

# Executive Insights: Global Account Management Capability: Insights from Leading Suppliers

*Global account management (GAM) has become a strategic focus among most multinational companies, but there is little empirical research on what type of organizational capability fosters GAM programs. In this article, the authors synthesize selected literature on the topic, examine relevant fieldwork and case studies, and discuss findings from in-depth field interviews with leading global suppliers that have active GAM programs in place. This research clarifies constructs, develops research propositions, and provides an integrated framework that includes GAM processes and performance consequences.*

Over the past decade, there has been a major power shift in favor of global customers, which 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. Thus, many suppliers are targeting these key customers by shifting resources from regional and function-based operations to global account management (GAM) (Homburg, Workman, and Jensen 2000). Global account management programs feature dedicated cross-functional teams, specialized coordinating activities for specific accounts, and formalized structures and processes (Homburg, Workman, and Jensen 2002).

The growing significance of GAM calls for research on the processes that drive the success of such programs. Attention has been given to program design (e.g., Homburg, Workman, and Jensen 2002), interorganizational account relationship management and control (Sengupta, Krapfel, and Pusateri 1997), and account intelligence generation and dissemination in a supplier organization (Arnold, Belz, and Senn 2001). Nevertheless, there is a need for coherent theory that can guide GAM practices (Birkinshaw, Toulan, and Arnold 2001; Homburg, Workman, and Jensen 2002). The current study addresses this gap. Intensive interviews with leading supplier companies reveal fundamental GAM processes based on these suppliers' best practices. Field research and case studies also reveal propositions that link the processes that entail GAM capability to favorable outcomes. The objec-

## ABSTRACT

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tive is to formulate a framework that provides testable propositions and directions for further research.

We define GAM capability 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, Pisano, and Shuen 1997). An appropriate framework for understanding how an organization develops such a capability is the dynamic capability theory. According to Teece, Pisano, and Shuen (1997), managerial capability must be understood mainly in terms of organizational processes. Organizational processes play three important roles: (1) scanning and evaluating market information, (2) coordinating internal and external activities, and (3) reconfiguring assets and resources as necessary.

The remainder of this article is organized as follows: First, we describe our research method. Second, we synthesize the available literature with the findings from our own field interviews and available case studies. Third, we illustrate the domain of GAM capability and integrate our qualitative findings, which results in a set of propositions. Fourth, we discuss the implications of GAM capability.

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## RESEARCH METHOD

Because GAM is relatively new, theory is still being developed, and we chose a discovery-oriented approach that integrates executive interviews, available cases studies, and insights from the literature (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 appropriate because we are attempting to gain a deep understanding of how GAM capability is linked to performance outcomes, an important yet not a well-understood phenomenon. This approach ensures construct reliability by using multiple sources of evidence and external validity through replication across multiple contexts. Next, we provide an overview of the literature that is relevant to GAM.

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## GAM in the Literature

Three important areas of GAM capability are implicit in the literature. First, Arnold, Belz, and Senn (2001) describe a GAM program as a set of supplier activities to acquire intelligence about global customers and then to respond to the requirements. In other words, they examine GAM from a customer orientation perspective. Second, GAM involves dedicated personnel in a supplying company who centrally coordinate the worldwide selling activities to a global account

(Montgomery, Yip, and Villalonga 2002). Harvey and colleagues (2003, p. 564) also focus on coordination, but they take a broader view of GAM, describing it 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.” Third, Homburg, Workman, and Jensen (2002) configure GAM design into human resource development, functional resource access, specialized account management activity, and formalization of account management structure. In their work, they explore performance effects of the GAM program when it is designed appropriately. Thus, three principal perspectives emerge about GAM capability: customer orientation, coordination, and design configuration; yet no explicit conceptualization of these has been formulated. Furthermore, a comprehensive framework that encompasses all three capabilities does not exist. Little is known about the specific processes that constitute a GAM capability and how they drive program success. Next, we describe the data collected through executive interviews and case studies.

We interviewed 20 executives from six *Fortune* 500 companies. To avoid potential bias from a single informant, we interviewed multiple informants in each company who are responsible for different aspects of GAM across various countries. In each case, we tried to interview the most senior managers. Many of our initial interviewees were sales/marketing managers at the level of the director or above who were responsible for global accounts. We expanded the number of informants per firm by asking the initial interviewees to recommend other senior managers in their company who are experienced in managing major accounts. Using this method, we were able to interview three to four executives from each of the six *Fortune* 500 companies for a total of 20 executives. Five of the six companies are in manufacturing, and one is a financial services company. Some of the global account managers are located in the United States, and others are located 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 was semistructured interviews. We began the interviews with a brief description of the study and then directed a series of questions about GAM practices. Among others, we explored the following issues:

1. What processes are important for a successful GAM relationship?

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## Executive Interviews

2. How are information and 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 success of its GAM program?

Executive interviews lasted approximately 60–90 minutes and were conducted in English or Chinese. (Two of the researchers are fluent in Mandarin.) Interview transcriptions are the primary source of data, along with relevant company documents and archival data. This method allowed us to test the convergent validity of our findings (Yin 2003).

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## Case Studies

Next, we analyzed the available case studies that pertained to GAM practices. We obtained these cases from the Strategic Account Management Association (SAMA), Harvard Business School Working Knowledge, Knowledge at Wharton, and published books about GAM practices. We gleaned the most useful insights from the knowledge resources of the SAMA, the world's largest professional association of global/strategic account managers. We scanned all SAMA publications, research, and working papers that were published from 1993 to 2004.

Although we examined dozens of articles and cases from the trade literature, for this study, we selected only those that clearly related to supplying global accounts. In addition, we did not use resources that did not specify actual company names and practices. As a result of this scanning, we tapped 35 publications involving 30 companies. Some of the selected case studies were authored by global account managers, and the rest were contributed to by management consultants. Together with the six companies we had interviewed directly, we built a database of 33 unique company cases with relevant insights into GAM practices. The 33 companies in our study are diverse in terms of the global customer industry as well as supplier size, nationality, and industry. Finally, we secured additional information about these companies from their Web sites, annual reports, and the business press. Table 1 summarizes the company profiles in our database. Next, we describe the coding scheme we used to categorize the data obtained from the executive interviews and case studies.

<b>Companies</b>	<b>Title of Respondent/ Research Participant</b>	<b>Source</b>
3M	Global account manager for IBM storage relationship  Storage systems business manager, serving five large accounts in the United States and two foreign manufacturers, both in Japan.	Sperry (2000a, c)
ATOFINA Chemical Inc.	Vice president of corporate accounts	SAMA and S4 Consulting (2002)
American Express	Not available	SAMA and S4 Consulting (2001)
Armstrong World Industries	U.S. global account manager, Citibank	SAMA and S4 Consulting (2001)
BC Components	Global marketing director, industrial, BC components, the Netherlands	Bradford and Schwan (2001)
British Telecom	Integrated multichannel program manager	Abery, Christen, and Kriessmann (2002)
Cisco	Operations director of strategic accounts and sales acquisition integration	Parr (2001)
Corporate Express	Strategic account executive for BellSouth	SAMA and S4 Consulting (2002)
De La Rue	Director of key accounts	Sperry (2000b)
Eastman Chemical Company	Chairman and chief executive officer	Deavenport (1999)
ESAB Welding & Cutting Products	Not available	Sperry (2000a)
Georg Fischer Corporation	Not available	SAMA and S4 Consulting (2002)
Guinness United Distillers and Vintners (North America)	United Distillers and Vintners strategic accounts manager  Vice president, global strategic accounts	SAMA and S4 Consulting (2001); Johnson, Killinsworth, and Miller (2001)
Hewlett Packard	Not available	Jeannet and Hennessey (2003); Yip and Madsen (1996)
Honeywell Industrial Automation and Control	Not available	Sperry (2000b)
Lanier Worldwide	Regional vice president of global accounts  Global account manager	Cornell 2002)
Marconi Commerce Systems	Strategic account manager for 7-Eleven	Sperry (2000a)

Table 1.  
List of Companies Researched

Table 1.  
Continued

<b>Companies</b>	<b>Title of Respondent/ Research Participant</b>	<b>Source</b>
Marriott International	Alliance account director for Siemens	SAMA and S4 Consulting (2002)
	Alliance account director for Deloitte & Touche	
	Alliance account director for the Accenture account	
MasterCard	Vice president of business performance	Personal interview conducted by the authors in October 2003; SAMA and S4 Consulting (2001)
Mettler Toledo	Director of strategic accounts	McNaughton and Beckett (2001)
Nortel Networks	Customer value, Optical Networks portfolio, Canada	Cook, Sabourin, and Tipre (2000)
	Customer service SBC–Pacific Bell account team, Canada	
ONDEO Nalco	Executive account	Sperry (2001a)
Pepsi	Global account manager	Personal interview conducted by the authors in March 2004
Procter & Gamble	Vice president of sales, customer business development, Western Europe	Personal interview conducted by the authors in February 2004; Graen (1999); Wilson (2003)
	Director, management information systems	
	Global account executive	
Satyam Computer Services	Global account manager for Caterpillar	Sperry (2003)
S.C. Johnson & Son	Global account director	SAMA and S4 Consulting (2001)
Schurter Group	President and chief executive officer	SAMA and S4 Consulting (2002)
Siemens	Vice president, information and communications, global accounts	Macaulay (2000)
SN Brussels Airlines	Vice president, strategic accounts	Bradford and Lagae (2003)
Steelcase	Global alliance director	Personal interview conducted by the authors in March and April 2004
	Public relation manager	
	Supply chain director	
Visteon Corporation	Global account manager	Personal interview conducted by the authors in October 2003

Companies	Title of Respondent/ Research Participant	Source
The Williams Companies	Vice president of alliance development group	Sperry (2001b)
Xerox Corporation	Director of global account field operations	Personal interview conducted by the authors in May 2003; Jeannet and Hennessey (2003)

Table 1.  
Continued

We coded and analyzed all of the information that we obtained through interviews, available case studies, and company publications and Web sites. In developing the coding scheme, we used the supplier company 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 that are exercised through organizational processes that enable suppliers to address rapidly changing global account needs and environmental changes (Narayanan et al. 2003). In the first step, we coded any statements that represented clear strategic imperatives undertaken by a specific GAM program. The coded information became the primary data source.

In the second step, we developed coding schemes for GAM processes based on an iterative analysis of the qualitative data and the literature synthesis. On the basis of this analysis, we delineated three distinct GAM processes:

1. GAM intelligence acquisition refers to the process of scanning and evaluating the global account needs and the environmental needs.
2. GAM coordination includes two dimensions: (a) GAM interorganizational coordination refers to the process of purposively organizing joint activities at each level of the two organizations, and (b) GAM 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 the process of changing resources and practices according to environmental changes and effectuating the necessary adjustments ahead of the competition.

These three dimensions 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, Pisano, and Shuen 1997). Faced with an intensely

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## DELINEATION OF DYNAMIC GAM CAPABILITY

competitive and changing global market, suppliers must continuously create customer value through understanding of their global customers' business, customizing products or services, and providing various innovative services.

The field interviews and case studies yield information that is reasonably consistent with the literature, though certain differences are worth highlighting. Next, we briefly summarize the results of our fieldwork, integrating these findings with the extant literature to provide a detailed description of each of the processes that constitute a GAM capability.

*Intelligence Acquisition.* Global account managers reach a consensus 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 and country best practices, and so on. Global account management is not only a selling strategy but also an enterprisewide strategy that defines future business for both the supplier and the customer (Arnold, Belz, and Senn 2001). Executive comments suggest a proactive approach to understanding customers' explicit and latent needs, such as creating new demand rather than waiting for requests.

*Coordination.* Most interviewees accentuated the importance of coordinating companywide efforts to serve global account customers. Their comments are consistent with the statement that Harvey and colleagues (2003) made that GAM 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 the customer organizations. Their titles range from top executives to selling and buying representatives. Second, coordination activities take place in all the markets in which the customers conduct business. This is then a deliberate supplier effort to cross-subsidize its global resources and interdependently plan competitive moves across countries.

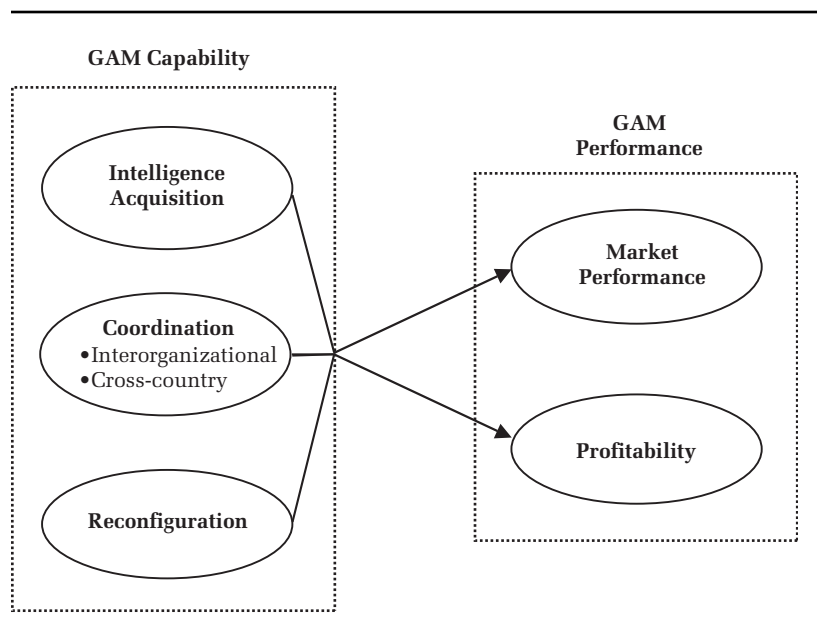
*Reconfiguration.* Because global environments change constantly, a supplier must be able to modify existing configurations continuously to adapt to new business situations (Teece, Pisano, and Shuen 1997). We refer to this process as GAM reconfiguration because suppliers must adjust their strategic resources 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 the executives. In SAMA's 2003 annual survey, there was a significant increase in the percentage of global account managers who suggested that GAM programs are in need of restructuring or

are currently being restructured (from 14.3% to 19.4%). In the literature, Homburg, Workman, and Jensen (2002) find that the appropriate organizational configuration can generate favorable outcomes for strategic account management.

In conclusion, three main processes that constitute a GAM capability—intelligence acquisition, coordination, and reconfiguration—are evident in this integration of the literature and the qualitative findings. In the next section, we develop the expected performance consequences of GAM capability and formulate propositions that relate GAM processes to performance outcomes.

The proposed integrative framework links GAM processes to performance consequences (see Figure 1). Essentially, the framework posits that GAM processes generate favorable outcomes in terms of market performance and profitability. The field perspectives and the available case studies suggest that a useful distinction exists between GAM market performance and GAM profitability (Homburg, Workman, and Jensen 2002).

Global account management market performance refers to the extent to which a GAM program achieves better market outcomes for the supplier than for its competitors. Market outcomes include customer satisfaction, customer value, desired growth, new product introductions, and customer retention (Homburg, Workman, and Jensen 2002). In our field interviews, most executives stated that their GAM programs brought value to their customers and significantly increased customer satisfaction. One GAM executive said,




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## INTEGRATED FRAMEWORK AND PROPOSITIONS

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### GAM Market Performance

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Figure 1.  
A Proposed Framework of  
GAM Capability and  
Performance

Customer value is often perceived by cost saving. We are oftentimes talking to [customers] 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].

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## GAM Profitability

Global account management profitability refers to the profits that the supplier generates from global accounts. In our interviews, it is evident that the leading organizations are restructuring their reporting systems around their global key customers so that they can track profits generated from an account. A vice president from a *Fortune* 500 financial services company remarked:

About five years ago, my company experienced a major organizational restructuring to focus our business on major global customers. I am responsible for the business with this bank [a *Fortune* 500 global bank]. Our business is very quantifiable. Every month, I review their [customer] report to retrieve quantifiable value (profit and cost) and identify opportunities.

Global accounts are often financially independent units that are responsible for their own profits and losses. The supplier's accounting system must be able to track the revenues and costs for these customers. In the interviews, when we asked executives whether business with their global accounts was satisfactory, they agreed that the accounts were profitable on a global scale.

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## GAM Processes

As we discussed previously, three categories of organizational processes exemplify key GAM capability. Effective GAM can enable a supplier's offerings and resources to fit the idiosyncratic needs of its global customer (Arnold, Belz, and Senn 2001; Harvey et al. 2003; Homburg, Workman, and Jensen 2002; Montgomery and Yip 2000; Montgomery, Yip, and Villalonga 2002). When a supplier's strategic resource deployments are aligned with customers' needs, it is expected that positive GAM performance is generated (Cavusgil and Zou 1994; Venkatraman and Prescott 1990). Three processes are expected to have a positive influence on GAM performance.

*GAM Intelligence Acquisition.* This refers to the process of scanning and evaluating the global account needs and the business environment. In the majority of companies we

cover in the current study, executives explicitly mentioned the important role of GAM intelligence in creating customer value. For example, since 1988, Procter & Gamble (P&G) pioneered a successful GAM relationship: 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 Airlines' GAM program exemplifies how a team can employ various approaches to gather intelligence. To survive and grow in the highly turbulent airline industry, SN Brussels decided at the beginning 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 found that the largest 50 accounts generated 10% of SN Brussels's sales, and the smallest 250 accounts constituted only 7% of sales. Francois Lagae, vice president of strategic accounts for SN Brussels, stated,

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. 4)

A decision was made that SN Brussels should target large multinational corporations 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 into 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 Brussels reported a small profit, which is 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 and chief executive officer of the 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 our 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 ... [and] 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 approximately 10% 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 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. A supplier can analyze business situations, identify new product development opportunities (Teece, Pisano, and Shuen 1997), and create the appropriate mind-set to respond to these opportunities. As a result, a supplier can achieve an alignment with a customer. Empirical findings support the view that intelligence generation, intelligence dissemination, and willingness to respond have a positive effect on a supplier's market performance and profitability (Grewal and Tansuhaj 2001; Homburg and Pflesser 2000; Jaworski and Kohli 1993). Therefore, we propose the following:

P<sub>1</sub>: The supplier's intelligence acquisition process has a positive influence on its GAM in both market performance and profitability.

*GAM Coordination.* This refers to the purposive organization of internal and external activities and information flow across countries (Buvik and John 2000; Teece, Pisano, and Shuen 1997). In the GAM context, there are two dimensions of coordination: First, interorganizational coordination refers to the process of purposively organizing joint activities at each level of two organizations. Second, cross-country coordination refers to the process of cross-subsidizing global resources and interdependently planning competitive moves to obtain or retain global accounts.

First, we consider interorganizational coordination. Senior executives play an important role in coordinating global account relationships. As our exploratory study progressed, it became clear that GAM entails a multilayered relationship involving top executives and sales and purchasing representatives from both the supplier and the buyer. As the vice president of a *Fortune* 500 manufacturing company that serves high-tech multinational customers explained,

Top executives from both my company and our customer's support us [the unit is separate from the main company and is responsible for its own profit and 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 British Telecom (BT) recounts BT's 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, Christen, and Kriessmann 2002, p. 15)

In addition to formal coordination, several account executives we interviewed mentioned informal aspects that blend 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.

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

A global supplier coordinates business with its global account wherever the account goes (Shi, Zou, and Cavusgil 2004). A supplier usually conducts business with a global account in every market in which the customer participates. This is well 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, expert-

ise, 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 U.S. and Europe, but in the jungles of Venezuela, the high desert of Kazakhstan, or on an offshore platform in Vietnam. (Macaulay 2000, pp. 21–22)

Several executives that we interviewed identified cross-country coordination practices to ensure organizationwide 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. The GGAM is a manager who is located at the headquarters and is independent of the global account managers who are located in the subsidiaries; the GGAM also provides resources for the global account managers. In locations in which local support is insufficient for a global account, the GGAM takes the lead in delivering comprehensive coverage. When the local team is strong, the GGAM serves as backup and a coordinator to ensure that the global account plan is implemented consistently.

Both interorganizational and cross-country GAM coordination should positively influence a supplier's GAM market performance and profitability, because they allow the supplier to manage selling activities at each level of the organization and across different country markets so that the needs of global accounts are best served. As a result, global accounts should 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 the GAM cross-country coordination process is to leverage the supplier's worldwide strategic resources to achieve coordination and flexibility simultaneously (Bartlett and Ghoshal 1988). 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 that are generated in other markets and respond to competitive attacks in one market by counterattacking in others (Zou and Cavusgil 2002, p. 42). Therefore, we propose the following:

P<sub>2</sub>: The supplier's (a) interorganizational and (b) cross-country coordination processes have a positive

influence on its GAM in both market performance and profitability.

*GAM Reconfiguration.* This refers to the process of changing resources and practices according to environmental changes and effectuating the necessary adjustments ahead of the competition (Teece, Pisano, and Shuen 1997). A successful GAM relationship involves quick responses to new intelligence. A review of the case studies suggests that a supplier's GAM program must maintain a viable fit with the customer's ever-changing needs to sustain long-term competitive advantage. In other words, it is important for the GAM program to remain flexible and dynamic to take timely action.

A major role of the global account manager in Xerox is to identify unique ways to reconfigure existing products that are offered and to 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 way.

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. (Jeannet and Hennessey 2003, Case No. 18, p. 4)

Marriott's relationship with Accenture is another good example of GAM reconfiguration. In 2002, Accenture became a public company and was confronted with cost-reduction issues, especially for travel and entertainment expenses. To retain this account, Marriott needed to adjust its traditional offering. In a relatively short time, Marriott's GAM team offered a new "corporate apartment" program, which provided a cozy home for Accenture employees who were relocating. As a result, Marriott increased its business with Accenture (SAMA and S4 Consulting 2002).

Reconfiguration should positively affect the supplier's GAM market performance and profitability. It is vital to be flexible because the needs of global accounts in multiple-country

markets vary and may change rapidly. Bartlett and Ghoshal (1988) argue that a proper global organizational structure is necessary for a multinational corporation 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 redeploy its strategic resources accordingly. Failure to do so may result in loss of the account. Therefore, we propose the following:

- P<sub>3</sub>: The supplier's reconfiguration process has a positive influence on its GAM in both market performance and profitability.

Through a comprehensive review of the literature and in-depth executive interviews, this study addresses some gaps in the understanding of GAM capability and firm performance. However, research on account management in the global context is still sparse (Birkinshaw, Toulan, and Arnold 2001), and a coherent theoretical framework is not yet in place. Thus, managers have little guidance about specific processes that can lead to favorable performance.

We argue that the processes that constitute GAM capability are sources of market performance and profitability. The three processes we propose are GAM intelligence acquisition, GAM coordination (which incorporates both interorganizational coordination and cross-country coordination), and GAM reconfiguration. Intelligence acquisition is the process of scanning and evaluating global account needs and the environmental needs. Interorganizational coordination refers to the process of purposively organizing joint activities at each level of two organizations, and cross-country coordination refers to the process of cross-subsidizing global resources and interdependently planning competitive moves to obtain or retain global accounts. Reconfiguration refers to the process of changing resources and practices according to environmental changes and effectuating the necessary adjustments ahead of the competition. To secure and satisfy a global account, a supplier must be able to cross-subsidize its operations across the world and initiate counterattacks against its competitors simultaneously in multiple markets (Bartlett and Ghoshal 1988; Birkinshaw, Morrison, and Hullan 1995; Roth and Morrison 1990).

When faced with the awesome task of servicing customers on a global scale, suppliers have no choice but to reorganize their organizations, capabilities, and processes in ways that can be considered radical. Those suppliers that effectively sharpen certain GAM capability can expect favorable outcomes in terms of market performance and profitability.

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## CONCLUSION

There appears to be reasonable preliminary support for the proposed framework that suggests cultivation and nurturing of the three key processes. Companies that proactively and systematically implement these processes are likely to outperform their competitors in the global marketplace. It is hoped that the insights we provide about GAM best practices motivate scholars to continue work on this timely and important topic.

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