly create new value for global accounts (Day and Wensley 1988). A supplier must be able to quickly detect competitive threats and launch new initiatives before current competitive advantage in winning global account becomes obsolete. As a result, suppliers engaging in GAM competitor intelligence acquisition are more likely to continuously create temporary competitive advantage.

GAM Coordination refers to the purposive organization of internal and external activities and information flow across countries (Buvik and John 2000; Teece et al. 1997). In the global account management context, there are three dimensions of coordination: *inter-organizational coordination*, *inter-functional coordination*, and *cross-country coordination*. See Table 4.2 for their definitions.

GAM Inter-organizational Coordination. Senior executives play an important role in coordinating global account relationships. As the exploratory study progressed, it

became clear that global account management entails a multi-layered relationship involving top executives and sales/purchasing representatives from both the supplier and the buyer. As the vice president of a *Fortune* 500 manufacturing company that serves high-technology multinational customers explained:

> "Top executives from both my company and our customer support us [the unit is separate from the main company and is responsible for its own profit/loss]... Because of my position, I can access all levels of managers and resources in the organization to ensure we can implement our promise. The customers have a single point of contact... My team members sit in customers' sites. They help customers manage conference rooms and document centers. We do all labor-intensive things for our customers."

The relationship may include multiple channels. The managing director of the Major Business Division at British Telecom (BT), recounts its multi-channel project:

> "We realized we had to move away from a predominantly face-to-face sales channel for large customers and into a range of integrated channels. We had to give these customers a choice in how they do business with us, not restrict them to one point of contact, and at the same time we had to create cost advantages that would give us the ability to compete harder and more aggressively in the marketplace" (Abery et al. 2002, p. 15).

In addition to formal coordination, several account executives mentioned informal aspects, which blends enthusiasm and spirit to the relationship. Deavenport (1999, p.15) remarks:

> "We have social events such as golf outings and ski outings, and GAMs are encouraged to invite the key account people they deal with. We even encourage the GAMs to bring in some of the senior managers from key customers. These events are a good way to build relationships, and a lot of business is transacted at these events. When I sit down with our GAMs to see what new business opportunities are out there, we realize how much new business started as a discussion with a customer at the ski lift" (Deavenport 1999, p.15).

GAM Inter-functional Coordination. In fact, any individual within the global supplier organization has the potential to contribute to creation of customer value through formal or informal manner. The interviews revealed that cross-functional global account team members bring not only unique knowledge, but also social networks that utilize resources from individuals who are not in the GAM team. Formal inter-organizational activities include meetings, trainings, business presentations, periodicals and newsletters, reports, and measurements.

Success for global account management entails exploitation of cross-functional resources, particularly knowledge-based ones. The account management and team selling literatures have pointed out that the role of account management is to coordinate resources in order to satisfy key customers. (Montgomery and Yip 2000; Montgomery and Yip 1998; Moon and Armstrong 1994; Moon and Gupta 1997; Shapiro and Moriarty 1984). Inter-functional activities toward the same objective increase openness in communication and therefore foster utilization of individual knowledge to achieve the objective (Zaltman et al. 1973). Thus, the more efficient key suppliers can coordinate functional resources, the more likely they can detect and accommodate global account needs faster than the rest of field. Recent work

supports that organizations encouraging and maintaining cross-functional information flow outperform those not doing so (Damanpour 1991; Han et al. 1998; Henderson and Cockburn 1994; Jaworski and Kohli 1993; Kohli and Jaworski 1990). In summary, GAM inter-functional coordination can be expected to enhance GAM program performance.

GAM Cross-country Coordination. Cross-country coordination can break down hierarchical global interests and local benefits, and link all organizational units in collective accomplishment of global account management tasks. Many leading suppliers, such as HP, Cisco, and Xerox, have set up global account management branches at customers' headquarters to ensure timely and consistent services worldwide. Although these branches are often relatively independent from the parent organization, they maintain close contacts with senior management and relevant global resources to ensure that, once a new initiative is approved, global account managers have sufficient support to implement what they promise to their customers.

A global supplier coordinates business with its global account in every market where the customer participates (Shi et al. 2004). This is articulated by a global account vice president from Siemens:

> "A never-ending challenge for the supplier is delivering consistency in all the countries in which the customer has business. The first step is determining how well the supplier is geographically aligned with the customer. Do they have the necessary presence, resources, expertise, etc., to deliver where the customer is located? This can be as complicated as aligning all of the Coca-Cola companies' 200- plus country locations... or as easy as it is for a company with one or two sites in major European capitals. Even when the supplier has a

> presence in a country, are they—or do they need to be—nearby? For instance, if the customer is a major oil company, it may mean fulfillment not just in the US and Europe, but in the jungles of Venezuela, the high desert of Kazakhstan, or on an offshore platform in Vietna" (Macaulay 2000, p. 21-22).

Several executives interviewed identified cross-country coordination practices needed to ensure organization-wide support for GAM activities. For example, Cisco has a Gateway Global Account Manager (GGAM), whose role is to ensure that every global account has sufficient local support from Cisco. In fact, GGAM is a manager located at the headquarters, who is independent of the global account managers, located in the subsidiaries, and who provides resources for them as well. In locations where local support is insufficient for a global account, the GGAM takes the lead in delivering comprehensive coverage. Where the local team is strong, the GGAM serves as backup and coordinator to make sure the global account plan is implemented consistently.

Both inter-organizational and cross-country GAM coordination should positively influence a supplier's GAM program performance because they allow the supplier to manage selling activities at each level of the organization and across different national markets so that the needs of global accounts are best served. As a result, global accounts would be more willing to reward the supplier with loyalty and increased orders. The positive link between vertical coordination and performance has been widely investigated and empirically supported (Buvik and John 2000; Heide 1994; Heide and John 1990; Mohr and Spekman 1994). The central thrust of GAM cross-country coordination process is to leverage the supplier's worldwide strategic

resources to achieve coordination and flexibility simultaneously (Bartlett and Ghoshal 1988). In order to serve the needs of a global account on a worldwide basis, a multinational supplier must be able to "cross-subsidize" its operations in some markets with resources generated in others, and respond to competitive attacks in one market by counterattacking in others (Zou and Cavusgil 2002, p.42).

GAM Reconfiguration refers to the process of changing resources and practices according to environmental changes and effecting the necessary adjustments ahead of competition (Teece et al. 1997). A successful GAM relationship involves quick responses to new intelligence. A review of the business cases suggests that a supplier's GAM program must maintain a viable fit with the customer's ever changing needs in order to sustain long-term competitive advantage. In other words, it is important for the GAM program to remain flexible and dynamic in order to take timely action. A major role of the global account manager in Xerox is to identify unique ways to reconfigure existing product offerings and deepen relational bonding. The Xerox-BMW global account relationship demonstrates Xerox's ability to transform its product according to BMW's requests in a timely fashion.

> "BMW wanted to make vehicle owner manuals personalized and less expensive to produce. Most vehicle owner's manuals included at least four languages of material and instructions for all the possible options. The traditional owner's manual was about an inch-and-a-half thick. This practice wasted paper, was becoming more expensive to print, and had high associated storage costs. Xerox worked with BMW, for almost one year, to create a personalized point-on-demand owner's manual solution, with which BMW was able to provide a new manual with the buyer's name in the buyers' preferred language, and with

> instructions that addressed only the specific options purchased. The new manual is 80 per cent thinner than the previous one, thus eliminating storage and shipping cost" (Jean-Pierre and Hennessey 2003, p.18-4).

Marriott's relationship with Accenture is another good example of GAM reconfiguration. In 2002, Accenture became a public company and confronted cost reduction issues, especially for travel and entertainment expenses. To retain this account, Marriott needed to adjust its traditional offering. The GAM team offered a new "corporate apartment" program within a relatively short time, providing a cozy home for Accenture employees who were relocating. As a result, Marriott increased its business with Accenture (SAMA and Consulting 2002a).

Reconfiguration should positively affect the supplier's GAM program performance. It is vital to be flexible because the global account's needs in multiple national markets vary and may change rapidly. Bartlett and Ghoshal (1988) argue that a proper global organizational structure is needed for an Multinational Company to exploit its transnational capability. Therefore, when a global customer shifts its product preferences, service requirements, market participation, and so on, the global supplier must be able to alter its organizational structure and processes, and re-deploy its strategic resources accordingly. Failure to do so may result in loss of the account.

GAM Capability as a Second-Order Factor

From the above discussion, it appears that the three major processes of intelligence acquisition, coordination, and reconfiguration suggest a comprehensive conceptualization of GAM capability. First, each process focuses on a different aspect of an organization's dynamic capability development. All processes share the same

goal of enhancing an organization's ability to accommodate changes in the global market. The three processes, as a whole, present GAM capability and each process focuses on a distinct dimension. Specifically, the intelligence acquisition process emphasizes an organization's activities to collect information about its customers and competitors. The coordination process focuses on how an organization should purposively organize its activities across functions, organizations, and markets. Finally, the reconfiguration process stresses an organization's ability to redeploy its strategic resources and processes to accommodate a rapidly changing global market.

Second, there are complementary rationale explaining why each process contributes to GAM capability and these rationale are not mutually exclusive. More specifically, the three processes can be developed simultaneously. Together, they suggest the core of GAM capability.

According to the qualitative findings, literature review, and the rationale advanced in this chapter, GAM capability is defined as complex bundles of skills and accumulated knowledge that are exercised through organizational processes that enable suppliers to address rapidly changing global customer needs and environmental changes (Day 1994; Narayanan et al. 2003; Teece et al. 1997). It is a second-order factor of six sub-processes that are derived from intelligence acquisition, coordination, and reconfiguration (refer to Figure 4.1). These GAM capability sub-processes capture diverse perspectives to develop GAM capability. The definition of each is delineated in Table 4.2.

Figure 4.1 A Broad Conceptualization of GAM Capability

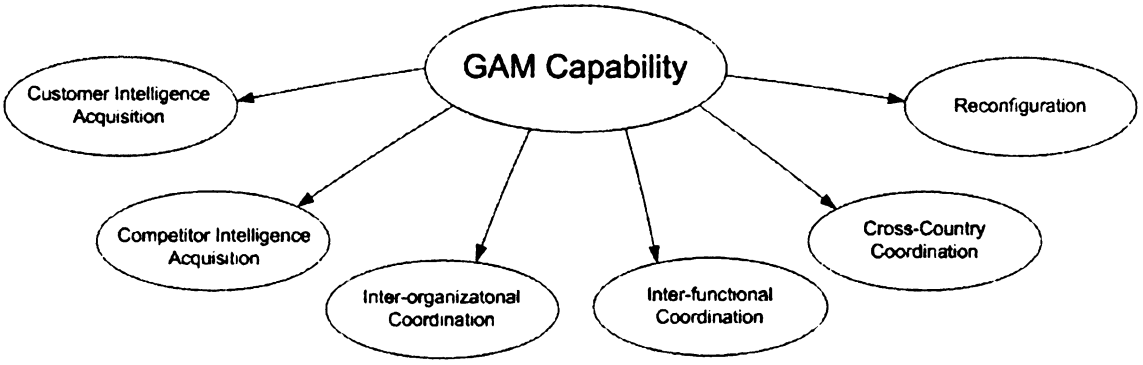
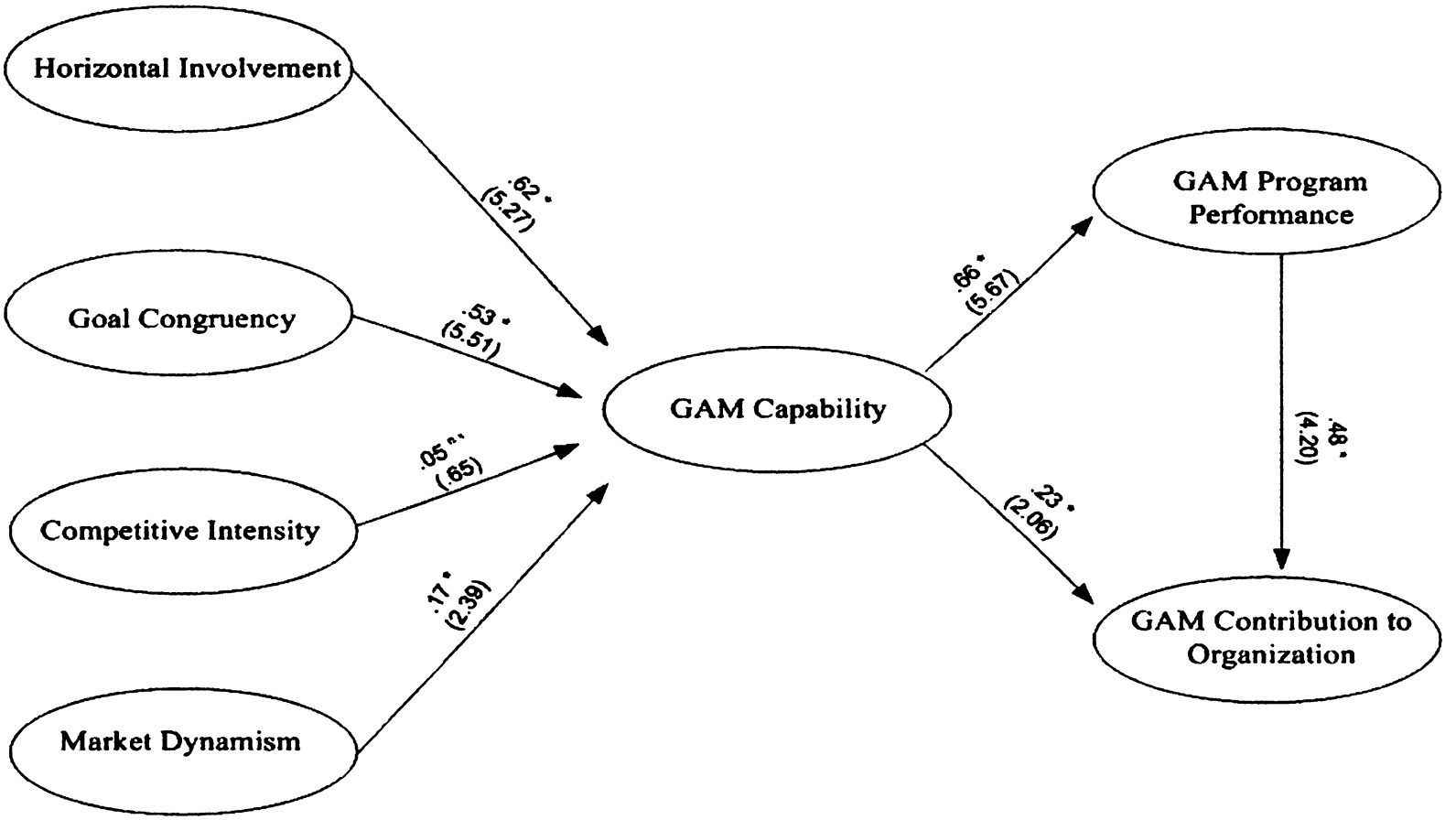


Table 4.2 Definition of the GAM Sub-Processes

GAM Sub-Process	Definition
Customer Intelligence Acquisition	The process of understanding explicit and latent needs of global accounts
Competitor Intelligence Acquisition	The process of understanding the strengths and weakness of current and potential competitors who do or will do business with the global accounts
Inter-organizational Coordination	The process of purposively organizing joint activities at each level of the two organizations
Inter-functional Coordination	The process of collectively utilizing organizational resources to satisfy global account needs
Cross-country Coordination	The process of cross-subsidizing global resources and interdependently planning competitive moves to secure or retain global accounts
Reconfiguration	The process of changing resources and practices according to environmental changes and effecting the necessary adjustments ahead of competition

Figure 6.7 GAM Capability, Antecedents and Consequences



Notes: Model Statistics: Chi-square = 1167.31, degrees of freedom = 847 p<.01; normed fit index = .91; non-normed fit index =.97; Comparative Fit Index (CFI)=.97; and Bollen Fit Index (IFI) =.97; RMSEA = .048. Reported values are standardized path coefficients. Their p-values are reported in the parentheses. (* Significant at .05. $^{n.s.}$ Not significant.)

The Consequences of GAM Capability

GAM Program Performance refers to the extent to which a GAM program achieves superior market outcomes for the supplier. Market outcomes include customer satisfaction, customer value, desired growth, new product introductions, and customer retention (Homburg et al. 2002, p. 57). In field interviews, most executives state that their GAM programs bring value to their customers and significantly increase customer satisfaction. One GAM executive put it this way:

> "Customer value is often perceived by cost saving. We are often times talking to them about business opportunities that have to do with cost reduction. We currently have two business initiatives. [One is] global printing that can drive the cost out of their office by putting governance plans in many plants. The second initiative is to understand some of their workflow, particularly in their manufacturing sites. We believe we can drive out cost and improve time to market by looking at the customer's business. We believe it is a tremendous cost saving opportunity [for the customer]."

GAM Contribution to Organization refers to the degree to which the GAM program enhances the supplier's overall competitive advantage, strategic position, global market share, sales growth, and profitability. In interviews, it is evident that the leading organizations' GAM programs play an important role in enhancing the whole organization's competitiveness. As noted by the CEO of Strategic Account Management Association (SAMA), "global account management has become the whole organization's emphasis which is beyond the marketing or sales responsibility because managing and growing the key global customers is critical for the suppliers' success" (Napolitano et al. 2004).

Global account management programs are often financially independent units, responsible for their own profits and losses. When asked if business with their global accounts is satisfactory, the executives agreed that such accounts substantially contribute to global sales and overall profitability.

All six sub-processes of GAM capability share the same goal of enhancing a supplier's market performance. Each process emphasizes one aspect of GAM capability. According to dynamic capability theory, GAM capability should have a positive effect on the supplier's GAM program performance and organizational performance, suggesting three hypotheses:

Hypothesis 1: The supplier's GAM capability has a positive influence on its GAM program performance.

Hypothesis 2: The supplier's GAM capability has a positive influence on its GAM contribution to organization.

Hypothesis 3: The supplier's GAM program performance has a positive influence on its GAM contribution to organization.

Antecedents to GAM Capability

Dynamic capability theory maintains that the development of a dynamic capability depends on a set of factors such as micro intra-organizational and inter-organizational conditions, and macro environmental factors (Helfat 2000; Helfat and Raubitschek 2000; Langlois and Steinmueller 2000; Narayanan et al. 2003; Rosenbloom 2000; Tripsas and Gavetti 2000; Winter 2000). These antecedents have been further suggested and substantiated in the qualitative research phase using a discovery-oriented approach.

The intra-organizational facilitating condition includes mainly *GAM horizontal supports*. Account manager skills and cross-functional efforts are probably the most frequently studied topics in account management and personal selling literature

(Homburg et al. 2002). The positive influence of broad functional supports on the development of a dynamic capability has been acknowledged in the strategic management literature (Adner and Helfat 2003; Blyler and Coff 2003; Grant 1996; Henderson and Cockburn 1994; Narayanan et al. 2003).

GAM Horizontal Involvement refers to the extent to which multiple functional levels are involved in managing global accounts (Homburg et al. 2002). In the on-site interview, the global account manager from a *Fortune 500* company showed an organizational chart that delineates the human resource network for managing the global account customers. It is evident that multiple functional levels across national markets are directly involved to provide globally consistent service and products to the key customers.

In some cases, global account managers have authority to obtain resources. In other cases, they must rely on their informal relationships and influence to seize functional supports. A recent shift from traditional divisional structures toward more customer-focused organizational structures enables account managers to become more influential marketing/sales coordinators and increases dispersion of marketing/sales activities into various organizational units (Homburg et al. 2000). As a result, in a customer-focused organization, a GAM unit can access more functional resources.

Research on both the account management and dynamic capability point out the importance of obtaining functional resources for capability development (Harvey et al. 2003; Helfat 2000; Homburg et al. 2002; Miller 2003; Shapiro and Moriarty 1984; Wilson and Millman 2003). Functional specialized knowledge and skills must be collectively utilized to build a capability. The success of inter-organizational coordination and adaptation as well as cross-country integration of resources to serve a global account depends on the internal success of attaining functional support,

because a GAM unit cannot implement its initiatives without support from the whole organization (Harvey et al. 2003; Homburg et al. 2002; Moon and Gupta 1997). An integrated functional knowledge base can enhance information processing, which in turn, fosters capabilities to understand global account needs, defeat competitors, an quickly reconfigure resources to better secure global account customers. Therefore, the following hypothesis can be formulated:

Hypothesis 4: The supplier's GAM horizontal involvement has a positive influence on GAM capability.

The inter-organizational facilitating condition includes mainly *goal congruency*. According to Toulan et al. (2002), a fit between two organizations' goals leads to favorable results in a global account management relationship.

Goal Congruency refers to the extent to which suppliers perceive their goals are consistent with those of global accounts (Arnold et al. 2001a; Jap 1999; John and Reve 1982). When being asked if consistent strategic goal between two organizations is important for the global account management relationships, all interviewees acknowledged its importance. A global account manager serving high technology industry stated that congruent strategic goal is an important criterion for his company in selecting global account customer. When dealing with customers from high technology industry which often want to commoditize products and service, his company used to refuse to set up GAM program for one customer because the congruent goal was not present.

Arnold et al. (2001a) found that goal congruency is a determinant of success of a GAM program, because organizations will invest to develop and maintain capabilities only when dyads are strategically important. Without goal congruency, global accounts may exploit power to ask for an unreasonably low price. As goals become

increasingly aligned, a supplier's willingness to coordinate and reconfigure its functional resources and local subsidiaries' resources in order to serve a global account will increase, because goal congruency ensures that customers will not pursue activities advantageous to their own selfish goals at the expense of suppliers. In addition, aligned organizational goals can enhance inter-organizational information exchange. Recent work in dynamic capability supports the idea that information exchange between two organizations promotes efficiency in developing dynamic capabilities, because suppliers can acquire more valuable information and can quickly integrate or adjust existing knowledge based on new information (Blyler and Coff 2003; Eisenhardt and Martin 2000; Grant 1996; Hanssen-Bauer and Snow 1996; Henderson and Cockburn 1994). In summary, congruent strategic goals set a platform and a basic incentive for the supplier to seek a high degree of coordination, orientation, integration, and reconfiguration. Therefore,

Hypothesis 5: The supplier's GAM goal congruency has a positive influence on GAM capability.

The last set of facilitating conditions is the environmental conditions. It includes *competitive intensity* and *market dynamism*. The essence of hypercompetition is the increasing intensity of global competition and the rate of customer preference changes (D'Aveni 1994). Competitive intensity and market dynamism set up macro conditions that are critical to the development of a dynamic capability (Eisenhardt and Martin 2000; Helfat 2000; Helfat and Raubitschek 2000; Rosenbloom 2000). An organization reacts to the external environment by protecting itself from external turbulence and coping with competition (Andrews 1971; Thompson 1967). A turbulent environment forces suppliers to detect potential threats and opportunities for exploiting idiosyncratic capability. In the executive interviews and case analysis, competitive

intensity and market dynamism are two most visible constructs.

Competitive Intensity is expected to positively influence GAM capability. Montgomery and Yip (2000; 1999; 2002) argue that global competition facilitates the use of a GAM program. When competition is high, there is a strong incentive for a supplier to make necessary investments in understanding global accounts, integrate global resources, and reconfigure existing knowledge so as to serve global accounts effectively. In summary, under fierce competition, a supplier has greater pressure to establish acquisition, coordination, and reconfiguration processes (Jaworski and Kohli 1993; Zou and Cavusgil 2002). Therefore:

Hypothesis 6: Competitive intensity has a positive influence on GAM capability.

Market Dynamism refers to the rate of change in the composition of a customer's preferences (Jaworski and Kohli 1993, p.57). It is posited to positively influence development of GAM capability. Although suppliers that possess GAM capability should be in the best position to succeed under all environments, suppliers operating in highly turbulent markets are more anxious and more likely to develop GAM capability because there are obvious needs for these suppliers to continuously create new resource configurations. Rapidly evolving global markets drive global suppliers to use a GAM program so that suppliers can better coordinate selling activities, integrate cross-border resources, and transform managerial and technical processes to create superior customer value (Montgomery and Yip 2000; Montgomery and Yip 1998; Montgomery et al. 2002; Yip 1995; Yip and Madsen 1996). In summary, market dynamism facilitates a supplier's development of acquisition, coordination, and reconfiguration processes. Therefore:

Hypothesis 7: Market dynamism has a positive influence on GAM capability.

CHAPTER 5
SURVEY RESEARCH DESIGN

The research phase one – qualitative research method and findings are delineated in the last chapter. This chapter explains the research phase two – survey methodology and procedures. The first section discusses the research setting, sample frame, and respondents. The second section presents details concerning questionnaire and scale development. The data collection procedure is described in the third section.

RESEARCH SETTING, SAMPLE FRAME, AND RESPONDENTS

The research setting for the study is a cross-sectional survey. Cross sectional survey is valuable because it can be tailored readily to test the proposed theory (Churchill 1979; Kerlinger 1974). However, it is difficult for a survey to obtain a representative sample and acceptable internal validity.

This project was funded or administered by the Institute for the Study of Business Markets (ISBM) at Pennsylvania State University, the Teradata Center for Customer Relationship Management at Duke University, the Strategic Account Management Association (SAMA), and the Center for International Business Education and Research at Michigan State University (MSU-CIBER). It was jointly implemented by SAMA and MSU-CIBER. The sampling frame is SAMA members who are involved in global account management practices, because SAMA is the world's largest professional association serving strategic / global account managers. With SAMA's help, 1093 SAMA members who are involved in global account practices received the survey.

The demographic information for SAMA members is reported in Figure 5.1, Figure 5.2, Figure 5.3, and Figure 5.4. Figure 5.1 reports the job function of SAMA

members. The majority of the members (40 percent) are titled Vice President or Director for Strategic Accounts. The second most common title is Strategic/Global Account Managers (35 percent). Approximately 47 percent of member companies have sales revenues ranging from $1 billion to $4.9 billion. The sales revenue information of member companies is reported in Figure 5.2. Approximately 25 percent of SAMA member companies have sales revenues ranging from $5 billion to $15 billion. Figure 5.3 reports information of membership by industry. About 55 percent of companies are from the manufacturing industry, which dominates SAMA. Another 22 percent of members are from the service industry. Figure 5.4 reports international membership by country. A majority of members are from the United States (86 percent), followed by Germany and United Kingdom (3.5 percent).

QUESTIONNAIRE AND MEASURES

A structured questionnaire was developed in several stages. First, the relevant literature on globalization, strategy, marketing, and management was searched and eight developed constructs were adopted. One remaining construct together with some scale items is original to this study.

Second, the literature revealed potentially useful items of measurement. These items were revised into Likert-type statements answered on a seven-point scale ranging from "strongly disagree" (1) to "strongly agree" (7). The purpose is to adopt these items to the specific GAM context.

Demographic Information for Members of Strategic Account Management Association (SAMA)

Figure 5.1 Job Title of SAMA Members

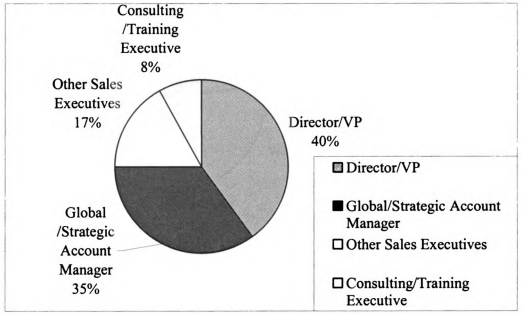


Figure 5.2 Sales Volume of Member Companies

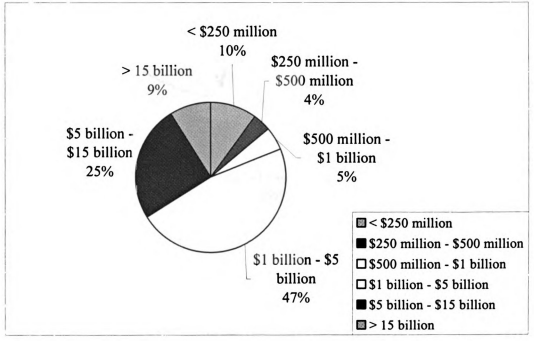


Figure 5.3 SAMA Membership by Industry

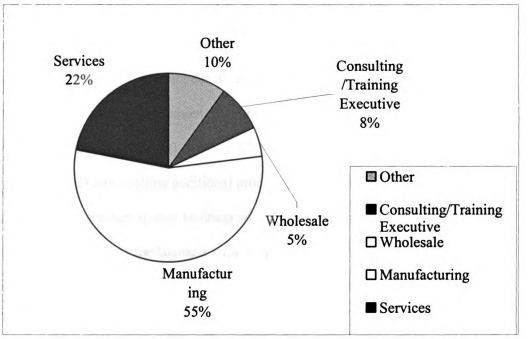
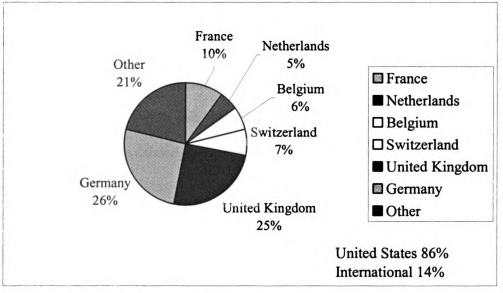


Figure 5.4 SAMA International Membership by Country



Source: (Strategic Account Management Association 2005)

Third, recent survey questionnaires used by the Strategic Account Management Association (SAMA) were reviewed. A few classification scales and GAM Program performance scales were adapted. GAM Program Performance was measured by the question "How successful has your organization been in achieving the following objectives since the establishment of your relationship with this global account customer?" and five items (1) growing sales to the global account customer worldwide; (2) cross-selling additional products and services to the global account customer; (3) developing new business with the global account customer; (4) increasing profit from the business with the global account customer; (5) increasing responsiveness to the global account's specific needs. All five items were measured by a seven-point bipolar scale ranging from "not at all successful" to "highly successful."

Fourth, the CEO, the Education Director, and the Research director from SAMA, all of whom are very familiar with global account management managerial practices, carefully evaluated the questionnaire and provided comments. Five academicians familiar with global account management, global strategy, and marketing research were asked to review the questionnaire. All were asked to evaluate whether the statements were meaningful, understandable, and valid. Based on their feedback, some statements were deleted, others were revised, and a small number of new items were added.

Fourth, the revised list was sent back to the same SAMA leaders and academicians to see whether they were satisfied with the revision. A few minor changes were made, and the Likert-type statements were put in an online survey format.

Thus, some scales used to measure the proposed constructs were adapted from previous literature while others were newly developed for this research. Except for the classification questions and the scale items measuring global standardization activities, GAM program performance, functional coordination activities, inter-organizational coordination activities, and environmental turbulence, all items used the seven-point Likert-type scale to register responses. Global standardization was measured by a seven-point bipolar scale ranging from "not at all standardized" (1) to "highly standardized" (7) with respect to five marketing mix activities. A similar scale, ranging from "not at all coordinated" (1) to "highly coordinated" (7), was used to measure inter-organizational and inter-functional coordination of marketing activities. Environmental turbulence was measured by a bipolar scale ranging from "never change" (1) to "change very frequently" (7).

The finalized questionnaire was put online. The cover page indicated the focus of research as a global account management program across two continents, and the sponsoring parties as the Strategic Account Management Association (SAMA), the Center for International Business Education and Research at Michigan State University (MSU-CIBER), the Institute for the Study of Business Markets (ISBM) at Penn State University, and the Teradata Center for Customer Relationship Management at Duke University. The cover page also provided the reasons for this dissertation and fundamental definitions of global account management program. The respondents were asked to refer to the most familiar global account customer with which their organizations conduct business on at least two continents. Respondents were limited to practitioners involved with global account management practices. Organizations were limited to those with a single point of contact, a team, or a special program in place to serve this global account customer. Refer to Appendix 1 for the

cover letter.

The questionnaire contains eight major sections of variables. In the first section, respondents indicated their degree of agreement or disagreement with statements concerning horizontal functional support. In the second section, respondents indicated how their organization conducts customer and competitor intelligence acquisition activities. In the third section, respondents evaluated the cross-country activities and standardization activities to serve the global account customer. In the fourth section, the respondents assessed the global account management program performance and the program's contribution to the entire organization. In the fifth section, respondents evaluated the degree of inter-organizational coordination activities using five seven-point bipolar scales. In the sixth section, respondents indicated their degree of agreement or disagreement with statements regarding goal congruency. In the seventh section, respondents evaluated the statements regarding the external environment of their organization. In the eight section, respondents completed nine classification questions.

Table 5.1 Sources of Measures

Construct Label	Original Scale	Source
GAM1: Customer Intelligence Acquisition (seven-point Likert scale) *GAM1-1.* We regularly use multiple methods (e.g., sales calls, focus groups, and surveys) to gather information about the global account's products, services, and strategies. *GAM1-2.* We frequently collect information about the global account's operations that are relevant to our business (e.g., purchasing, marketing, research & development). *GAM1-3.* We continuously review the likely effects of changes in business environment (e.g., regulation) that may affect our global account management practices.	**Customer Knowledge Process** (Seven-point Likert-type scale ranging from "strongly disagree" to "strongly agree")	Adapted from Li and Calantone (1998)
GAM2: Competitor Intelligence Acquisition (seven-point Likert scale) *GAM2-1.* We continuously acquire information about our competitors. *GAM2-2.* We regularly collect information about our competitors' products, services, and strategies. *GAM2-3.* Our top management constantly discusses our competitors' strengths and weaknesses.	**Competitor Knowledge Process** (Seven-point Likert-type scale ranging from "strongly disagree" to "strongly agree")	Adapted from Li and Calantone (1998)
GAM3: Inter-organizational Coordination (seven-point bipolar scale) *GAM3-1.* Senior Executive *GAM3-2.* Global Account Manager *GAM3-3.* Local Account Manager *GAM3-4.* Operational-level employees, such as field sales, accountants, technicians, etc.	**Scope of Relationship with Customer** (Seven-point scale ranging from "no relationship at all" to "very strong relationship")	Adapted from Birkinshaw et al. (2001)

GAM4: Inter-Functional Coordination (seven-point bipolar scale) *GAM4-1.* Product-related activities (e.g., product adaptation, new product development, technology exchange) *GAM4-2.* Service-related activities (e.g., training, advice, troubleshooting, guarantees) *GAM4-3.* Price-related activities (e.g., special pricing terms, pricing policy, offering of financing) *GAM4-4.* Supply chain activities (e.g., inventory management, transportation, order processing)	**Coordination of Marketing Activities** (Seven-point scale ranging from "not coordinated at all" to "highly coordinated")	Adapted from Zou and Cavusgil (2002)
GAM5: Cross-country Coordination (seven-point Likert scale) *GAM5-1.* Our global account support staff located across countries work together to serve the global account customer. *GAM5-2.* We often subsidize our competitive campaigns in a country using resources generated from other countries to serve the global account customer. *GAM5-3.* Overall, our headquarters interact with local country subsidiaries regularly to better manage the global account.	**Integration of Competitive Moves** (Seven-point Likert scale ranging from "strongly disagree" to "strongly agree")	Adapted from Zou and Cavusgil (2002)
GAM6: Reconfiguration (seven-point Likert scale) *GAM6-1.* We can redeploy the strategic resources serving the global account customer in global markets faster than our competitors can. *GAM6-2.* We can realign our organizational processes with respect to the global account's changing needs ahead of competition. *GAM6-3.* We can modify our products or services to accommodate the global account's needs ahead of competition. *GAM6-4.* We can adopt best practices in the industry ahead of competition. *GAM6-5.* We can reconfigure our systems (e.g., information systems, financial systems) as needed to adapt to changes in the global environment ahead of competition.	New	(Teece et al. 1997)

HI: Horizontal Involvement (seven-point Likert scale) *HI1.* Resources from multiple functional areas, business units, and country markets are dedicated to serve the global account customer. *HI2.* Multiple functional area, business units, and local subsidiaries are always ready to respond to opportunities or problems that may arise in the global account relationship. *HI3.* Our global account manager/team regularly receives support from key personnel across multiple functional areas, business units, and country markets in our organization.	New	(Narayanan et al. 2003)
GC: Goal Congruency (seven-point Likert scale) *GC1.* Both organizations have compatible goals. *GC2.* Both organizations have compatible approaches to business operations. *GC3.* Both organizations support each other's objectives.	**Goal Congruency** (Seven-point Likert-type scale ranging from "strongly disagree" to "strongly agree")	Adapted from Jap (1999)
CI: Competitive Intensity (seven-point Likert scale) *CI1.* Competition in our industry is cutthroat. *CI2.* There are many "promotion wars" in our industry. *CI3.* Anything that one competitor can offer, others can match readily. *CI4.* Price competition is a hallmark of our industry.	**Competitive Intensity** (Seven-point Likert-type scale ranging from "strongly disagree" to "strongly agree")	Adapted from Jaworski and Kohli (1993)
MD: Market Dynamism (seven-point bipolar scale) *MD1.* Production (or service) technique / process changes *MD2.* Customers' needs *MD3.* Products/services *MD4.* Competitors' strategies and actions	**Environmental Uncertainty** (seven-point bipolar scale ranging from "never change" to "change very frequently")	(Adapted from Germain et al. (1994)

PP: GAM Program Performance (seven-point bipolar scale) *PP1.* Growing sales to the global account customer worldwide *PP2.* Cross-selling additional products and services to the global account customer *PP3.* Developing new business with the global account customer	**Efficiency and Sales Growth** Seven-point bipolar scale ranging from "not at all" to "to a great extent"	Adapted from Birkinshaw et al. (2001)
OP: Contribution to Organizational Performance (seven-point Likert scale) Working with this global account has: *OP1.* ...substantially enhanced our strategic position in the global market. *OP2.* ...contributed substantially to our organization's global market share. *OP3.* ...contributed substantially to our organization's overall sales growth in the global market. *OP4.* ...contributed substantially to our organization's overall profitability in the global market.	New	

DATA COLLECTION

Data collection involved two phases. In the initial phase, the Strategic Account Management Association (SAMA) sent a cover letter and the link to the online questionnaire to the 1093 SAMA members who are involved in global account practices. They are the CEOs, presidents, vice-presidents (VPs), directors, and global account managers. The cover letter stated the purpose and contribution of this dissertation, the sponsors, and the criteria of appropriate respondents. At the end of the survey, a summary report was promised if the respondents provided their email addresses or mailing addresses. See Appendix 1 for the cover letter.

Three weeks after the initial mailing, 102 questionnaires had been completed. The second phase started three weeks after the initial mailing. The same cover letter and the link to the online questionnaire were sent to the same 1093 executives who were contacted in the first mailing. In an additional note of the second mailing email, the SAMA CEO restated the importance of this study and urged the global account managers to take some time filling out the survey. Two weeks later, another 63 questionnaires had been completed. Overall, a total of 165 questionnaires were completed.

This chapter summarizes the survey measurement design, sample frame, and data collection procedure. A two-stage data analysis approach is discussed in the next chapter.

CHAPTER 6
ANALYSIS AND FINDINGS

In this chapter, nonresponse bias, reliability, and internal validity for the survey research are assessed. First, potential nonresponse bias is evaluated by comparing the tenure of supplier's global account management program, the percentage of sales revenues on account of global account customers, the number of global account customers under the respondent, and the sales revenues of respondents to the first mailing with those to the second mailing. Second, the reliability of the constructs pertaining to internal support and inter-organizational fit, environmental conditions, GAM processes, and performance is evaluated. Third, according to reliability and validity results, the measurement model is refined.

A two-stage data analysis approach is employed. First, a second-order confirmatory analysis (CFA) tests the convergent and discriminant validity of the GAM processes, as well as the measurements of all factors included in the structural model. The six GAM sub-processes, the first order dimensions of GAM capability, are loaded on GAM capability, which is the second order factor. Second, a complete latent variable model evaluates the structural model and related research hypotheses (Bentler 1995).

RESPONSE RATE AND NONRESPONSE BIAS

A total sample of 1093 global account managers yields 232 responses of which 165 were completed. Thus, the response rate is 21.2 percent (232/1093) and the overall effective response rate is 15.1 percent (165/1093). The incomplete responses were discarded from further consideration.

According to Armstrong and Overton (1977), there are three methods of estimating nonresponse bias: comparisons with known values for the population,

subjective estimates, and extrapolation (i.e., the comparison between first mailing responses and second mailing responses). Since subjective estimates are not available, the methods of comparisons with known values for the population and extrapolation are used here to evaluate nonresponse bias.

The variables used to evaluate nonresponse bias between the two mailings (i.e., extrapolation) are tenure of global account management program, percentage of sales revenue from global account customer(s), number of global account customers under the global account manager, and annual sales revenue of supplier. Based on comparisons with known values for the population method, sales revenues of the all respondents' organizations were compared with that of SAMA's membership organizations. Although other variables can be used for nonresponse bias comparison, these four variables are widely used and readily available in the present dataset.

Table 6.1 reports the results of the t-test comparisons to evaluate the nonresponse bias here. The tenure of global account program of organizations responding to the first mailing was smaller than those responding to the second. However, the difference was not significantly different ($t = -.66$, $p > .51$). With respect to percentage of sales revenue from global account customer, the organizations responding to the first mailing were also smaller than those responding to the second. The difference was not significantly different ($t = -1.59$, $p > .11$). Based on the number of customers under the global account manager, the organizations responding to the first mailing were smaller than those responding to the second. The difference was not significantly different ($t = -.77$, $p > .44$). The average annual sales of organizations responding to the first mailing was smaller than that of companies responding to the second, although the difference was not statistically significant ($t = -.29$, $p>.78$). Based on the comparison with known values for the population method, organizations responding

to surveys are not significantly different from SAMA membership population in terms of sales revenue ($t = -.35$, $p > .73$).

SAMPLE CHARACTERISTICS

Figure 6.1 illustrates that some 65 percent of responding global account managers are located in North America, followed by 26 percent from Western Europe. Among participants, 63 percent of the global account customers served by these managers are located in North America and 30 percent of customers are from Western Europe (Figure 6.2).

Figure 6.3 shows the industry composition of the sample of the participating companies, 38 percent are from service industries, 31 percent are from consumer packaging, and 24 percent are B2B manufacturing companies. With respect to sales revenue, of the companies represented in the survey, approximately 31 percent generated over $10 billion in revenue in 2004, while about 27 percent generated between $1 billion and $10 billion (refer to Figure 6.4).

A profile of survey respondents is presented in Figure 6.5 and Figure 6.6. About 40 percent of participating companies have been operating a formal GAM program for 6 to 10 years and 26 percent of them have three to five years experience. Nearly eight percent of respondents are Chief Executive Officers or Principals, 30 percent are senior executives at President or Vice President level, and 26 percent are sales/marketing directors.

Table 6.1 Assessment of Nonresponse Biases

Characteristics	Category	Mean	t-Value	Sig. Level
Tenure of Supplier's Global Account Management Program	Respondents from the 1st mailing	9.59	-0.66	0.51
	Respondents from the 2nd mailing	10.29		
Percentage of Sale Revenues from the Global Account Customer	Respondents from the 1st mailing	11.62	-1.59	0.11
	Respondents from the 2nd mailing	16.47		
Number of Accounts	Respondents from the 1st mailing	4.21	-0.77	0.44
	Respondents from the 2nd mailing	6.28		
Annual Sales	Respondents from the 1st mailing	3.8	-.29	0.78
	Respondents from the 2nd mailing	4.6		
Annual Sales	Responding Organizations	4.1	-.35	.73
	SAMA Membership Organizations	5.2		

Figure 6.1 Location of Global Account Managers

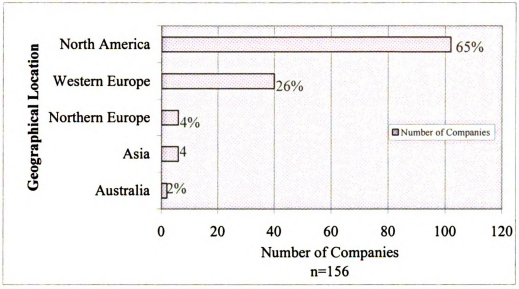
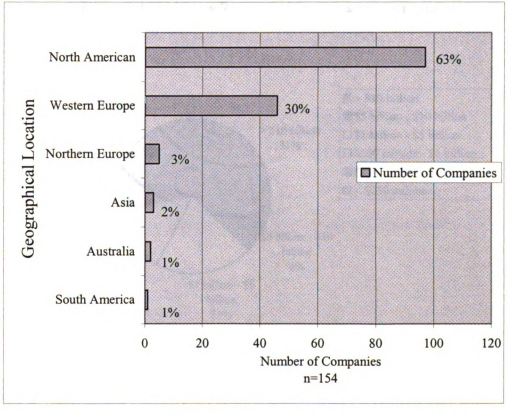


Figure 6.2 Location of Global Account Customer's Headquarters



Note: Northern Europe includes Finland, Sweden, and Switzerland. Western Europe includes the United Kingdom, France, Germany, and Netherlands. Asia includes China, Japan, and Korea.

Figure 6.3 Industry Composition

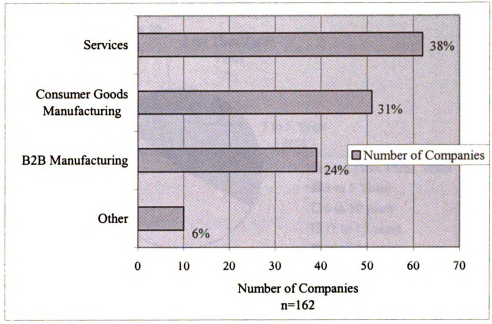


Figure 6.4 2004 Sales Revenue of Participating Companies

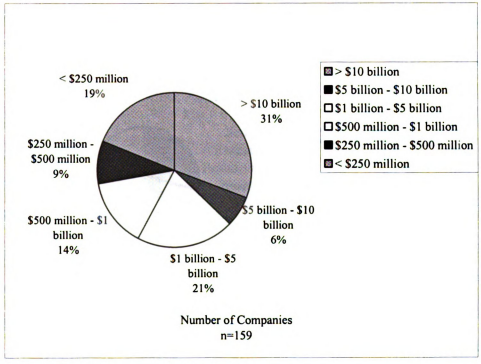


Figure 6.5 Number of Years in Global Account Management

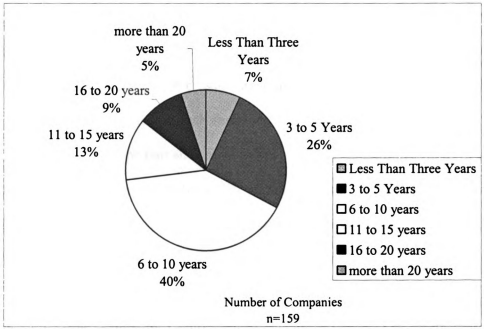
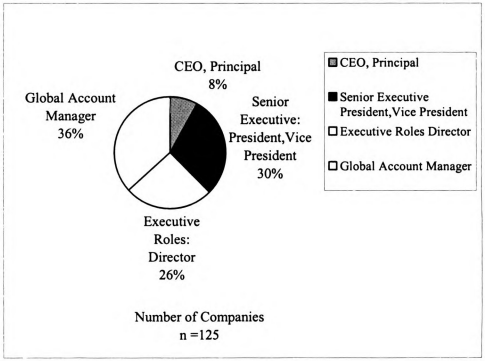


Figure 6.6 Job Titles and Responsibilities



DATA QUALITY AND RELIABILITY OF CONSTRUCTS

Reliability and item-to-total correlations are reported in Table 6.2. Multiple items are employed to evaluate each construct in the proposed model. The correlations of interest are significant. Due to cross-loading, three items were dropped. A coefficient alpha was then calculated for each construct.

With respect to the four antecedents, the coefficient alphas range from .73 to .86, which indicates adequate reliability. The six sub-processes of GAM capability (i.e., customer intelligence acquisition, competitor intelligence acquisition, inter-organizational coordination, inter-functional coordination, cross-country coordination, and reconfiguration) also have adequate reliabilities ranging from .72 to .89. The two performance constructs are reliable, as indicated by the coefficient alphas of .86 and .93, respectively.

Table 6.2 Construct Reliability Estimates

Construct Label	Item-Total Correlation	Coeff. Alpha
GAM1: Customer Intelligence Acquisition (seven-point Likert scale)		.86
GAM1-1. We regularly use multiple methods (e.g., sales calls, focus groups, and surveys) to gather information about the global account's products, services, and strategies.	.72	
GAM1-2. We frequently collect information about the global account's operations that are relevant to our business (e.g., purchasing, marketing, research & development).	.82	
GAM1-3. We continuously review the likely effects of changes in business environment (e.g., regulation) that may affect our global account management practices.	.68	
GAM2: Competitor Intelligence Acquisition (seven-point Likert scale)		.89
GAM2-1. We continuously acquire information about our competitors.	.81	
GAM2-2. We regularly collect information about our competitors' products, services, and strategies.	.87	
GAM2-3. Our top management constantly discusses our competitors' strengths and weaknesses.	.68	
GAM3: Inter-organizational Coordination (seven-point bipolar scale)		.78
GAM3-1. Senior Executive	.40	
GAM3-2. Global Account Manager	.71	
GAM3-3. Local Account Manager	.68	
GAM3-4. Operational-level employees, such as field sales, accountants, technicians, etc.	.61	
GAM4: Inter-Functional Coordination (seven-point bipolar scale)		.87
GAM4-1. Product-related activities (e.g., product adaptation, new product development, technology exchange)	.74	
GAM4-2. Service-related activities (e.g., training, advice, troubleshooting, guarantees)	.77	
GAM4-3. Price-related activities (e.g., special pricing terms, pricing policy, offering of financing)	.70	
GAM4-4. Supply chain activities (e.g., inventory management, transportation, order processing)	.70	

GAM5: Cross-country Coordination (seven-point Likert scale)		.72
GAM5-1. Our global account support staff located across countries work together to serve the global account customer.	.62	
GAM5-2. We often subsidize our competitive campaigns in a country using resources generated from other countries to serve the global account customer.	.45	
GAM5-3. Overall, our headquarters interact with local country subsidiaries regularly to better manage the global account.	.58	
GAM6: Reconfiguration (seven-point Likert scale)		.88
GAM6-1. We can redeploy the strategic resources serving the global account customer in global markets faster than our competitors can.	.69	
GAM6-2. We can realign our organizational processes with respect to the global account's changing needs ahead of competition.	.82	
GAM6-3. We can modify our products or services to accommodate the global account's needs ahead of competition.	.67	
GAM6-4. We can adopt best practices in the industry ahead of competition.	.75	
GAM6-5. We can reconfigure our systems (e.g., information systems, financial systems) as needed to adapt to changes in the global environment ahead of competition.	.65	
HI: Horizontal Involvement (seven-point Likert scale)		.84
HI1. Resources from multiple functional areas, business units, and country markets are dedicated to serve the global account customer.	.56	
HI2. Multiple functional area, business units, and local subsidiaries are always ready to respond to opportunities or problems that may arise in the global account relationship.	.77	
HI3. Our global account manager/team regularly receives support from key personnel across multiple functional areas, business units, and country markets in our organization.	.79	
GC: Goal Congruency (seven-point Likert scale)		.86
GC1. Both organizations have compatible goals.	.71	
GC2. Both organizations have compatible approaches to business operations.	.73	
GC3. Both organizations support each other's objectives.	.75	
CI: Competitive Intensity (seven-point Likert scale)		.73
CI1. Competition in our industry is cutthroat.	.47	
CI2. There are many "promotion wars" in our industry.	.52	
CI3. Anything that one competitor can offer, others can match readily.	.53	
CI4. Price competition is a hallmark of our industry.	.59	

MD: Market Dynamism (seven-point bipolar scale) *MD1.* Production (or service) technique / process changes *MD2.* Customers' needs *MD3.* Products/services *MD4.* Competitors' strategies and actions	 .66 .68 .75 .69	.85
PP: GAM Program Performance (seven-point bipolar scale) *PP1.* Growing sales to the global account customer worldwide *PP2.* Cross-selling additional products and services to the global account customer *PP3.* Developing new business with the global account customer	 .70 .72 .80	.86
OP: Contribution to Organizational Performance (seven-point Likert scale) Working with this global account has: *OP1.* ...substantially enhanced our strategic position in the global market. *OP2.* ...contributed substantially to our organization's global market share. *OP3.* ...contributed substantially to our organization's overall sales growth in the global market. *OP4.* ...contributed substantially to our organization's overall profitability in the global market.	 .75 .87 .91 .82	.93

THE SECOND-ORDER CFA

A second-order CFA test was carried out to assess the measurement model of GAM capability, its four antecedents, and two performance constructs.

Justification for the Reflective Second-Order CFA

According to Jarvis et al. (2003), there are four rules for determining whether a construct is reflective or formative. First, a reflective model has the direction of causality from construct to items, while a formative model has the reversed direction from items to construct. Second, the indicators of a reflective model share the same domain. In contrast, the indicators of a formative model do not necessarily share the same domain. Third, there is a significant covariation among the indicators of a reflective model. With respect to a formative scale, it is not necessary for its indicators to be covaried. Finally, the indicators of a reflective scale should be within a

nomological net of antecedents and consequences, while those of a formative scale are not expected to share the same antecedents and consequences.

First, GAM capability is a reflective second-order factor because the six first-order factors — the six sub-processes are manifestations of the GAM capability. In other words, the director of causality is from GAM capability to its six sub-processes. GAM capability is defined as complex bundles of skills and knowledge exercised within organizational processes. Thus, this capability would drive the outcomes of the GAM specific processes.

Second, the six sub-processes are conceptualized based on the qualitative research results and grounded on dynamic capability theory framework. They share the same domain of GAM capability. This domain will not be altered whichever sub-process is dropped.

Third, a close examination of the correlations among six sub-processes reveals that they are significantly covaried. It confirms the argument that GAM capability is a reflective second-order factor, as the formative model does not require a covariation among the first-order constructs.

Finally, all six sub-processes reflect the same domain of GAM capability and have the same antecedents and consequences in the proposed model. The significant correlations among the six sub-processes, the four antecedents, and two performance outcomes confirm this argument.

The Second-Order CFA Test

Three steps were conducted. First the skewness, kurtosis, and process converged value were examined. Second, the elliptical reweighted least square (ERLS) procedure was chosen to evaluate the model fit. Third, convergent validity and discriminant validity were assessed for each construct.

First, the measurement model was evaluated by examining outlier and process converged value (Baggozi and Yi 1988). A careful review of univariate and multivariate statistics reveals that there is no outlier. Most of the sample kurtosis are below 1.00. Among all items, only 2 have kurtosis more than 1.00. They are GAM5-2 (Kurtosis = -1.07), and GAM3-2 (Kurtosis = 1.61). As 2.00 is a cut off point beyond which nonnormality of distribution becomes a concern, the kurtosis of the items provides no indication that the variables used in this research are distributed nonnormally. Similarly, the skewness of the majority of items is less than 1.00. Two items have skewness of more than 1.00. They are GAM3-2 (Skewness = -1.38), and GAM3-3 (Skewness = -1.11). As the lower boundary of concern for skewness is 5.00, the skewness of the items provides no indication of nonnormality either. The preceding tests are univariate. Univariate normality is a necessary but not sufficient condition for multinormality. To detect multinormality, the mardia's coefficient is recommended. The mardia's coefficient for the present dataset is 9.68 higher than the cut-off point of 1.96. Thus, a nonnormality problem might be present here, which threatens the validity of the maximum likelihood (ML). According to Bollen (1989), when nonnormality is a concern, an alternative procedure that allows for nonnormality, such as weighted least square and elliptical estimator, can be employed.

Second, the ERLS procedure was chosen here to fit the second-order CFA model, because the ERLS procedure allows for nonnormality by making minimum assumptions about the distribution of the variables (Bentler 1995; Bollen 1989). In EQS, ERLS procedure starts from the converged values obtained from ML, while ML estimate starts from a default value or a value input by researchers. Thus, the ERLS procedure outperforms the ML for nonnormal data and performs equivalent to the ML for normal data (Bentler 1995; Bollen 1989).

The fit indices and chi-square results supplied by these two approaches were compared. The ML and the ERLS results are reported in Table 6.3 and Table 6.4, respectively. A close examination reveals that the ERLS procedure suggests a better fit than the ML here. Both EQS outputs report that there is no special problem encountered during the optimization process and the estimation process converged. The ERLS chi-square is 1127.93 (degrees of freedom = 833, chi-square/degrees of freedom = 1.35). Other fit indices were examined. Bentler-Bonett nonnormed fit index, Bentler-Bonett normed fit index, Comparative fit index, Bollen fit index, and RMSEA are .97, .92, .98, .98, and.046, respectively. The measurement model includes the second-order factor—GAM capability. Therefore, the second-order CFA model fits the data adequately.

Table 6.3 Results of the Second-Order CFA by ML

Model Fit Statistics	
Chi-square statistic of the model	1363.16
(Degrees of freedom)	833
Bentler-Bonett normed fit index	.75
Bentler-Bonett nonnormed fit index	.87
Comparative fit index	.88
Bollen fit index	.88
RMSEA	.062

Table 6.4 Results of the Second-Order CFA by ERLS

Factor	Item	Stand. Load.	t-Value	AVE
Global Account Management (GAM) Capability (Second-Order Factor)				
GAM1: Customer Intelligence Acquisition (seven-point Likert scale)				.69
GAM1-1. We regularly use multiple methods (e.g., sales calls, focus groups, and surveys) to gather information about the global account's products, services, and strategies.		.80 .93	- 12.13	
GAM1-2. We frequently collect information about the global account's operations that are relevant to our business (e.g., purchasing, marketing, research & development).		.76	10.06	
GAM1-3. We continuously review the likely effects of changes in business environment (e.g., regulation) that may affect our global account management practices.				
GAM2: Competitor Intelligence Acquisition (seven-point Likert scale)				.75
GAM2-1. We continuously acquire information about our competitors.		.88	-	
GAM2-2. We regularly collect information about our competitors' products, services, and strategies.		1.00	16.40	
GAM2-3. Our top management constantly discusses our competitors' strengths and weaknesses.		.70	10.50	
GAM3: Inter-organizational Coordination (seven-point bipolar scale)				.53
GAM3-1. Senior Executive		.48	-	
GAM3-2. Global Account Manager		.76	5.56	
GAM3-3. Local Account Manager		.82	5.69	
GAM3-4. Operational-level employees, such as field sales, accountants, technicians, etc.		.78	5.59	
GAM4: Inter-Functional Coordination (seven-point bipolar scale)				.63
GAM4-1. Product-related activities (e.g., product adaptation, new product development, technology exchange)		.82	-	
GAM4-2. Service-related activities (e.g., training, advice, troubleshooting, guarantees)		.87	11.85	
GAM4-3. Price-related activities (e.g., special pricing terms, pricing policy, offering of financing)		.72	9.49	
GAM4-4. Supply chain activities (e.g., inventory management, transportation, order processing)		.75	9.90	

Factor	Item	Stand. Load.	t-Value	AVE
GAM5: Cross-country Coordination (seven-point Likert scale)				.50
GAM5-1. Our global account support staff located across countries work together to serve the global account customer.		.82	-	
GAM5-2. We often subsidize our competitive campaigns in a country using resources generated from other countries to serve the global account customer.		.51	5.98	
GAM5-3. Overall, our headquarters interact with local country subsidiaries regularly to better manage the global account.		.75	8.95	
GAM6: Reconfiguration (seven-point Likert scale)				.61
GAM6-1. We can redeploy the strategic resources serving the global account customer in global markets faster than our competitors can.		.77	-	
GAM6-2. We can realign our organizational processes with respect to the global account's changing needs ahead of competition.		.88	11.27	
GAM6-3. We can modify our products or services to accommodate the global account's needs ahead of competition.		.72	9.06	
GAM6-4. We can adopt best practices in the industry ahead of competition.		.81	10.26	
GAM6-5. We can reconfigure our systems (e.g., information systems, financial systems) as needed to adapt to changes in the global environment ahead of competition.		.71	8.87	
HI: Horizontal Involvement (seven-point Likert scale)		.60	7.76	.68
HI1. Resources from multiple functional areas, business units, and country markets are dedicated to serve the global account customer.		.89	13.27	
HI2. Multiple functional area, business units, and local subsidiaries are always ready to respond to opportunities or problems that may arise in the global account relationship.		.95	14.42	
HI3. Our global account manager/team regularly receives support from key personnel across multiple functional areas, business units, and country markets in our organization.				
GC: Goal Congruency (seven-point Likert scale)				.67
GC1. Both organizations have compatible goals.		.80	10.92	
GC2. Both organizations have compatible approaches to business operations.		.82	11.44	
GC3. Both organizations support each other's objectives.		.83	11.56	

Factor	Item	Stand. Load.	t-Value	AVE
CI: Competitive Intensity (seven-point Likert scale)		.56	6.31	.41
CI1. Competition in our industry is cutthroat.		.64	7.37	
CI2. There are many "promotion wars" in our industry.		.63	7.28	
CI3. Anything that one competitor can offer, others can match readily.		.73	8.47	
CI4. Price competition is a hallmark of our industry.				
MD: Market Dynamism (seven-point bipolar scale)				.60
MD1. Production (or service) technique / process changes		.72	9.55	
MD2. Customers' needs		.75	10.00	
MD3. Products/services		.84	11.65	
MD4. Competitors' strategies and actions		.78	10.55	
PP: GAM Program Performance (seven-point bipolar scale)				.69
PP1. Growing sales to the global account customer worldwide		.79	11.10	
PP2. Cross-selling additional products and services to the global account customer		.78	10.80	
PP3. Developing new business with the global account customer		.91	13.47	
OP: Contribution to Organizational Performance (seven-point Likert scale)				.78
Working with this global account has:				
OP1. ...substantially enhanced our strategic position in the global market.		.78	11.16	
OP2. ...contributed substantially to our organization's global market share.		.92	14.38	
OP3. ...contributed substantially to our organization's overall sales growth in the global market.		.95	15.26	
OP4. ...contributed substantially to our organization's overall profitability in the global market.		.86	12.84	
Second-Order GAM Scale				
GAM1: Customer Intelligence Acquisition		.78	-	
GAM2: Competitor Intelligence Acquisition		.46	4.84	
GAM3: Inter-organizational Coordination		.80	4.83	
GAM4: Inter-Functional Coordination		.69	6.36	
GAM5: Cross-country Coordination		.86	7.28	
GAM6: Reconfiguration		.71	6.38	

Model Fit Statistics	
Chi-square statistic of the model	1127.93
(Degrees of freedom)	833
Bentler-Bonett normed fit index	.92
Bentler-Bonett nonnormed fit index	.97
Comparative fit index	.98
Bollen fit index	.98
RMSEA	.046

Note: Average variance extracted (AVE), which is the proportion of variance in the construct that is not due to measurement error (Fornell and Larcker 1981). AVE is computed as $\sum\lambda^2 / [\sum\lambda^2 + \sum \text{var}(\varepsilon)]$.

Third, convergent validity and discriminant validity were tested. The convergent validity was assessed by evaluating factor loadings and residuals. The measurement parameters are shown in Table 6.4, and all the coefficients linking the indicators with their latent constructs were significant (t-values ranged from 6.31 to 16.40). In addition, the loadings of the six first-order GAM processes on the GAM capability are also positive and significant (see Table 6.4). Thus, the factors in the CFA model, including first order GAM process constructs and the other constructs of interest, present satisfactory convergent validity (Anderson 1987; Anderson and Gerbing 1988).

Two types of analysis were conducted to evaluate discriminant validity. The factor correlations were constrained (one at a time) to be equal to 1.0. In each case this produced a significant increase in chi-square, indicating that the constructs are distinct. Table 6.4 shows that the average variance extracted (AVE) for each construct was above the 50 percent cut-off suggested by Fornell and Larcker (1981), except for the construct of competitive intensity (AVE=.41). However, Table 6.5 shows that the correlation between competitive intensity and other constructs are low as well. Among its six correlations ranging from .08 to .27, four correlations are nonsignificant. Thus, AVE for competitive intensity is higher than the each square correlation between this construct and the other construct, which indicates discriminant validity. As suggested by Fornell and Larcker (1981), the AVE, which shows the amount of the variance that is captured by the construct in relation to the amount of variance due to measurement error, was also used as a test of discriminant validity. The AVE can be compared to the shared variance between any two constructs (the squared correlation between the constructs), in that the AVE should be higher for each construct than the squared correlation between that construct and any other construct. This test holds

for all constructs, and thus there is evidence of discriminate validity between the constructs.

Table 6.5 reports the item loadings, t-values, and AVE. The inter-correlations are reported in Table 6.6. According to all the aforementioned analysis, a conclusion can be made that all factors in the measurement model possess both convergent and discriminant validity and the second-order CFA model fits the data adequately.

TEST OF THE STURCTURAL PATH MODEL

The complete latent variable model, including GAM capability, its antecedents, and consequences, as well as their measurements, was tested using the EQS program. The ERLS procedure was applied to fit the complete latent variable after the measurement model has been purified. Figure 6.7 shows the path parameter estimates and fit indices.

The chi-square is 1167.31 (degrees of freedom = 847). Other fit indices were also examined. The Bentler-Bonett normed fit index is .91, the non-normed fit index is .97, the comparative fit index (CFI) is .97, the bollen fit index (IFI) is .97, and the RMSEA is .048. In addition, the standardized residuals are small, and all parameter estimates are in the expected direction. All the aforementioned fit indices, small residuals, and theoretically consistent parameter estimates suggest the complete latent variable model fits the data well.

Table 6.5 Factor Intercorrelations from the CFA

	1	2	3	4	5	6	7
1. Horizontal Involvement	1						
2. Goal Congruency	.37 (4.56)	1					
3. Competitive Intensity	.15[n.s] (1.57)	.08[n.s] (.76)	1				
4. Market Dynamism	.26 (2.98)	.16[n.s.] (1.75)	.27 (2.77)	1			
5. GAM Program Performance	.50 (7.12)	.62 (9.70)	.06[n.s.] (.57)	.32 (3.69)	1		
6. Contribution to Organization	.42 (5.77)	.51 (7.22)	.08 [n.s.] (.87)	.35 (4.30)	.66 (12.38)	1	
7. GAM Capability	.73 (6.79)	.63 (5.93)	.20 (1.96)	.32 (3.24)	.66 (6.20)	.55 (5.49)	1

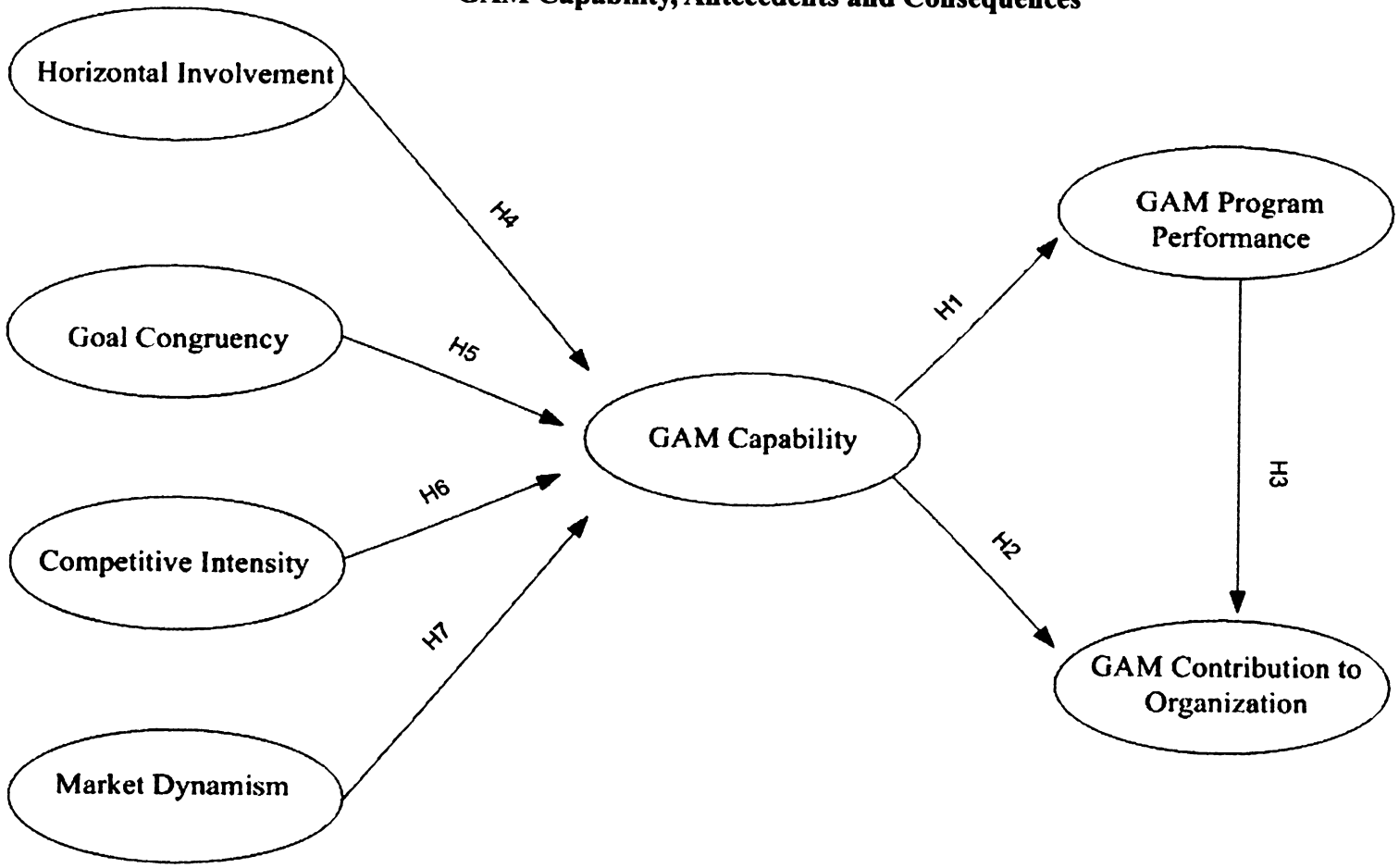
Notes:

a) Reported values are correlations.

b) p-values are reported in the parentheses.

c) n.s. indicates nonsignificant correlation.

Figure 4.2
GAM Capability, Antecedents and Consequences



The full model was tested. It consisted of the structural model and the multiple measures of each construct. Figure 6.7 shows that the hypothesized relationship between GAM capability and other factors are positive and significant, which is consistent with the proposed theory. Table 6.6 shows the structural parameters and fit indices for the proposed model.

Hypothesis 1 stated that GAM capability will have a positive effect on GAM program performance, and this was supported (.66, t=5.67). Hypothesis 2 predicted that GAM capability would have a positive effect on GAM contribution to organization, and this was also supported (.23, t=2.06). Hypothesis 3 stated that GAM program performance would have a strong influence on GAM contribution to organization, and this was also supported (.48, t=4.20).

A close examination of the antecedents of GAM capability revealed that the intra-organizational factor, horizontal involvement, would be positively related to GAM capability (.62, t=5.27) and the inter-organizational condition, goal congruency, would also be positively related to GAM capability (.53, t=5.51). Thus, both Hypothesis 4 (horizontal involvement → GAM capability; .62, t=5.27) and Hypothesis 5 (Goal congruency → GAM capability; .53, t=5.51) were supported.

In addition, GAM capability is influenced positively by two environmental conditions, competitive intensity and market dynamism. Hypotheses 6 stated that competitive intensity would have a positive effect on GAM capability, and this was not supported (.05, t=.65). Hypothesis 7 stated that market dynamism would have a positive effect on GAM capability, and this was supported (.17, t=2.39).

Table 6.6

Standardized Structural Parameters for the Proposed Model

Parameter	Completely Standardized Coefficient	t-value
H1: GAM Capability → GAM Program Performance	.66	5.67
H2: GAM Capability → GAM Contribution to Organization	.23	2.06
H3: GAM Program Performance → GAM Contribution to Organization	.48	4.20
H4: Horizontal Involvement → GAM Capability	.62	5.27
H5: Goal Congruency → GAM Capability	.53	5.51
H6: Competitive Intensity → GAM Capability	.05	.65
H7: Market Dynamism → GAM Capability	.17	2.39
Chi-Square	1167.31/ 847 d.f.	
NFI	.91	
NNFI	.97	
CFI	.97	
RMSEA	.048	

Common Method Bias

Since self-reporting scale is used for the present study, common method bias can confound the empirical testing results because the variance might be on account of the measurement method instead of the construct (Podsakoff and Organ 1986). Harman's one factor test is employed here to detect this potential issue (McFarlin and Sweeney 1992; Sanchez and Brock 1996). If common method bias poses a serious problem to the data analysis, all variables would load on one single factor (Podsakoff and Organ 1986). Thus, a worse fit of the single factor model would suggests that common method bias does not seriously inflate the empirical findings (McFarlin and Sweeney 1992; Sanchez and Brock 1996). The single factor CFA test shows worse chi-square result and fit indices, which suggests that the single factor model does not fit the data adequately and common method bias may not be a serious issue here.

Effects of the Processes on GAM Performance Outcomes

To assess how each GAM process influences GAM performance consequences, The loadings of each process on GAM capability (shown in Table 6.4) were used to multiply the path parameters from GAM capability with two performance outcomes (shown in Figure 6.7) to calculate the total effect size of each process on two performance outcomes. Table 6.7 reports the total effect size for each process.

Table 6.7 suggests the following findings. A supplier's GAM program performance and GAM contribution to organization are significantly influenced, in the order of cross-country coordination, inter-organizational coordination, customer intelligence acquisition, reconfiguration, inter-functional coordination, and competitor intelligence acquisition. The order of the effect sizes for each process on both performance outcomes appear the same.

Table 6.7 The Effects of the Processes on GAM Performance Consequences

The Processes	**Program Performance**	**Contribution to Organization**
GAM1: Customer Intelligence Acquisition	0.51	0.43
GAM2: Competitor Intelligence Acquisition	0.30	0.25
GAM3: Inter-organizational Coordination	0.53	0.44
GAM4: Inter-functional Coordination	0.46	0.38
GAM5: Cross-country Coordination	0.57	0.47
GAM6: Reconfiguration	0.47	0.39

Note: With respect to the effects of the processes on GAM program performance, the factor loadings of the GAM processes were multiplied with the parameter estimates between GAM capability and GAM program performance to calculate the effect sizes in the first column. Similarly, these factor loadings were multiplied with the parameter estimate of the direct path of GAM capability on contribution to organization and the indirect path (i.e., mediated by GAM program performance) to calculate the effect sizes in the second column.

CHAPTER 7
DISCUSSION AND CONCLUSIONS

In this chapter, the contributions of the theoretical model of the present dissertation are discussed. The empirical findings is discussed in the first section. In the second section, the respondents are classified into performance groups. A t-test was performed to evaluate the mean score differences across high-performance group and low-performance group on each variable. The third section explains this study's implications for theory development in global account management and dynamic capability literatures. Managerial implications are discussed in the fourth section. The last section points out avenues for further research. The chapter ends with a discussion of the conclusions and limitations.

DISCUSSION

In this section, the empirical findings of the facilitating conditions and consequences are discussed.

Despite the practical significance in global account management practice, there has been lacking the understanding of which capability and how this capability enhances the GAM program performance and organizational performance. Against this backdrop, the present study explains which processes contribute to a successful GAM capability as well as which conditions facilitate them. Although prior global account management literature and dynamic capability literature have considered intra-organizational conditions, inter-organizational conditions, and environmental conditions that may facilitate these processes, this study provides conceptualizations and tests for the conditions. Finally, this research empirically tests whether these facilitating conditions and processes can lead to multidimensional performance at both program level and organizational level.

Facilitating conditions. GAM capability is driven by intra-organizational, inter-organizational, and environmental conditions. These findings are consistent with global account management literature and dynamic capability theory. When a supplier is embedded within a rapidly changing environment that creates pressure to acquire information, to seek a high level of coordination, and to reconfigure according to changes, the supplier is more likely to develop a GAM capability to meet these challenges because GAM capability enables the supplier to continuously obtain competitive advantage by collecting market information and generating resource configuration which is not readily imitated by competitors. Although market dynamism is a given external condition which is beyond a supplier's control, the supplier can manipulate its internal resources and inter-organizational alignment to facilitate dynamic capability development. Given the internal and external drivers tested, the supplier is more likely to understand environmental changes, to coordinate internally and externally, and to accommodate changes as necessary.

Three out of four antecedents (i.e. horizontal involvement, goal congruency, and market dynamism) significantly influence GAM capability development. Intra-organizational condition provides resources for GAM capability and processes development. Because the six sub-processes encompass multi-functional and multi-national activities, they require expertise and efforts from multiple functional levels across national markets. It is horizontal involvement that supports internal process development by allocating functional and local subsidiary resources.

Because close relationship may expose supplier to opportunistic behavior, inter-organizational condition can be a good solution to this concern. When goal congruency is present in GAM relationships, suppliers are more willing to acquire information, coordinate, and reconfigure resources to serve global account customer

because goal congruency provides an assurance against opportunistic behavior. The empirical finding here confirms this argument.

The external environment affects GAM capability in multiple ways: production technology change, customer needs change, product or service change, as well as competitive actions within the same industry. These differential environmental effects are demonstrated in the present model. When a supplier perceives a dynamic, uncertain environment, it is more likely that this supplier will enhance its capability to better manage global key account customers. It may be that environmental uncertainty and turbulence that creates great pressure or motivation to develop GAM capability.

The nonsignificant effect of competitive intensity. Competitive intensity does not show significant impact on GAM capability. A close examination of the correlation matrix reveals that competitive intensity correlates significantly with GAM capability (r=.20, t=1.96) and market dynamism (r=.27, t=2.77) but does not significantly correlate with the other four constructs in the model. The results suggest that competitive intensity may not be a critical construct in the global account management context. According to discussions with the CEO, research director, and education director of Strategic Account Management Association (SAMA), GAM program has become an enterprise-wide strategy and organizational emphasis regardless of the degree of industry competition (Napolitano et al. 2004).

Consequences. This study offers insights into multidimensional performance aspects of GAM program. The results indicate the importance of GAM capability. GAM capability enables a supplier to achieve superior outcomes at program level and organizational level. At program level, suppliers with a high level of GAM capability are more likely to achieve the objectives of sales growth, cross-selling additional products, and new business development. With respect to GAM contribution to

organization, GAM capability can enhance strategic position, market share, sales revenue, and profitability. These outcomes are important motivation for a supplier to develop GAM capability.

The GAM processes enable productive activities to be carried out. They play three major roles of scanning and evaluating customers and competitors, coordinating and integrating internal and external resources, reconfiguring routines and processes as necessary. As suppliers engage in these processes, they tend to generate good outcomes in managing their global account customers. Thus, GAM capability exercised within these processes of intelligence acquisition, coordination, and reconfiguration is the critical source to enable a supplier to remain competitive.

COMPARISON AMONG PERFORMANCE GROUPS

In this section, the 165 respondents are classified into high-performance, mid-performance, and low-performance groups, according to their average performance scores. The mean scores of high-performance group and low-performance group are compared on each variable.

The group classification rationale is explained, followed by the discussion of the t-test for independent samples. The comparison on each variable is reported.

Performance Group Classification

A total of 165 respondents are from 147 different companies. Although there are multiple respondents from the same company, they are from different business units of the large multinational companies that have annual sales revenue of over $10 billion. It is assumed that each respondent is from a different organization (i.e. different business unit). In other words, the assumption is that the present sample includes the respondents from 165 different organizations.

According to the average scores of three GAM program performance measures (developing new business, cross-selling additional products, and growing sales to the global account customer), and three GAM contribution to organization measures (strategic position, profitability, sales growth, and global market share), these 165 organizations are classified into high-performance group, mid-performance group, and low-performance group.

As a result, a total of 42 organizations are classified as high-performance organizations, with an average score of between "6" and "7" on the 7-point scale. These organizations represent 25% of total sample. They are mainly large multi-national corporations with sales revenue of more than 1 billion dollars and an average of 10 years of experience working with their global account customers. A total of 91 companies that have average performance rating of more than "4" and less than "6" are mid-performance companies which represent 55% of our sample. The other 32 companies rated between "1" and "3" are classified as low-performance organizations that represent 19% of the sample.

T-test for Independent Samples

A t-test was performed to compare the means scores of high-performance group and low-performance group on each variable. The purpose is test whether the high-performance group has a higher level of global account management processes and facilitating conditions than those of the low-performance group. The SPSS software is used here to perform the t-test. The mean values and the according t-test results are reported in Table 7.1.

The independent sample t-test compares the mean scores of two groups on a given variable. There are three assumptions for independent sample t-test. First, the

dependent variable should be normally distributed. The univariate normality can be evaluated by examining the histogram of distribution or performing a normality test. Second, it is assumed that the two groups have approximately equal variances on dependent variable. The equal variance assumption can be verified by performing Levene's test. If the test shows a significant F-value, the equal variance assumption is violated. In this case, the t-value generated based on unequal variances should be used. Finally, the two groups are independent of one another (StatSoft, 2004).

The t-test for two samples can be used to evaluate the mean score differences across high and low performance groups. First, an examination of the histograms of variables shows no evidence that the univariate assumption is violated. According to the skewness and kurtosis evaluation, the univariate nonnormality issue is not present (See Chapter 6). Second, Levene's test was performed to evaluate whether the variances are equal across two groups on each dependent variable. 12 out of 32 variables violates equal variance assumption. Thus, the t-values that do not assume equal variances are used for these 12 variables (See Table 7.1). Third, the two groups are assumed to be independent because each respondent is from a difference organization and each observation is independent of one another.

GAM Capability

It is found that the mean values are significantly different across two groups. The high-performance organizations present the higher level of GAM capability than that of the low-performance group.

Customer Intelligence Acquisition. Compared with low-performance suppliers, high-performance suppliers tend to have the higher level of customer intelligence acquisition ability. For example, there is a 1.73 point difference between high and low performance groups with respect to the process of collecting information about the

global account customer's operations (GAM 1-2). The difference is significant ($t = 4.91$, $p < .01$). A close examination of the t-test results of all three indicators shows the similar results that a significant difference exists between high-performance group and low-performance group in terms of the three customer intelligence acquisition sub-processes. A supplier can improve its customer intelligence acquisition process by collecting information about the global account customer's operations that are relevant to the supplier's business, by using multiple methods to gather information about the global account customer, by reviewing the likely effects of changes in business environment.

Competitor Intelligence Acquisition. The t-test results show that the high-performance group has a higher level of competitor intelligence acquisition ability than that of the low-performance group. For example, there is a 1.17 point difference between the high group and low group in terms of the process of collecting information about competitor's products, services, and strategies (GAM2-2). This difference is significant ($t = 3.84$, $p < .01$). According to the t-test results of the three indicators, the significant differences exist between two groups. The high-performance group does a better job in continuously acquiring information about competitors, regularly collecting information about competitors' products, services, and strategies, and top management's constant discussion about competitors' strengths and weaknesses. Improving these three competitor intelligence acquisition processes may help a supplier enhance its global account management performance.

Inter-organizational coordination. Global account management involves a multi-level relationship from top executives, global account managers, and operational-level employees across both supplier and customer organizations. The t-tests were performed for all four indicators. The high-performance group has

significantly higher level of senior executive coordination ($t = 3.55$, $p < .01$), global account manager coordination ($t = 4.52$, $p < .01$), local account manager coordination ($t = 5.76$, $p < .01$), and operational-level employee coordination ($t = 5.20$, $p < .01$).

According to the business case analysis and the annual survey conducted by SAMA, although global account management program has been the top management priority for many global suppliers, it is the program implementation that really affects GAM program performances. In some cases, local account managers and operational level employees want to resist the implementations of global account management programs because they feel that global account managers invade their territories. These people do not cooperate with global account managers and do not coordinate with customer organizations. Based on the qualitative interviews and case analysis, the global account management programs that seize top management's sponsorship, have active global account managers, and solve the local implementation issues are more likely to achieve good GAM performances. The t-test results here show that high performance group does present a higher level of inter-organizational coordination ability across multiple organizational levels than that of the low-performance group.

Inter-functional coordination: A supplier can greatly increase customer satisfaction and customer dependency by coordinating with the customer at multiple functions. Among these coordinating activities are customization of products & services, provision of special services, special pricing, joint coordination of workflow, and taking over business processes the customer outsources. A close examination of t-test results of four indicators for inter-functional coordination reveals that significant differences exist between high-performance groups and low-performance groups. In the account management literature, the inter-functional coordination has been one of

the most visible issues (Homburg et al. 2002). Due to complicated reporting lines and rewarding structures in multi-national companies, often times, it relies on the global account managers themselves to obtain functional resources and coordinate the selling activities across functions. Thus, the company that can utilize multi-functional resources to serve global account is more likely to achieve superior performance. The t-test results here show that the high-performance group has a higher level of inter-functional coordination ability than that of the low-performance group.

Cross-country Coordination. Compared with low performance companies, high performance ones tend to have higher level of cross-country coordination ability. According to the t-test results, there are significant differences between these two groups in terms of the across country human resources support, the competitive campaign plan and execution, and headquarter subsidiary interaction. For example, the mean value of the variable "our global account support stuff located across countries work together to serve the global account customers" (GAM 5-1) of high-performance group is significantly higher than that of low-performance group ($t = 4.78$, $p < .01$). A supplier can improve its cross-country coordination process and harmonize global and local interests by coordinating local support stuff to support key customer across countries, communicating and coordinating effectively among headquarters and local subsidiaries.

Reconfiguration. Reconfiguration is a newly developed construct to capture the nature of the changing nature of dynamic capability. The five indicators were designed to tap the domain of whether an organization can transform or reconfigure the existing resources and processes to keep congruence with the changing business environment. The high-performance group has a higher level of reconfiguration ability than that of the low-performance group because the former group has

significantly higher mean scores on all five indicators. Compared with low-performance groups, the high-performance organizations do better in redeploying resources ($t = 3.93$, $p < .01$), realigning organizational processes ($t = 3.28$, $p < .01$), transforming products and service as needed ($t = 3.80$, $p < .01$), adopting best practices ($t = 4.44$, $p < .01$) and reconfiguring systems ($t = 4.20$, $p < .01$) to adapt to environmental changes ahead of competition.

Facilitating Conditions

The indicators of horizontal involvement, goal congruency, and market dynamism show significant differences across high-performance groups and low-performance groups.

Horizontal Involvement. Horizontal involvement is a newly developed construct to measure the degree to which multi-functional resources are incorporated to serve global account. It measures the functional resource involvement from three dimensions — resource dedication (HI1), functional responsiveness (HI2), and support receiving (HI3). The t-test results show that there are significant differences across two groups. The high-performance organizations have more dedicated functional resources ($t = 5.15$, $p < .01$), quicker multi-functional responsiveness to customer request ($t = 4.93$, $p < .01$), and better functional support ($t = 6.22$, $p < .01$), compared with the low-performance organizations.

Goal Congruency. According to the t-test results, the high-performance organizations can better establish consistent goals with their customers than the low-performance organizations. According to the executive interview and case analysis, goal congruency sets up a critical condition for further capability and relationship development, because it facilitates mutual understanding and ensures mutual support. When buyer and seller have compatible goals, they are less likely to

behave opportunistically. The t-test results confirm that compared with low-performance organizations the high-performance organizations has more compatible goals ($t = 5.28$, $p < .01$), more consistent business approaches ($t = 5.99$, $p < .01$), and better mutual support ($t = 5.35$, $p < .01$) with their key customers.

Market Dynamism. The high-performance organizations are more likely to be embedded within the fast changing industries. Compared with low-performance organizations, their industries change more frequently in the four dimensions – production and process technology ($t = 2.70$, $p < .01$), customer's needs ($t = 2.84$, $p < .01$), products and services ($t = 3.83$, $p < .01$), and competitors' strategies and actions ($t = 2.83$, $p < .01$). These frequent changes trigger the development of dynamic capability. The companies embedded within highly dynamic market are more motivated to develop dynamic capability because they see their competitive advantages quickly nullified due to replication and imitation.

IMPLICATIONS FOR RESEARCH AND THEORY IN GLOBAL ACCOUNT MANAGEMENT AND DYNAMIC CAPABILITY THEORY

The Marketing Science Institute has announced Customer Relationship Management (CRM) as one of the top marketing research priorities (Marketing Science Institute 2004). This dissertation has implications in both theory and research on global customer relationship management and dynamic capability theory in that it not only conceptualizes GAM capability as a second-order factor with six sub-processes but also rigorously tests it in a comprehensive framework that includes its antecedents and consequences using cross-industry, cross-country data.

Table 7.1 T-test Results for Performance Group Comparison

Construct	Variables	Group	Mean	t- test	
				t	Sig.
GAM1: Customer Intelligence Acquisition	*GAM1-1.* We regularly use multiple methods to gather information about the global account's products, services, and strategies.	High	5.62	4.27	<.01
		Low	4.09		
	GAM1-2. We frequently collect information about the global account's operations that are relevant to our business.	High	5.88	4.91	<.01
		Low	4.31		
	GAM1-3. We continuously review the likely effects of changes in business environment that may affect our global account management practices.	High	5.83	6.63	<.01
		Low	3.78		
GAM2: Competitor Intelligence Acquisition	*GAM2-1.* We continuously acquire information about our competitors.	High	6.07	3.92*	<.01
		Low	4.91		
	GAM2-2. We regularly collect information about our competitors' products, services, and strategies.	High	5.98	3.84*	<.01
		Low	4.81		
	GAM2-3. Our top management constantly discusses our competitors' strengths and weaknesses.	High	5.50	2.28	<.03
		Low	4.72		
GAM3: Inter-Organizational Coordination	*GAM3-1.* Senior Executive	High	5.69	3.55	<.01
		Low	4.25		
	GAM3-2. Global Account Manager	High	6.43	4.52*	<.01
		Low	4.91		
	GAM3-3. Local Account Manager	High	5.90	5.76*	<.01
		Low	3.94		
	GAM3-4. Operational-level employees.	High	5.12	5.20	<.01
		Low	3.41		

Construct	Variables	Group	Mean	t- test	
				t	Sig.
GAM4: Inter-Functional Coordination	*GAM4-1.* Product-related activities (e.g., product adaptation, new product development, technology exchange)	High	5.69	6.01	<.01
		Low	3.63		
	GAM4-2. Service-related activities (e.g., training, advice, troubleshooting, guarantees)	High	5.52	5.84	<.01
		Low	3.53		
	GAM4-3. Price-related activities (e.g., special pricing terms, pricing policy, offering of financing)	High	5.19	3.38	<.01
		Low	3.81		
	GAM4-4. Supply chain activities (e.g., inventory management, transportation, order processing)	High	5.48	6.28	<.01
		Low	3.41		
GAM5: Cross-country Coordination	*GAM5-1.* Our global account support staff located across countries work together to serve the global account customer.	High	5.95	4.78*	<.01
		Low	4.31		
	GAM5-2. We often subsidize our competitive campaigns in a country using resources generated from other countries to serve the global account customer.	High	4.36	2.52	<.02
		Low	3.31		
	GAM5-3. Overall, our headquarters interact with local country subsidiaries regularly to better manage the global account.	High	5.86	5.71*	<.01
		Low	3.94		

Construct	Variables	Group	Mean	t- test	
				t	Sig.
GAM6: Reconfiguration	*GAM6-1.* We can redeploy the strategic resources serving the global account customer in global markets faster than our competitors can.	High	5.50	3.93	<.01
		Low	4.13		
	GAM6-2. We can realign our organizational processes with respect to the global account's changing needs ahead of competition.	High	5.19	3.28	<.01
		Low	4.03		
	GAM6-3. We can modify our products or services to accommodate the global account's needs ahead of competition.	High	5.26	3.80	<.01
		Low	3.91		
	GAM6-4. We can adopt best practices in the industry ahead of competition.	High	5.57	4.44	<.01
		Low	4.19		
	GAM6-5. We can reconfigure our systems (e.g., information systems, financial systems) as needed to adapt to changes in the global environment ahead of competition.	High	4.90	4.20	<.01
		Low	3.56		
GC: Goal Congruency	*GC1.* Both organizations have compatible goals.	High	5.79	5.28*	<.01
		Low	4.06		
	GC2. Both organizations have compatible approaches to business operations.	High	5.57	5.99*	<.01
		Low	3.78		
	GC3. Both organizations support each other's objectives.	High	5.26	5.35*	<.01
		Low	3.59		

Construct	Variables	Group	Mean	t- test	
				t	Sig.
HI: Horizontal Involvement	*HI1.* Resources from multiple functional areas, business units, and country markets are dedicated to serve the global account customer.	High	6.33	5.55	<.01
		Low	4.56		
	HI2. Multiple functional area, business units, and local subsidiaries are always ready to respond to opportunities or problems that may arise in the global account relationship.	High	6.10	5.29	<.01
		Low	4.59		
	HI3. Our global account manager/team regularly receives support from key personnel across multiple functional areas, business units, and country markets in our organization.	High	6.14	6.62	<.01
		Low	4.31		
MD: Market Dynamism	*MD1.* Production (or service) technique / process changes	High	4.95	2.70	<.01
		Low	4.09		
	MD2. Customers' needs	High	5.40	2.84	<.01
		Low	4.53		
	MD3. Products/services	High	5.33	3.83	<.01
		Low	4.22		
	MD4. Competitors' strategies and actions	High	5.31	2.83	<.01
		Low	4.56		

Note: * Used t-value of equal variances not assumed. It is a solution when t-test assumption of equality variance is violated. Levene's test for equality of variances is applied to verify the assumption of equality variance. When this test shows a significant F-value, the assumption is not held and t-value of unequal variances should be used.

This theoretical framework is grounded in dynamic capability theory and further enriched with a multistage discovery-oriented approach in which literature findings, executive interviews, and case studies are triangulated to offer insights into GAM practice and ensure internal consistency of each construct. The systematic investigation method contributes most to the validity of important constructs in this model. The conceptualization and measurement of the six critical sub-processes provide a foundation for researchers to further study process issues in both global account management and dynamic capability research arenas.

This study includes not only GAM specific constructs, but also constructs from dynamic capability, relationship marketing, global marketing strategy, and market orientation literatures, such as horizontal involvement, resource complementarity, cross-country coordination, and market dynamism. Importantly, although some cultivators have already been proposed in dynamic capability literature, little empirical support for them exists. With respect to global account management literature, although performance drivers have been studied, capability has been a missing link in this literature and research on its antecedents has been lacking.

A rigorous empirical test for the theoretical model was conducted by using cross-industry and cross-country data. GAM capability was tested as a second-order factor. The model presents a good fit. All hypotheses are supported except one path from competitive intensity to GAM capability. This is an important contribution because much research in global account management and dynamic capability literatures has been done at a conceptual level and empirical study is lacking.

GAM Capability

GAM capability is proposed as a broad conceptualization that incorporates six sub-processes. The empirical findings support this broad conceptualization and

provide appropriate measurements. Each sub-process exhibits discriminant validity (See Table 6.4). In addition, each sub-process is positively related with GAM performance outcomes, intra-organizational condition, inter-organizational condition, and the environmental condition of market dynamism.

GAM capability reflects various managerial processes. The supplier can choose to acquire customer information and competitor information to understand its customer and market changes. Similarly, management can exercise much discretion as to the degree of coordination levels achieved across organizations, functions, and markets. Furthermore, management can improve the organization's reconfiguration ability in its worldwide activities in terms of process change and resource redeployment. These considerations contribute to the firm's GAM capability and enhance its performance in global markets.

GAM capability is a type of dynamic capability because it is construed by six sub-processes which can further maneuver organizational resources and routines to create new resource configurations to build up competitive advantage in an atmosphere of rapid change (Teece et al. 1997). According to Grant (1996) and Winter (2003), a higher-order capability that manipulates basic organizational processes is a dynamic capability. Although strategy scholars have intensively discussed the definitions and rationales of dynamic capability, its development and performance implications, no study referenced here has comprehensively and empirically examined dynamic capability, its cultivators and consequences in a specific context. Thus, this dissertation contributes to dynamic capability literature from the three perspectives. First, it conceptualizes GAM capability as a dynamic capability in a specific context. Second, it adds physical meaning in dynamic capability theory framework by using a multistage and iterative discovery-oriented approach. Third, it provides empirical support for the

revised model with cross-industry and cross-country data.

Consequences of GAM Capability

An important finding of this study is that GAM capability has a positive and significant effect on an organization's GAM program performance. GAM capability also positively impacts GAM contribution to the organization both directly and indirectly (i.e., mediated by GAM program performance). These findings are important because they establish empirical support for the positive link between GAM capability and firm performance. Prior account management and professional selling literature lends support to certain sub-processes and organizational performance but not all sub-processes. For example, Homburg et al. (2002) empirically tested whether inter-functional coordination activities of account management program can significantly enhance organizational market performance and profitability. Also, according to Birkinshaw et al. (2001), the inter-organizational coordination activities can improve GAM program efficiency and increase sales. Applying a case study method, Arnold et al. (2001) found that GAM intelligence generation, dissemination, and the subsequent responsiveness processes contribute to GAM performance.

Thus, the present dissertation advances the account management literature in three ways. First, it reconciles the previously fragmented findings by consolidating these findings into a comprehensive conceptualization of GAM capability. Second, the empirical findings further support the construction of a second-order GAM capability and provide scales with which to measure it. Third, it is found that each sub-process is distinct but not exclusive, and the effects of each on GAM performance constructs vary.

With respect to the contribution to dynamic capability theory, the present dissertation lays out the fundamental empirical support for the link between dynamic capability and performance. This important relationship has been discussed in dynamic

capability literature mainly at conceptual level without empirical testing. Using cross-industry and cross-country data, the findings here confirm the core rationale of dynamic capability theory in specific GAM context and provides a platform for further research in the dynamic capability arena.

Antecedents of GAM Capability

With respect to the theoretical contribution, the drivers of GAM capability suggest that the global account management and dynamic capability literatures offer complementary explanations for the development of GAM capability. One the one hand, in account management literature, the global account management or key account management specific constructs were proposed to influence the account management program performance, while capability has been a missing link. On the other hand, in the dynamic capability literature, although scholars find some generic cultivators, such as inter-functional resources, inter-organizational alignment, and external competition, for dynamic capability, these constructs lack information specific to GAM context. Therefore, both theoretical perspectives must be considered simultaneously to develop a complete GAM theoretical model. In practice, suppliers have increasingly emphasized the cultivation of an organizational capability to better manage global customers. The evidence for this development can be found in CEOs' remarks, business cases, and trade journals.

In summary, this dissertation contributes to global account management and dynamic capability literature in the following three perspectives. First, by appraising the comprehensive effects of the six GAM sub-processes on GAM performance outcomes, the effect sizes of each sub-process can be differentiated, which offers a guideline for global account managers about how to improve the quality of their GAM programs. Second, this dissertation develops a framework for conceptualizing

GAM capability, its facilitating conditions and consequences by using dynamic capability theory (DCT) and a discovery-oriented approach. Finally, this framework has substantial managerial impact in that it enables the practitioners to perform prior planning and post hoc measurement for GAM capability development. Adopting GAM practices has become a trend for global enterprises, along with globalization and the increasing emphasis on customer relationship management. In spite of its importance, GAM practice is a very complex management task which requires substantial capital and human resource investments. Thus, this timely study offers important insights for global account practitioners by providing a comprehensive framework and rigorous tests for this framework.

MANAGERIAL IMPLICATIONS

The findings of the present study have several implications for global account executives. One of the most important findings is that the effects of GAM capability on performance outcomes must be measured multidimensionally. Both the program level performance and the organizational level performance are included in the present model. The six sub-processes have significant effects on program level performance and organizational level performance. Thus, this study suggests that the effects GAM capability and its processes should be studies at a holistic manner. The proposed framework provides a clear guideline for managers on how to improve their organization's capability in managing global account customers. Using the framework as a diagnostic tool, managers can have a clear idea of which processes and how these processes can improve performance at both program level and organizational level.

The conceptualization of GAM capability suggests that a supplier can compete globally by developing a series of GAM processes, including intelligence acquisition,

coordination, and reconfiguration. The study offers empirical supports that six sub-processes significantly load on GAM capability, which means this capability is exercised through these processes to enable global account management activities within these processes to be carried out successfully. To enhance the quality of global account management program, supplier can allocate resources and efforts to develop and improve these six sub-processes.

For example, Because GAM performance outcomes are affected by cross-country coordination, suppliers should coordinate marketing activities with customers in all major markets and strengthen headquarter-subsidiary relationships. According to the qualitative research result, one of the key implementation barriers is the resistance from the local country level managers, as they feel that global account managers invade their territories. Global account executives may consider changing the country level managers' reporting lines or reward structures in order to obtain more supports from them, which can improve the efficiency of cross-country coordination. Reconfiguration is another important process as it captures the essence of dynamic capability. Reconfiguration process enables an organization to redeploy resources, restructure practices, and change existing routines as necessary to remain competitive. In an executive interview with a supply chain manager from a large office furniture supplier, he stressed the importance to provide new design and innovative products ahead of competition in order to secure his global key account. The average rating of competitor intelligence acquisition is the lower than that of the other processes. An examination of the magnitude of effect sizes of the processes present that this process has smaller effect size on two performance outcomes compared with the effect sizes of the other processes, although no statistical test used here has established that this difference is statistically significant. This result is reasonable because competitor

intelligence acquisition may usually happen in the engineering house and R&D rather than marketing and sales function. Global account managers may be more interested in understanding customer's needs instead of collecting information about their competitors.

GAM capability is facilitated by organizational factors such as horizontal involvement and goal congruency as well as market dynamism. The following activities are recommended to improve global account management program effectiveness. First, global account executives should carefully assess the functional collaboration and support for their GAM programs. The organization can well implement the critical GAM processes with the resources from various functions, because functional support provides useful functional expertise and enhances the efficiency of collaboration. Inter-organizational goal congruency sets a platform for GAM relationships. Second, acquiring information from customers and competitors can improve GAM program performance. Finally, given dynamically changing environment, the supplier may better develop its capability in securing global key accounts because its GAM capability is repetitively exercised in a rapidly changing environment.

CONCLUSION AND FUTURE RESEARCH

It would be worthwhile for researchers to investigate a number of unresolved issues that have evolved from our research and the concerns of practitioners. These include the following four issues. First, researchers can study the organizational structure needed to support a GAM program, such as compensation structure, training, and career development needs of global account managers. Second, the role of cross-cultural differences in managing global account is another interesting research

topic. Third, it becomes more and more important for the supplier to manage internal communication, database system, and promotional activity to sustain the support of a GAM program. Fourth, researchers can further investigate the longitudinal evolution and the dyadic perspective of GAM internal support, GAM capability.

An important task in the global account management literature and dynamic capability theory literature is to clarify what processes constitute GAM capability and assess the relationship between GAM capability and GAM performance. When faced with the awesome task of servicing customers on a global scale, suppliers have no choice but to reorganize their capability and strategy in ways that can be considered radical. Those suppliers that can effectively sharpen certain GAM capability and GAM strategy may expect to see favorable outcomes in terms of market performance and its contribution to organization. There appears to be reasonable support for the proposed framework that suggests cultivation and nurturing of the key processes and strategic activities. Companies that proactively and systematically implement these processes and activities are likely to outperform their competitors in the global marketplace.

Limitations

There are four noteworthy limitations for this study. First, all questions are self-expressive and collected from the same source, which may bias the sample. Second, to date our approach has explored the process of GAM almost exclusively from the perspective of the supplier. I did not attempt to collect data from the customer organizations due to practical reasons. In the future, I plan to collect dyadic data from the two sides, including both supplier and customer. Third, the data is cross-sectional, which means I only observed the "snap shot" of companies' GAM programs. Longitudinal data would help us understand how GAM internal support,

GAM capability and GAM strategy evolve over time. Finally, the dynamic capability theory is used as main thrust to understand global account management phenomena. The essence of the term "dynamic" is that this type of capability can reconfigure the internal existing routines and processes and external relationships to accommodate environmental changes. In the present study, reconfiguration construct used self-perceptive scales to measure the "dynamic" nature. Due to the limitation of the cross-sectional data, the present study may not be able to capture the process change across time which requires longitudinal data.

Appendix 1
Cover Letter

Global Account Management Practices Among Leading-Edge Suppliers

Who Is Conducting This Study?

This project is being jointly conducted by the Strategic Account Management Association (SAMA) and the Center for International Business Education and Research at Michigan State University (MSU-CIBER). SAMA is the world's largest professional association serving strategic / global account managers. MSU-CIBER is a federally-funded national research center in international business with the mission of promoting the competitiveness of U.S. firms in the global market place. This project is co-sponsored by the Institute for the Study of Business Markets (ISBM) at Penn State University and the Teradata Center for Customer Relationship Management at Duke University.

Why Are We Conducting This Study?

In an increasingly competitive global environment, satisfying and retaining global accounts is more important to a supplier's success than ever before. What we know is that Global Account Management is highly complex, and therefore difficult - and expensive - to implement and sustain. What's required is greater insight into the return on investment in global account relationships, including the competencies and conditions that drive measurable economic success.

This research project is being conducted to help global account executives and their firms:

- Develop clear and actionable ideas about which key competencies drive successful global account relationships.
- Adopt a systematic process that defines which conditions cultivate these key competencies.
- Highlight the return that an organization can expect if it invests in its global account relationships.

Diagnose the firm's strengths and weaknesses in managing a specific global account relationship. This study will be converted into a diagnostic tool. By using the diagnostic tool, you will receive feedback on which areas of focus will most benefit your global account relationship. You will also receive an executive summary within three months of our receipt of your survey.

Definitions

A **Global Account Customer** is one that has strategic importance to the achievement of the supplier's corporate objectives, pursues integrated and coordinated strategies on a worldwide basis, and demands a globally integrated product/service from its suppliers.

Global Account Management (GAM) is a supplier's response to the challenge of managing strategically important global customers that are facing increasing globalization in their industries.

Before you start...

In responding to this survey, please think of your **most familiar** global account customer with which your organization conducts business on **at least two continents**. You must be a practitioner involved with global account management practices. Your organization should have a single point of contact, a team, or a special program in place to serve this global account customer.

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