Strategic Implications of a Competence-Based Management Approach to Account Management

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ABSTRACT

Account management has a rich tradition starting in the early 1960’s. At the same time, the concept is still ill-defined and under-researched. Consequently, some basic research questions remain unanswered. Is account management sales-driven, marketing-driven or a strategy-driven process? Should the primary focus be on the management of sales activities towards important customers or should account management focus on relationship building and value creation in order to create a competitive advantage? The authors take a new perspective and examine account management from a (strategic) competence-based point of view. They study the relationship between account management and competence leverage. The central thesis is that account management is more strategically oriented than sales-oriented or relationship-oriented. Finally, they introduce the concept of strategic account and strategic account management and propose an agenda for further research in this domain.

Key words: Key account management, Business marketing, Competence-based management,
INTRODUCTION

Over the last 10 years, widespread attention has been given by both marketing academ- ics and practitioners to relationship marketing (Day 1999; Dwyer et al. 1987; Håkansson and Snehota 2000; Morgan and Hunt 1994; Webster 1992) and to competence-based management (Hamel and Heene 1994; Sanchez and Heene 1997, 2000, 2003). Consequently, one would expect to find a rich body of literature on theoretical developments and empirical re- search in the domain of building and leveraging customer relationships with important cli- ents in business markets: so-called account management. One can however observe that only limited academic research has been done from a relationship marketing perspective on ac- count management (Gosselin 2002; Homburg et al. 2002), and nearly no research has been undertaken on account management from a competence-based management perspective (Wilson and Millman 1998).

In spite of the recognition of the important link between competence-based manage- ment and relationship marketing in business markets and the importance stressed by scholars on the interaction between the buyer/seller dyads, theoretical driven research in the domain of account management in general and more specific in relationship to competence-based management, is still in its early stages. It is only recently that quantitative based research has been reported in leading academic journals (Arnold et al. 2001a; Birkinshaw et al. 2001; Homburg et al. 2002; Workman et al. 2003).

The main objectives of this study are to: (1) synthesize the current body of knowledge on account management as found, (2) analyze the relationship between account management and competence-based management, (3) suggest an agenda for further research on the relationship between account management and competence-based management.

CONCEPTS BEHIND ACCOUNT MANAGEMENT

Mainly due to the impact of globalization, the maturity of business markets in most developed countries, the increase of the buying power of the customers (McDonald and Rogers 1999) and the impact of the information and communication technologies and mass customisation (Pine 1992), companies are faced with high levels of competition in a rapidly
changing environment. In order to bring stability to their operations, to respond quickly and flexibly to accelerating change in technology, competition and customer preferences, companies have tried to create new business organizations (Homburg et al. 2000). These new forms of organization emphasize partnerships and strategic alliances with customers and suppliers, instead of putting the focus on market transactions (Day 1999; Doz and Hamel 1998; Webster 1992). One type of seller-initiated strategic alliance, applied in situations where the structural change is due to supply base rationalization, is account management (Homburg et al. 2000; Millman 1994). Due to the existing relationship between: customer retention, customer satisfaction and customer loyalty with company performance and shareholder value creation (Reichheld 2001, 1993), marketing academics have turned their attention to study the subject of account management as a way to implement long-term buyer/seller relationships in business markets. Account management from this relationship marketing perspective occurs as the natural development of a customer focused organization (Capon 2001; Day 1999; McDonald et al. 1997).

The concept of account management emerged in the mid 1970’s because several environmental conditions stimulated companies to change the way they sold their products to a limited number of large customers. Those conditions were: (1) increased concentration of buying companies accounting for a large portion of the sales and increased pressure to improve services, (2) increasing geographic dispersion of buyers of the same company, (3) increased pressure on cost and communication, (4) increasing desire to develop partnerships, (5) increased sophistication of buyers.

To address these new pressures, some companies assigned one salesperson the responsibility to manage and develop a limited number of key clients. Very rapidly, it could be observed that these sales people did much more than just selling products. They increasingly became in charge of understanding the customer’s operations in order to increase the efficiency and productivity of these important customers. They took the responsibility for selling, delivery, coordination of activities, monitoring progress of orders, monitoring inventory, assure the installation, handling billing and many other activities (e.g. Shapiro and Posner 1976).

These early attempts to address the needs of a limited number of key clients proved to be successful. Studies report benefits both for the customer as for the suppliers. The cus-

tomer would benefit from a single interface to resolve problems combined with uniform prices leading to better cost control, increased availability, reliability, and delivery. The supplier would benefit from insured, continued orders and a reduction of selling costs (e.g. Page 1972).

The evolution of this new type of sales organization resulted in two schools of thought. The first school takes an operational sales-driven approach. This school emphasizes “how to do it”, but provides little theoretical or empirical underpinnings. We refer to this school as the “Key account selling”-school (KAS). The second school takes a marketing relationship approach. This school emphasizes long-term relationships with key customers. We refer to this school as the “Key account management”-school (KAM).

Under KAS, the objectives are simple and trivial: sell more and make more profit with your existing customers who already present a major part of the revenues of the company. Because of this primary sales driven approach, the emphasis towards key customers is operational and short-term sales driven. Relationship building is here a means to increase sales. The KAS approach does not focus on strategic objectives such as the creation of entry barriers. Key account selling started to appear in the research literature in the mid 70’s in the USA (Weilbaker and Weeks 1997). When an industry or a company faces a growth decline, companies start to realize more than ever the benefits of customer loyalty: keeping existing customers is more cost effective than systematically finding new ones (Reichheld 1993). The globalization of the economy, the maturity of most business markets in the developed world and the increased power of customers because of mature markets, have all contributed to a rethinking of the way companies approach and service their customers. Companies realize that not building a competitive advantage with key customers can have a dramatic impact on revenues and profitability if a key account decides to switch suppliers.

The second school (i.e. KAM) takes a more relationship marketing approach. Its purpose is to create strategic alliances with key customers and suppliers in order to become the sole or one of the main suppliers. Through those strategic alliances, companies want to create a competitive advantage and bring stability to their operations when faced with high levels of competition in a rapidly changing environment. The purpose of KAM is to create a long-term relationship with key customers by giving them special attention through a better and dedicated service and customer specific solutions compared to other customers (McDonald
and Rogers 1999). The business logic behind this approach is that those key customers represent both a major opportunity, for cost reduction and profitable growth, and as a major risk if they stop buying. As a result, companies allocate special and sufficient resources to satisfy key customers in order to create entry barriers and switching barriers. A company should therefore identify its key customers; set-up a dedicated marketing and sales channel and finally manage the interaction with the most important customer from a strategic point of view.

KAS and KAM are marketing approaches found primarily in business markets (Capon 2001). This is due to the special structure of the customer base in these types of markets. Business markets typically have a limited number of customers and the structure of the customer base follows a Pareto distribution: 20% of the customers generate 80% of revenues (Sheth and Parvatiyar 2002). The account management concept is however not restricted to business markets. It progressively becomes possible to apply some of the concepts to consumer markets as well (Peppers and Rogers 1997).

The existence of the two schools of thought creates confusion as to what the nature, processes, and objectives of account management are. However, while being different, the terms KAM and KAS are used interchangeably. It should however been clear that: KAS focuses on short-term company sales increase, while KAM has the ambition to create a competitive advantage through a well-established long-term relationship.

What appeared to be a simple concept: keep your most important customers and sell more to them, turns out to be a very complex process requiring not only the implementation of a dedicated sales and marketing approach but the development of a well-defined company and marketing strategy as well. Ultimately the challenge is to create a customer focused organization implying all the complexities to build a market driven culture (Day 1999). When companies realize the difference between “selling more to important customers” and “re-thinking the way to approach their main customer base from a strategic point of view”, they are ready to move from KAS to KAM.
WHAT IS A KEY ACCOUNT?

The definitions of key account reflect the historical evolution of the concept over 30 years. This leads to a multiple of proposed definitions resulting in a series of different approaches and concepts behind the general terminology of key account. Both from an academic and from a practitioner point of view, different words with different meanings are used to indicate an “important customer”. Two terms commonly used today are: “key account” and “global account” (Homburg et al. 2002; Montgomery et al. 1998). For an overview of the used terminology, see Table 1. We note as well that practitioners use the terms “key account” and “strategic account” increasingly as synonyms.

One can observe that over the years there has been a shift in use of these terms. Publications in the eighties refer to “national” or “major account” (Colletti and Tubridy 1987; Shapiro and Moriarty 1980). From the mid-nineties onwards important customers have been called “global key accounts” (Millman 1996; Yip and Madsen 1996) or “strategic accounts” (Verbeke and Nagy 2000). The adjective placed before the term “account” highlights two characteristics: (1) geographical spread (local, national, international, multinational, global), (2) importance (large, big, major, key, strategic) of the customer for the supplier (Figure 1). This evolution in terminology (i.e. from major account and national account previously to global key account and strategic account currently) is due to two reasons: firstly the impact of globalization (Yip and Madsen 1996) on the customer-supplier relationship during the last two decades, and secondly the acceptance that a special marketing approach is required if suppliers want to enhance their competitive position towards strategic important customers.
Key Account: definitions

Earlier definitions define a key account simply as being an “important customer” for the supplier (e.g. Barrett 1986; Colletti and Tubridy 1987; Fiocca 1982). The problem of defining a key account on the sole basis of the customer’s characteristics is that one risks losing a major dimension. Indeed key accounts can be both large and small, can be local, international or global, they may be prepared to establish a strategic relationship or may be of a highly opportunistic nature. Based on previous considerations Millman and Wilson (1995) define a key account with as sole condition the fact that the supplier believes that the customer is of strategic importance to him (Table 2). As concerns the criteria used to consider a customer strategically important, they refer to the criteria mainly defined by Fiocca (1982), Colletti and Tubridy (1987). These strategic criteria were either adopted as such or extended by others: (Barrett 1986; Campbell and Cunningham 1983; Fiocca 1982; McDonald et al. 1997; Millman 1994; Turnbull and Valla 1985).

By defining a key account from only the perspective of the supplier, Millman and Wilson (1995), lose an important dimension of key accounts. We believe that both the position of the customer and the supplier must be considered, because no strategic relationship can be developed with a customer if the customer does not agree with it (Gosselin 2002). This mutual acceptance condition is central to both the relationship marketing theory (Ford 2002) and to the alliance & partnership theory (Doz and Hamel 1998).

Recently (Millman 1999; Montgomery et al. 1998), proposals have been made to define the concept of global account on the basis of the key account definition put forward by Millman and Wilson (1995). Montgomery et al. (1998) claim that a global account is a key account in which the customer is present in various countries but not necessarily in all countries and is a customer for various products or services but not necessarily for all. Millman (1999) goes further in his definition of a global account by listing the different criteria to identify possible global accounts (Table 2). It is striking that all definitions found in the literature focus on the supplier and not on the customer. This is surprising since already in
1982, in his research on characteristics of business markets, Håkan Håkansson (1982, p. 1) stated: “...understanding of industrial markets can only be achieved by simultaneous analysis of both the buying and selling sides of the relationship.”

We conclude that: (1) the literature gives an ambiguous definition for a key account. (2) A key account originates when markets are segmented by type of customer and by type of customers’ importance. The segment of very important or strategic customers is called key accounts. (3) Variables for customers’ importance are: (a) turnover or potential turnover, (b) profit margins or potential profit margins, (c) importance or potential importance of the market segment, (d) image or status provided by these customers, (e) innovation capacity of these customers, and (f) reference value for other markets. It is characteristic of the key accounts segment that not just one variable but usually a combination of variables are used. (4) The current definitions and approaches towards key accounts do not take into consideration the conditions under which the customer should be selected as a key account.

WHAT IS ACCOUNT MANAGEMENT?

Although literature gives ambiguous definitions of the concept of key account there is some tendency to adopt the definition proposed by Millman and Wilson (1995). Regarding account management however, no accepted definition has yet emerged. As was the case for terminology used on key accounts, we also find numerous terminologies for account management in literature and in corporate life. Terms used as synonyms for account management range from national account marketing in the early 70’s (Stevenson and Page 1979) to national account management (Shapiro and Moriarty 1982), major account management (Anderson and Narus 1999), and more recently global account management (Arnold et al. 2001a; Montgomery et al. 1998), and strategic account management (Verbeke and Nagy 2000). Table 3 summarizes synonyms for account management used in literature.

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TABLE 3 ABOUT HERE
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Account Management: definition

Stevenson (1981) was one of the first to define account management (Table 4). It is important to note from his definition that account management consists of allocating corporate resources in function of the importance of the customer. This focus on resources is highlighted on the one hand by the allocation of a specialist sales team and on the other hand by the investment in major customers through: price reduction, inventory management, and special services. His definition does not refer however to a payback effect on investment, to the justification for making these investments, or to the goal one seeks to achieve before setting up this type of organization.

Stevenson’s definition differs from the definition proposed by Shapiro and Moriarty (1982). Their definition puts forward a series of important new terms, which indicate both the purpose and characteristics, of the management of national (key) accounts. According to Shapiro and Moriarty, the purpose of account management is primarily to have current or potentially future major customers to yield higher profits. This must be achieved by creating an institutional relationship in order to become the main or sole supplier. Moreover, this institutional relationship is more than a personal relationship. The creation of an institutional relationship means that relationships are established at different levels resulting in a relationship that is stronger than the sum of all individual relationships. Marketing literature refers to this type of relationship structure as “multilevel selling”.

TABLE 4 ABOUT HERE

Millman and Wilson (1995) propose a definition (Table 4) of account management later adopted by McDonald (1999). The notion of profit and turnover has not been included in their definition. They include concepts such as continuity, long-term relationship, dedicated sales teams, and special customer treatment as proposed by earlier authors. Apart from the issue of profit and turnover, we may conclude that over the years a consensus has emerged concerning most characteristics of account management. However, there seems to be no consensus as to the purpose of the process. This is surprising since we are dealing with
an essential marketing process. This boils down to the differences between the two schools of thought mentioned earlier: KAS and KAM.

A COMPETENCE PERSPECTIVE ON ACCOUNT MANAGEMENT

Our previous reviews of key account and account management definitions show similar business objective for KAS and KAM (i.e. keep, sell, and make more profit), nevertheless, the strategy to reach those objectives remain either short-term sales driven (KAS) or relationship marketing driven (KAM).

However, in order to succeed, a firm must go beyond selling and must be able to create a competitive advantage. Because key customers are so crucial to the success of the company, resources must be allocated to make a distinctive value proposition based on specific and unique needs and preferences of the customer. It is through this distinctive and customer-specific value proposition that a sustainable competitive advantage is achieved. Indeed, in business markets, customers measure the effectiveness of products, services, or solutions by the efficiency increase they realize in their value chain or by the unique selling propositions that they can realize.

The degree to which companies succeed in creating this sustainable competitive advantage with business customers depends on their competences in the fields of technology, process control, skills and ability in establishing relationship networks (Wilson 1999b). This assumes more than integration between marketing and other functions within the company. While coordinating internal processes is important, the theory of relationship networks argues that co-ordination should not be limited to internal processes but that, moreover, there should also be integration with both the resources and capabilities of all parties involved in the company’s environment. This approach supports the argument for the need to think systematically, which is at the core of the theory on competence-based management. Hamel and Heene (1994) put this even more clearly when they say, “Sustainability from a dynamic point of view requires that the theory of strategic management become a theory of process thought.”

Research done by Millman and Wilson (1999a), Gosselin (2002) and Homburg et al. (2002) indicates that there is strong belief that the deployment of company-wide compe-
tences is one of the single most important elements in building a defendable competitive advantage with key accounts. By looking at KAM and KAS, from the competence-based management view, it is possible to pinpoint the difference between the two concepts.

**Competence Building and Competence Leveraging**

A relationship between competence-based management and account management is established in two phases: In a first phase we introduce the definitions proposed by the theory on competence-based management (Sanchez, Heene and Thomas 1996 pp. 7-12) summarized in Table 5. In a second phase, we apply the concepts of account management on the “Firm Longevity” model developed by Sanchez and Heene (2003). We adapted this model for the purpose of discussion on the relationship between competence-based management and account management (Figure 2).

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Sanchez and Heene (2003) argue in their model that a firm creates value towards customers by selling products, services, or solutions. Through this *value creation* customers allow a firm to make a profit, to generate cash and to increase eventually the value of the firm. The amount of *value* a firm can *capture* or appropriate out of this transaction with the customer depends on the competitive forces between the firm and the customer, as defined by Michael Porter (Porter 1980). The objective of the firm is to appropriate or maximize the value in this interaction process. A part of the value it can appropriate or *capture* will be *distributed* to the stakeholders (customers, personnel, government, management, suppliers). Sanchez and Heene (2003) state further that the stakeholders allow the firm to increase its *assets and capabilities*. Through these assets and capabilities provided by the stakeholders, a firm can *build up competences*, which it can apply or *leverage* to new markets in order to create new value.

Applying KAS and KAM to the “Firm Longevity” model allows us to define the difference between the two marketing approaches from a competence-based point of view. KAS corresponds to the *Value Creation* and *Value Capturing* process in the model, while
KAM is much more related to the strategic side of the model and corresponds to the Competence Building and Competence Leverage part of it.

KAS in this model equals the classic sales activity. Based on the products, services or solutions a company has developed and which represent a certain value, the role of the KAS is to capture the most value from the transaction process with the customer. In this process, KAS is not involved in the building or leveraging of competences.

KAM however is part of the competence leveraging, value creation and capturing process. As such, we can say that KAS is a sub-activity of KAM, where KAM is more strategic-oriented than KAS. It is possible to extend the concept of KAM by linking it to the competence building activity. However, we believe that by doing this, the concept of KAM is extended to such a degree that it calls for a new definition: The concept of Strategic account management (SAM).

Strategic Account: proposed definition

Based on our previous analysis and based on a competence-based management approach, we propose to define (Figure 3), a strategic account as: “Strategic accounts are potential or existing customers which are of strategic importance to the supplier and where the supplier is recognized as strategic for the customer.”

The difference with previous definitions of key accounts is that we define a strategic account not only by criteria used by a supplier but by criteria involving the customer as well. We believe that it is required for a key account to become a strategic account that the customer is not only of strategic importance to the supplier, but that the customer as well is committed to a long-term strategic relationship based on long-term investments. Recent research done by Gosselin (2002) and Homburg et al. (2002) indicates that strategic congru-
ence (i.e. fit, alignment) between the supplier and the customer is a key variable to explain account management performance of the supplier.

**Strategic Account Management: proposed definition**

We define SAM from a competence-based point of view by including competence-building in the process of account management. Therefore, we define SAM as, “The process that identifies and selects strategic accounts and develops through competence-building and leverage a set of specific and unique value propositions in partnership with a strategic account.”

The purpose of SAM is to create a sustainable competitive advantage, which allows the firm to capture value, and distribute or share a part of this value with the strategic account. In practical terms, this would mean that the supplier is able to remain on a customer’s shortlist and generate recurrent sales without going systematically through a competitive selection or bidding process, and that the customer no longer considers the competition as an alternative. Recent research shows that this can only happen with a selected number of strategic accounts based on elements of strategic congruence between supplier and customer (Gosselin, 2002).

**Implications**

The proposed definitions on SAM and strategic account clearly define account management as a strategic process. We draw five implications from our definition:

1. **Strategic process**: Our definition implies that SAM is involved in the process of building competence. Based on the needs of strategic accounts, decisions must be made to allow the development of new competences, which in turn can be used to create new services or products or solutions. As such, SAM becomes an integral part of the resource allocation process within the company.

2. **Business development process**: It is not enough for SAM to be part of the strategy-making process; it must be involved in the business development process as well in order to leverage existing competences. To create a unique value proposition, a strategic account manager must be able to address all the existing competences of the company. Marriott Hotels demonstrated a clear example of this when they proposed a full automatic in-
voice-handling system integrated with expense reporting for employees of IBM staying at their hotels. By doing this, they leveraged their Electronic Data Processing (EDP) competences to create a unique value proposition beyond the rent of hotel rooms.

3. **Skills of a strategic account manager**: It is clear that the competences and skills needed to perform the task of a strategic account manager are far beyond those of a sales person. Wilson and Millman (2003) refer to this function as a “political entrepreneur” emphasizing by this the strategic, business developing as well as the relational side of the function. We believe that in order to succeed in his function a strategic account manager must have a background that includes sales, marketing, business development, strategy, and operational business management. He must be positioned and viewed in the company as a senior executive, responsible for participating in shaping the business strategy through his competence and knowledge of key customers.

4. **Selection of accounts**: It is obvious that, by definition, not all customers can be selected as strategic accounts. However, it remains a major strategic responsibility for the company to select wisely its strategic accounts. Research shows that only a small part of the customers are responsible for the profitability of the company (Storbacka et al. 1994) and that only few customers drive the competitiveness of the company, the so-called future-oriented customers (Wiersema 1997). Research by Gosselin (2002) shows that account management performance is significantly ($p < 0,01$) related by the selection process which is a major factor explaining account management performance.

5. **Organization structure**: Strategic account management implies a strategic segmentation of the customer base. Dedicated resources should be allocated to strategic accounts in order to achieve competence build-up and competence leverage. This means that a strategic focus and commitment is necessary. Research shows that this is only possible if there is a clear commitment of top management, which understands and supports this strategy (Gosselin 2002; Homburg et al. 2002; Millman and Wilson 1999b; Workman et al. 2003). A direct consequence of this is that the strategic account manager must be part of the executive decision process of the company. Solving issues related to measurement, remuneration and management of strategic account managers are essential to succeed. Strategic focus implies as well that a strategic account manager should be respon-
sible for as few strategic accounts as possible. The remuneration and measurement is more delicate since we believe, based on our experience, that this is the single factor, which can drive SAM back to KAS if it is wrongly designed.

CONCLUSION AND FURTHER RESEARCH

A review of definitions on key account and account management indicates that still today no consensus has been reached on basic definitions. From a practitioner’s point of view, this results in a lot of confusion.

We identified two generic types of approaches towards important customers: KAS and KAM. Both try to achieve more sales and profit but the first (KAS) is a more short-term sales oriented process applied to important customers, whereas the second (KAM) is a more long-term relationship oriented approach (assuming implicitly that investments in customer relationships are profitable). It is however surprising to find that in neither the definitions of KAS or KAM, the importance of the role of the customer is mentioned explicitly.

We proposed in this article a definition for Strategic account and SAM. Our proposed definitions emphasize the importance of the development of a strategic relationship based on mutual acceptance of the customer and the supplier. This implies a more strategic approach in selecting customers in order to create a competitive advantage.

Introducing the notion of competence into the discussion on account management enabled us to make a distinction between KAS, KAM, and SAM. Important questions (Table 6), from an operational as well as from a strategic point of view, remain and will need further research.

Some of the questions mentioned in Table 6 are at the center of today’s research in account management. We believe that by introducing the concept of SAM, a different approach on account management, through the broader strategic and competence approach developed in this article, can take place. It is our conviction also that by focusing on SAM companies will rediscover the strategic importance of a customer-focused organization. However, in or-
der to capture the full the benefits of SAM, companies will need to implement SAM from a strategic point of view, facing all difficulties and risks associated with strategic change programs. A strategic approach towards important customers will therefore imply a more integrated view on account management, balancing the relationship marketing approach with a more organizational and strategic competence based approach.

Due to the historical research tradition on account management from a marketing and sales driven perspective, not enough attention has been given to the organizational, structural and strategic perspectives of account management. We believe that this strategic perspective is at the center of the research question how differences in account management performance can be explained. We believe this approach will lead to more quantitative research, to complement the current qualitative research tradition in account management. This could ultimately lead to a better theoretical foundation of account management.
Table 1 Used Terminologies for key account

<table>
<thead>
<tr>
<th>Terminology</th>
<th>Year</th>
<th>Reference</th>
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<tbody>
<tr>
<td>Large, Big or Major account</td>
<td>1976</td>
<td>Barrett 1986; Colletti and Tubridy 1987; Shapiro and Posner 1976</td>
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<tr>
<td>Important account</td>
<td>1982</td>
<td>Fiocca 1982</td>
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<tr>
<td>Key client</td>
<td>1992</td>
<td>Pels 1992</td>
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<tr>
<td>International account</td>
<td>1994</td>
<td>Verra 1994</td>
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<tr>
<td>Key account</td>
<td>1995</td>
<td>Homburg et al. 2002; McDonald et al. 1997; Millman and Wilson 1995; Workman et al. 2003</td>
</tr>
<tr>
<td>Global key account</td>
<td>1996</td>
<td>Millman 1999; Yip and Madsen 1996</td>
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<tr>
<td>Worldwide account</td>
<td>1998</td>
<td>Montgomery et al. 1998</td>
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<tr>
<td>Multinational account</td>
<td>1998</td>
<td>Montgomery et al. 1998</td>
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<td>Global strategic account</td>
<td>1999</td>
<td>Wilson 1999a</td>
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<tr>
<td>Strategic account</td>
<td>1999</td>
<td>Verbeke and Nagy 2000; Wilson 1999a; Gosselin 2002</td>
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<td>Terminology</td>
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<tr>
<td>Important account</td>
<td>“Generally industrial sellers consider an account very important when its purchases or potential purchases are larger than those of other buyers. However other elements can define an account as an ‘important account’ When the account is particularly prestigious or market leader, industrial sellers may only marginally consider the amount of purchases. The factors by which the strategic importance of the account can be grouped are: volume or dollar value of purchases, Potential of the Account, Prestige of the Account, Customer Market leadership, Open new markets, Company’s Business Diversification, Improve Technological Strength, Improve or Spoil other relationships.”</td>
<td>Fiocca 1982</td>
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<td>Major account</td>
<td>“A major account is a customer who typically involves several people in the buying process before a sale takes place, Purchases a significant volume both in absolute dollars and as a percent of a supplier’s total sales, Buys centrally for a number of geographically dispersed organizational unit, desires a long term, cooperative working relationship as a means to innovation and financial success, expects specialized attention and service: information and reports about usage, logistic support, inventory management, favorable discounts, ideas for line extensions or new applications.”</td>
<td>Colletti en Tubridy 1987</td>
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<tr>
<td>Key account</td>
<td>“A key account is a customer in a business-to-business market identified by a selling company as of strategic importance.”</td>
<td>Millman en Wilson 1995</td>
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<tr>
<td>Global account</td>
<td>“A global account is a customer of strategic importance to the selling company which have/are Extensive geographical reach, Integrated their manufacturing assembly and commercial operations across two or more regions or continents, Expectations of coordinated and consistent supply and service support world-wide, Potential for close relationship and joint investment via partnership for global expansion, Declared aspirations of global growth/development, Requirements for which the supplier value proposition can be maintained on a global basis, Potential for the supplier to increase his share of the customers purchase budget, Attempted to leverage their purchasing power world-wide, Strategic operational end cultural fit with the supplier, Receptive to being ‘account managed’ on a global basis, Globally minded top management, Acquired experience of setting up global sourcing partnerships with complementary suppliers.”</td>
<td>Millman 1999</td>
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<td>Terminology</td>
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<td>National account marketing</td>
<td>1979</td>
<td>Stevenson and Page 1979</td>
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<td>Burnett 1992; Capon 2001; Millman and Wilson 1995</td>
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<td>Major account management</td>
<td>1995</td>
<td>Anderson and Narus 1999; Rangan et al. 1995</td>
</tr>
<tr>
<td>Global key account management</td>
<td>2001</td>
<td>Arnold et al. 2001b</td>
</tr>
<tr>
<td>Strategic account management</td>
<td>1999</td>
<td>Verbeke and Nagy 2000; Wilson 1999a; Gosselin 2002</td>
</tr>
</tbody>
</table>
Definitions | Reference
--- | ---
“Basically, it (account management) means that very large and/or important customers are afforded special treatment and special status by the National account marketer. Once designated as a national account, the customer will generally be called on by a special sales force, and may receive inventory concessions, better prices, and special service arrangements.” | Stevenson 1981, p. 119

“The general objective of national account management is to provide incremental profits from large or potentially large complex accounts by being the preferred or sole supplier. To accomplish this goal, a supplier seeks to establish, over an extended period of time, an “institutional” relationship, which cuts across multiple levels, functions, and operating units in both the buying and the selling organization. Ideally, this institutional relationship transcends and is stronger than any of the individual relationships between the two companies.” | Shapiro en Moriarty 1982, p. 8

“The process of allocating and organizing resources to achieve optimal business with a balanced portfolio of identified accounts whose business contributes or could contribute significantly or critically to the achievement of corporate objectives, present and future.” | Burnett 1992

“Key account management is an approach adopted by selling companies aimed at building a portfolio of loyal key accounts by offering them, on a continuing basis, a product/service package tailored to their individual needs. To co-ordinate day-to-day interaction under the umbrella of a long-term relationship, selling companies typically form dedicated teams headed up by a key account manager. This special treatment has significant implications for organization structure, communications and managing expectations.” | Millman en Wilson 1995
Table 5 Definitions used in Competence-Based Management

<table>
<thead>
<tr>
<th>Terminology</th>
<th>Definition</th>
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</thead>
<tbody>
<tr>
<td><strong>Competence Building</strong></td>
<td>Is any process by which a firm achieves qualitative changes in its existing stock of assets and capabilities, including new abilities to coordinate and deploy new or existing assets and capabilities in ways that helps the firm achieve its goals. Competence building creates new options for future actions.</td>
</tr>
<tr>
<td><strong>Competence Leveraging</strong></td>
<td>The applying of a firm’s existing competences to current or new market opportunities in ways that do not require qualitative changes in the firm’s assets or capabilities. Competence leveraging is the exercise of one or more of a firm’s existing options for actions created by is prior competence building.</td>
</tr>
<tr>
<td><strong>Competence</strong></td>
<td>An ability to sustain the coordinated deployment of assets in a way that helps the firm achieve its goals.</td>
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<td><strong>Assets</strong></td>
<td>Assets are anything tangible or intangible the firm can use in its processes for creating, producing, and/or offering its products to the market.</td>
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<td></td>
<td><em>Firm-specific Assets</em> are those, which a firm owns or tightly controls.</td>
</tr>
<tr>
<td></td>
<td><em>Firm-addressable Assets</em> are those, which a firm does not own or tightly control, but which it can arrange to access and use from time to time.</td>
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<tr>
<td><strong>Capabilities</strong></td>
<td>Capabilities are repeatable patterns of action in the use of the assets to create, produce, and/or offer products to the market?</td>
</tr>
</tbody>
</table>
Table 6 Questions for further research on Strategic account management

<table>
<thead>
<tr>
<th>Item</th>
<th>Questions and open issues for further research</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>What are the selection criteria for strategic accounts in order to increase account management performance?</td>
</tr>
<tr>
<td>2</td>
<td>What are the key variables on which customers decide to recognize a supplier as strategic?</td>
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<tr>
<td>3</td>
<td>How to proactively approach strategic accounts?</td>
</tr>
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<td>4</td>
<td>What indicators should be used to measure strategic account manager’s performance?</td>
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<tr>
<td>5</td>
<td>What are the key skills and competences needed as a strategic account manager?</td>
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<tr>
<td>6</td>
<td>What strategic development methodology is applicable for strategic account managers?</td>
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<tr>
<td>7</td>
<td>How to calculate Return on Investment (ROI) of competence build-up with strategic accounts?</td>
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<tr>
<td>8</td>
<td>What is the role of top management in the strategic account management process?</td>
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<tr>
<td>9</td>
<td>What elements create competitive advantage for suppliers towards strategic accounts?</td>
</tr>
<tr>
<td>10</td>
<td>What are the key contingencies affecting account management performance with strategic accounts?</td>
</tr>
</tbody>
</table>
Definition consensus on “Key Account” is reached in literature on Local or International orientation, Supplier Importance and on a relationship approach.
Figure 2  Competence Perspective on Key account management
Figure 3  Strategic accounts are key accounts and potential accounts identified as strategic by the customer and the supplier.

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CUSTOMER
REFERENCES


