# Integrated solutions in the IT industry:
# The Key Role of Alliance Managers

## 23rd IMP Conference (2007)

**Robert Salle,** E.M.**LYON,** Marketing Department**,**23, Av Guy de Collongue, BP 174, 69132 Lyon Ecully Cedex (France), Phone: ++ 33 478 33 77 74 ; E-mail: salle@em-lyon.com

**Bernard Cova** Professor Euromed Marseilles & Visiting Professor L. Bocconi University Milan Domaine de Luminy, BP 921, 13288 Marseille Cedex 9 (France)**,** Phone: 0033 491 827 946;
E-mail: bernard.cova@euromed-marseille.com

**Björn Sven Ivens,**; Université de Lausanne, Hautes Etudes Commerciale, Management Department, 1015-Lausanne-Dorigny, Phone: ++41 21 692 3461. E-mail: bjoern.Ivens@unil.ch

**Catherine Pardo,** E.M.**LYON,** Marketing Department , 23, Av Guy de Collongue, BP 174, 69132 Lyon Ecully Cedex (France), Phone: ++ 33 478 33 77 78 ; E-mail: pardo@em-lyon.com

**Abstract:**

The emergence of network forms of organization on many business markets has led to the development of new management activities. One core activity is the management of a company's relationships with partners in strategic alliances. Responsibilities for alliance management are increasingly attributed to a new type of formal position, the alliance manager. Based on empirical data from the IT sector, this paper presents the key role of the alliance manager for successful network maintenance and development.

**Keywords:** Strategic Relationships – Key alliance Management – alliance manager – IT industry – integrated solutions.

## Introduction

Since the beginning of the 90s, the offering strategies of companies have considerably evolved. Originally the major element of exchange for companies hinged on products but companies have since extended their offers to incorporate numerous services around the products leading in many cases to offer Integrating solutions (Davies, 2001 ; Sawhney, 2006). The implementation of this type of offer has led companies to adapt their structure (Galbraith, 2005) and their competences (Davies, 2001; Windahl *et al.*,2004). To develop integrated solutions, a company cannot provide on its own all the components of a customer project. Hence, it needs to cooperate with other companies that control complementary resources. The more critical these components are for the integrated solution, the stronger it will seek to control its access to these resources. Accordingly, as certain authors indicate (Windahl *et al.*,2004) the management of stable relationships with complementary companies is a key competence. This relationship management can be implemented in a dedicated function.

One can observe that the literature on alliances is very abundant. On the other hand, literature dealing with the relationship management function within alliances is rather scarce.

It is the reason why, the aim of this paper is to provide a first descriptive overview of the characteristics and practices of the management of these relationships with key partners done by the Alliance Management function in the case of integrated solutions. We choose to focus on the information technology industry. This choice is dictated by three main reasons. (1) in IT industry the number of strategic alliances between competitors is particularly high; (2) the companies most often propose integrated solutions by combining hardware, software and integration ; (3) the function in charge of alliance management exists formally an it is, hence, possible to identify knowledgeable interview partners; (4) this function has developed over the past ten years whereas in other industries it is either inexistent or considerably younger. The interviews thus allow us to understand the emergence of the alliance management function.

An empirical study is being conducted among 70 French managers from national and international companies in charge of managing alliances. The objective is to describe their role, their position within the organization and the nature of their implication in the relationship. We conclude the paper by a discussion on (1) the position and key role of the alliance management function in the marketing organization, (2) a comparison between three emerging functions in the organization: key account, key alliance partners and key supply managers.

## Theoretical background: solutions, constellation of firms for complementary offering, the alliance management function

### *An evolution to integrated solutions*

Since the beginning of the 90s, the offering strategies of companies have considerably evolved. Originally the major element of exchange for companies hinged on products but companies have since extended their offers to incorporate numerous services around the products. They strive to generate profitability through supplementary services around the product (Anderson & Narus, 1995). To do that companies have gone downstream, toward the customer: “They've moved beyond the factory gate to tap into the valuable economy activity that occurs throughout the entire product life” (Wise & Baumgartner, 1999, p. 133).

This evolution has led companies to propose solutions which represent a high level of adaptation to customer needs (customization) as well as a high level of integration of the offer (Stremersch, Wuyts & Frambach, 2000 ; Sawhney, 2006). Hence, when refering to solutions, one refers to an offer that incorporates several services integrated in the customers value chain (Oliva & Kallenberg, 2003) and which form a whole: one *integrated solution* (Stremersch & Tellis, 2002 ; Ceresale & Stone, 2004; Davies, Brady & Hobday, 2006 ; Sawhney, 2006).

Numerous authors have suggested that this evolution of the offer has several consequences on the supplier’s organization. The organization must evolve to move on from a product centric logic to a customer centric logic (Davies, 2001 ; Galbraith, 2005). Taking the example of the IT sector, Davies, Brady and Hodbay (2007) explain : “in a shift away from traditional structures, product units are being reorganized to become back-end providers of standardised and replicable components that are combined into solutions provided by newly-formed customer-facing units. These front-end units are based on temporary projects which are continuously formed, combined, and disbanded around each customer’s need for a solution” (p.185)

For these three authors the evolution of the organization described above reflects the transition between two contrasting types of organization for the provision of integrated solutions: system seller and system integrator. Systems seller is a “vertical integrated firm that produces all or most of the product and service component required for integrated solutions provision. A pure systems seller’s offering is based on a single vendor design incorporating internally developed technology, products and proprietary interfaces” (p.187). Systems integrator is “a prime contractor organisation responsible for the overall system design and integrating product and service components supplied by a variety of external suppliers into a functioning system” (p. 188). The management of external resources does, in fact, become crucial when the integrated solution is elaborated by a company of the systems integrator type.

At the same time, other important organizational changes take place. The focus on integrated solutions leads companies to develop 4 types of capabilities: systems integration capabilities, operational service capabilities, business consultancy capabilities, financing capabilities (Davies, 2001). Windahl *et al.* (2004), indicate that the supplier must gain access to integrating, consulting and partnering competences. For these authors, “partnering competence refers to the ability of solution providers to build alliances and partnerships with other suppliers and consultants in order to offer integrated solutions, and to develop continuous businesses in partnership with their customers” (Windahl *et al.*,2004, p. 220). These partnering competences, although they are key when companies orient themselves toward integrated solutions proposed by a systems integrator, are rarely cited in the literature on solution offerings.

***Constellation of firms for complementary offerings***

Depending on the value added by the complementary offering, a company will establish more or less intense and durable relationships giving rise to what refer to as a constellation of firms (Jones et al., 1998). Webster (1992) refers to network organizations which he defines as "loose and flexible coalitions guided from a hub" (Webster, 1992, p. 9). Normann and Ramirez (1994) refer to the value constellation to explain that « a multiplicity of actors coming together » propose joint offerings. Moller, Rajala and Svahn (2005) refer to «customer solution nets». According to Jones *et al.* (1998) constellation is "a group of firms that interact directly and reciprocally to coordinate their efforts for a complex service or product during a finite period of time, which may last from several weeks to several years” (p. 398). In complex integrated solutions, these constellations concern a limited number of key strategic alliances managed by the alliance management function.

***The alliance management function in the literature***

References to alliance management for compamies engaged in integrated solutions are frequent in the managerial literature, particularly in the IT industry. On the internet sites, companies such as Oracle, SAP, IBM Global Services, SUN, Accenture, Hewlett Packard, or Microsoft provide information about the way how they manage their relationships with their complementary partners in the integrated solutions business. In a similar vein, numerous job offers for alliance manager positions with detailed job descriptions can be found on internet job markets.

On the other hand, certain authors (Blanchot, 2006 ; Pellegrin-Boucher, 2006) observe that the academic literature on alliance management is very limited. For example, Spekman *et al.* (1998), affirm that “too little attention is given to the alliance manager as a central figure in determining the success/failure of an alliance” (p. 748). This situation may appear all the more astounding given that Dyer, Kale and Singh (2001) show that those inter-organizational alliances which generate the highest value are those that are managed through a dedicated strategic alliance function.

## The French IT industry

The French IT market can be described as follows:

- A fierce competition because the market has been stagnating for past three years,
- A high level of concentration with a few big leaders specialised by type of activity,
- Standard hardware and software exist,
- IT projects are highly complex,
- High levels of investments into development on the supplier side and and service providers favoring specialization in clearly defined areas.
- High costs of IT projects for customers.

Three major types of actors are implied in the construction process for customized solutions for IT end users:

- software editors : e.g. Oracle, SAP, People Soft, Microsoft. These companies often have their roots in North America, even if some large groups are French (Business Objects) or German (SAP). They develop software. Since these software do not entirely cover a given customer project's functional needs it is necessary to make adaptations which are realized by consulting and/or IT companies.

- hardware manufacturers *: e.g. HP, IBM, SUN.* They build the machines, the printers, the screens, the memory units on which the software and software will be installed.

- IT Integrators and consultants: e.g. IBM Global Services, in France Cap Gemini, (IT System integrator, Consulting) who design the solutions by integrating the publishers' software and the manufacturers' hardware.

These three types of actors jointly develop polygamous relationship constellations, under the direction of the alliance management function. Those managers are in charge of managing relationships with key partners. After having followed a systems selling logic, the IT sector has modified its business model by putting stronger emphasis on developing and selling integrated solutions.

## Methods

This article is based upon data that has been collected at the end of 2005 and the beginning of 2006 in three steps:

- In the first step, drawing upon information available from companies' websites we conducted a comparison of the partnership offers that each actor (software editors, hardware manufacturers, integrators and consultants) proposes.
- In a second step, a series of in-depth interviews has been conducted with alliance managers working for software editors (2 large, 2 medium-sized), IT service companies and consultancies (3 large, 2 small- and medium-sized) and hardware builders (3 large companies). These interviews have allowed a better understanding of the mechanisms of the partnerships as well as studying the function in charge of managing the partnerships. The results of this study served as the basis for the development of a questionnaire for the third step.
- In the third step, 70 alliance managers were interviewed by telephone (Choron *et al.,* 2005). The questionnaire explored the individual characteristics of the alliance managers, the way their function is organized, the tools they use, and the way how they manage their relationships with their alliance partners.

In steps 2 and 3, the respondents came from the companies in the sector which are the most experiences in alliance management in their sector. The choice of respondent companies was made based upon an analysis of the practices described on their web site and on our own profound knowledge in the field of relationship management in the IT sector. For this reason, our results are not necessarily representative for the whole of the IT sector, but they are for the most advanced companies in the field.

## Analysis and results

***The management of relationships between partners***

We are focusing on three aspects: the reasons why the partnerships were put in place, the criteria used for the selection of alliance partners and the characteristics of the relationship between the alliance partners.

<u>Reasons for installing the partnership</u>

Many reasons are provided to explain the implementation of the partnerships. They can be grouped into three larger categories:

- The possibility to access a larger market. According to our respondents, the aim mis to have « a larger commercial surface at lower costs» and to develop a «sales penetration on projects on which we would not work, SMEs as well as key accounts»,
- The necessity of building a network of several complementary suppliers in order to propose integrated solutions to the customers,
- The value added by the partners given the technological complexity and the market structure.

According to the actors, differences can be observed :

- The large integrators and the large management consulting companies : they deeply anchored at their customers in that sense that they are in the first line in the need definition and project design phases. These companies have to face two constraints. On the one hand, they must have a high level of knowledge about the contributions of each software editor and each hardware manufacturer in order to reduce the risk perceived by customers. In this case, partnerships with well-known companies serve as guarantees for the customers. On the other hand, they must be capable of maintaining a certain level of objectivity toward the customer in the composition of the most adequate integrated solution. In this case, the non-exclusiveness of the partnerships is a key element. These two dimensions, apparently contradictory, namely, on the one hand, to work at the same time with a restraint number of partners in order to know exactly the characteristics of their hardware and software and, on the other, to open the possibility to select the most appropriate contributor among a several partners in order to optimize the value of the integrated solution for the customer, leads to polygamous constellations.
- The large software editors and the large manufacturers: the saturation of direct sales possibilities to key accounts limits their growth potential. Their position at the center and toward the end of the sales cycle creates a distance between them and the final customers. These are usually managed by the IT integrators and the management consulting companies who approach the customer much earlier and often also look after the integration of the solution. The large editors and manufacturers hence present themselves as the managers of a network of partners. This network constitutes another way to gain access to the market and to influence it. They attempt, on the one hand, to gain access to customers targeted through large partners and, on the other, to obtain a larger coverage of the market through a network of small partners like the SSII.
- The small SSII. They have a close link with SMEs: To become known to the customers and to have a differentiated offer they draw upon partnerships with well known market leaders. They hope for a positive image effect, support through considerably higher marketing resources, and turnover generated by the larger partners.

The choice of the partner

Establishing a partnership relation between two large market actors, i.e. between leaders in the different activities of the IT sector, constitutes an investment in time. For example, the alliance manager of a software editor indicated: «A partner relationship is a long-term investment. It takes three years to put it into place and obtain a return on investment. The first year is dedicated to getting the relationship started, the second year you start generating joint activities, and in the third year you are really working together».

Thus the decision to develop a prioritary partnership with a company is a strategic dimension because it influences the content of the integrated solution content which will be offered to the market as well as the achieved turnover. On this last point we know that 47 % of our turnover stems from alliances with partners.

Given the objectives associated with partnership relations a limited number of alliances can be established and maintained by companies. This is illustrated by another result:

- 40% manage less than 5 partner relationships,
- 44% manage between 5 and 15 alliances.

Companies' partner selection criteria express the selective resource allocation strategy followed in the context of alliance management. The most cited criteria are the following: partner's market share; the partner's image; development potential achievable with the partner; commitment intentions of the partner; partner's specialization in a specific domain (functional, technological or sectorial); type of capability; common references. Against the background of these results, one can truely speak of alliance partner portfolio management.

Characteristics of the alliance relationship

Three elements merit to be stressed here. First of all, we observe a fairly high level of formal contracting. Second, the governance of the relationship between the partners is based upon a very structured business plan. Finally, numerous joint activities, particularly communication activities, are put in place.

The content of the relationship between both parties is fairly formalized because in 70% of the cases a contract that defines the nature of both contracting parties' mutual commitments. Software editors and hardware builders often times propose a standard contract (usually on an annual basis and renewable) to their partners, the management consulting companies and the IT services companies.

The obligations toward the partner usually comprise the following elements:

- turnover objectifs,
- payment of a subscription fee,
- number of trained and certified consultants,
- number of joint events,
- agreed level of investments.

The small IT services companies dispose of only one contract that applies to all cases. For consulting and IT service companies this contract functions as a skeleton agreement. It is then adapted and completed for each single deal in the form of a dedicated subcontract.

Another element strucuturing the relational content between the partners: the *business plan*. Elaborated jointly by both companies, this *business plan* serves as a road map generally developed for a one year period. The *business plan* permits describing all the activities that will take place between the companies from a commercial, marketing, technical and training point of view.
These partnerships between companies also lead to the implementation of solutions concerning the activities developed in order to communicate about the partnership. These communicative activities can take considerable importance. The majority of large editors and manufacturers communicate openly about their partnerships using a co-marketing discourse (*success stories*, joint events etc.). On the other hand, numerous IT integrators appear to strive for a limitation of their communication on the existence of an agreement with a given software editor or manufacturer. This label is considered as a technical argument rather than as a demonstration of the established partnership relation. It does not emphasize the integrated solutions developed in the partnerships.

These results show that strategic (partner selection and alliance implementation) as well as operational elements coexist (the day-to-day management of proposing integrated solutions to customers). The alliance management function is at the heart of this multidimensional cooperative approach.

**The function dedicated to managing alliances**

In order to make the alliance agreements work, a large number of companies in the IT sector have established a specialized function which is exclusively dealing with strategic and operational functions of alliance management. In the French context, several competing titles are used to denominate the function (cf. the French web site www.adalec.com which provides an overview of the definitions used by members of the Association Nationale des Directeurs de Partenariats (Adalec) or the one of the ASAP (Association of Strategic Alliance Professionals, www.strategic-alliances.org)).
The function can be located on two hierarchical levels, one with a more strategic orientation in the form of the alliance director (or Strategic Alliance Executive), the other with a stronger operational focus and labelled alliance manager.

<u>The alliance director : management of the strategic dimension</u>

The tasks of the alliance director comprises several tasks which can be found in other functions but which, in his case, are exclusively directed at the management of partnerships: the development of the partnership strategy, a part of the marketing director's tasks (for questions concerning the integrated solutions offered to the market), sales force management tasks (but limited to the aspects which are relevant in the context of alliances), and tasks related to business development.

The combination of this broad spectrum of tasks distinguishes the alliance director position from other positions with strategic responsibilities and justifies considering the position as an idiosyncratic object of analysis. The position's practical implementation in companies' reporting structures is another strong argument for conceptual and empirical research on it:

- almost 50% report to the CEO;
- 35% report to the sales director;
- 11% report to the marketing director.

The different reporting relationships reveal differences in how companies consider the function: either as a strategic function, or an operational function supporting the sales task, or as a primarily marketing oriented function responsible for designing coherent value propositions for customers.

The alliance director's principle responsibilities are the following:

- Partner selection and determination of the type of partnership at the national and local levels. When international or global contracts are signed, they are prepared at the corporate level. The alliance director in a given country is in charge of adapting the global contract to the national context.
- Partner portfolio management. If these partners are large industrial groups who are leaders in their fields managing the relationship with them is a joint task of the management board and the alliance director.
- Management of the alliance management team.
    - In our sample an alliance management team has been put in place in 75% of all respondent companies. Where such a team exists, its average size is 12 team members.
    - In cases of companies where the team size is small the alliance managers can also be responsible for a certain number of operational alliance management tasks.

<u>The alliance manager: operational management</u>
Reporting to the alliance director, the alliance manager's tasks seem to be very close to those usually attributed to key account managers: he uses the same types of tools and is confronted with the same processes which require transversal coordination between different functions inside the company. Nevertheless, some of his responsibilities differ from the key account managers' tasks. This allows us to consider his function as an idiosyncratic job. We summatrize the alliance manager's taks in three dimensions: marketing, communication and sales responsibilities.

- Marketing tasks:
    - Organization of co-marketing events in order to generate new business,
    - Inventory of joint references,
    - Creation of marketing material.
- External communication tasks:
    - Management of the ongoing relationship with the partner,
    - Business development : Creation of new offers and promotions with the partner,
    - Education and training of the partner,
    - Ambassador of his company toward the partner company.
- Internal communication tasks:
    - Ambassador of the partner company inside his own company,
    - Facilitator and problem solver.
- Sales tasks:
    - Establishment of the partner business plan,
    - Advise to the sales force: Selection of most appropriate partner in a given deal,
    - Direct and indirect sales support,
    - Control of the project progress together with the sales manager in order to make sure that the partners work according to contractual quality standards.

More generally speaking, the alliance manager is involved in building up, maintaining and enhancing the relations with one or more partners which have been selected by the alliance director who defines the strategic framework. His activities focus on relationship management: on the one hand, outside the context of a specific business opportunity, with the objective of stabilizing the relationship and mobilizing the partner(s), on the other hand on each individual business opportunity by coordinating the partner(s) in the realization of an integrated solution.

## Discussion: an evaluation of the alliance management concept

It is interesting to see that the alliance management concept presents certain idiosyncratic dimensions. But at the same time, it can be classified in a group of management concepts which all have a common basis. They arise for the following reasons:

(1) They all focus on the management of relationships with external actors. The company needs to put in place this type of function because it externalizes certain value creating activities which it believes partners will be able to conduct in a more effective and/or efficient way then itself.
(2) They focus on the management of relationships in the form of series of repeated interactions with partners instead of single transactions. The company that puts in place such a concept does so because it has taken an explicit decision to engage in these interactions rather than to identify new exchange partners every time a business opportunity arises.

(3) They focus on the management of relationships with a high degree of keyness for the company. The company distinguishes between interaction partners with higher or lower degrees of keyness and puts in place specific management concepts in order to stabilize interactions with partners who have particular importance for the company.

Against these three aspects alliance management can be classified in the same type of management approach as key account management or key supplier management. All three concepts share the focus developed above. But the third point is the most characteristic one. It is because of external actors' high levels of keyness to the company that specific positions are created for key account, key supplier, or alliance partner management. To better understand this family of functions it is required to consider the keyness concept.

Keyness is a characteristic of a relationship between two companies. It characterizes a relationship that differs/diverges from standard relationships. Keyness is always a subjective view of a relationship as far as a relationship is key for one (or several) parties involved in exchange. Which means a relationship can for example be key for one economic actor but not for the other, or the other way around. Furthermore, one can assume that in the presence of keyness (key relationship), economic actors attempt to install specific forms of governance. Governance being seen as "a multidimensional phenomenon, encompassing the initiation, termination and ongoing relationship maintenance between a set of parties" (Heide 1994, p.72). Drawing on the governance concept as well as transaction cost economics and the resource-based view, one can identify the specificities and impact of keyness in relationships.

One can imagine key relationship management as a reconfiguration of exchanges between two economic actors. This reconfiguration stems from the exchanges between both parties (inter-organizational perspective) and creates a correspondence to the exchanges between the support systems and the key partner manager (intra-organizational perspective).

With such a light shed on key account management from the "transaction cost approach" point of view, keyness refers to a specific governance mode of a relationship allowing to safeguard specific investments at minimal transaction and organization costs for the supplier through the coordination role played by the key relationship manager. In this case keyness is not a question of degree but a question of state.

If this background helps us to re-theorize key partner management as a governance mode, a question, nevertheless, still remains raised. When is a supplier going to prefer such a governance mode to another to rule the relationship with a customer? Part of the answer we think is rooted in resources-based theories.

According to the IMP group, the resource perspective is one out of three different angles from which one can look at a firm (Ford et al. 1998, p.44): "Companies interact with each other and develop relationships in order to exploit and enhance their own resources and to gain the benefit of those of others" (idem, p.46). In this perspective, resource-oriented approaches can contribute to a clearer understanding of key partner management in the sense that they: (1) identify the management of internal and external resources as a core process in firms' activities; (2) identify dependence and uncertainty as "key antecedent variables motivating the establishment of interfirm relationships" (Heide 1994, p.73); (3) interpret relationships with customers and other firm stakeholders (or actors in IMP terminology), such as suppliers, alliance partners etc., as part of a company's stock of resources; and they (4) stress that not all stakeholder relationships are of equal importance to the firm.

The criterion used to differentiate between those relationships constituting resources and those without resource character is their potential contribution to the firm's value creation process. For our purpose, a relationship could thus be considered "key" if it contributes to the firm's value creation process. Literature on value provides us with an understanding of what a relationship contributing to value creation is: it is one where benefits (of the relationship) exceed sacrifices (Blois 1999; Pardo et al. 2005; Zeithaml 1988). If a company does not hold a sufficient stock of resources itself it needs to access another actor's resource stock. At this stage it becomes clear that it is not the relationship itself which constitutes the resource, but the entities of an actor with whom the firm may have a relationship. Hence, the primary value of a relationship does not lie in the bonds a firm has established with certain stakeholders, but in the resources they control: “Relational market-based assets are outcomes of the relationship“ (Srivastava, Shervani and Fahey 1998, p.5).

Based on these observations, we can then define keyness: a relationship’s keyness depends upon whether its resource stock contributes to allowing a company to occupy a marketplace position of competitive advantage. Or in other words, the degree of keyness of a relationship will depend on the complementary resources it brings to an actor to reach its competitive advantage.

Note that applying the resource perspective to key relationship management (key account management, key supplier management, key alliance partner management, and the like) implies that while a relationship is key for an actor because it allows gaining access to valuable resources, key relationship management may constitute a valuable resource in itself. Consider, for example, the central characteristics of key account management as summarized by Pardo (2001, p.2): “To manage (key accounts) in a specific way means a different form of management than that usually used for customers. More specifically, this means the creation of a new mission (thus the creation of a new job, new practices, etc.) and its integration into the existing structure. This mission involves coordinating supplier information and action in time and space in relation to a customer in its entirety”. If these specific routines, processes, skills etc. developed by a firm in the management of key relationships contribute to the efficient and/or effective production of a market offering that has value for some market segment, then the account management system becomes a resource. According to Dyer, Kale and Singh, (2001) : « an effective dedicated strategic alliance function perform four key roles : its improves knowledge management efforts, increases external visibility, provides internal coordination and eliminates both accountability problems and intervention problems » (, p. 38). This also becomes clear from what Spekman et al ., (1998) write :

> « alliances require managers who can think and manage in ways that differ from what is required to manage a functional unit or business. Simply, the rules that apply to bureaucratic, hierarchical organizations no longer fit and we believe that new managerial models are appropriate. Although our focus here has been on alliance building skills and competencies, one can argue that such capabilities apply to managing within an organization across functional areas or business units. [….]. The role of project leader, team leader and/or parallel team leader encompass many of he competencies enumerated above.” (p. 765)

The fact that a specific set of resources and capabilities is required applies particularly to alliance management because here companies often face a situation of coopetition. However the alliance manager usually focuses on the management of the cooperative part of the relationship.

Summarizing, key partner management merges a specific organizational solution with the selection and prioritization of important partners. Hence, it integrates two categories of potential resources, partners (and their resources) and organizational structures and capabilities. In order to increase the commitment of one valuable resource (the partner), a specific organizational solution (the key partner program) is created. Key partner management becomes a valuable resource, too, if it permits to reduce competitors’ access to the key partner by cooperating with him more efficiently and / or more effectively.

According to Heide (1994), uncertainty and dependence will lead firms to structure their exchange relationships with other actors by means of formal and semiformal links in order to deal with these two problems by deliberately increasing the degree of coordination of activities within and between firms. These elements then bring us back to the idea that those relationships giving access to complementary resources must be ruled in a specific way. In this perspective, key relationship management is one approach to governance as we attempted to explain drawing on the transaction cost approach. We are then in a position to link both approaches in an integrative framework.

Based on our considerations, we can now attempt formulating a model of keyness (figure 1). Linking resource-oriented theories and transaction cost analysis we see that the first explain why certain relationships become key while the latter contribute to a better understanding of the specific governance mode keyness implies.

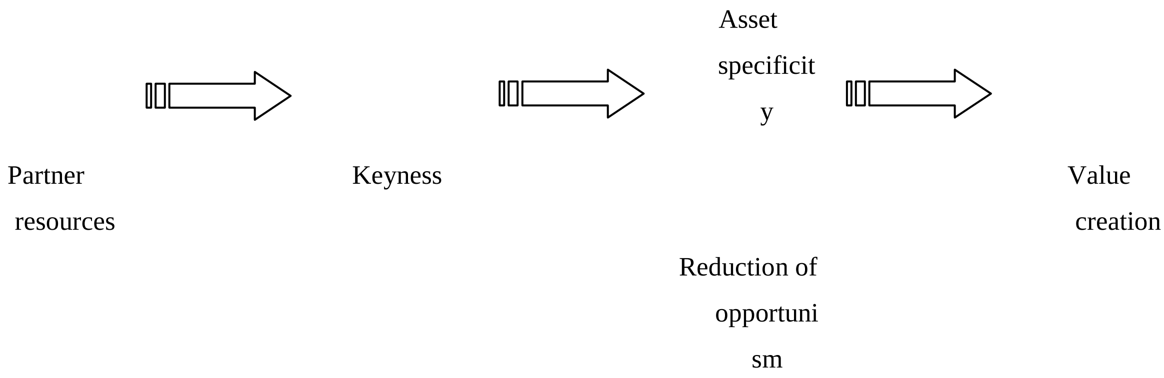


*Figure 1: A model of keyness in stakeholder relationships*

## Conclusion: Key account, key alliance partner and key supplier managers

If one takes the vantage point of the focal organization, a major task is the management of relationships with other organizations. According to Hakansson and Snehota (1995) a company's performance depends upon its relationships with a limited number of partners: it builds alliances with suppliers, customers, competitors. Hence, some relationships are strategic and will be managed in a specific way, i.e. with a high degree of coordination.

Whether it is to manage strategic relationships with the suppliers' market or with the customers' market, specialised functions have emerged, in the middle of the 1990s, within companies. For example, the key account manager (KAMr) function (Pardo, 2004; Homburg, Workman, Jensen 2002; Workman, Homburg, Jensen 2003) responsible for managing relationships with particularly important customers has emerged and has given rise to a growing field of literature. More recently, we have observed the implementation of the same type of job within the purchasing function (Missirilian and Calvi 2004). Key supplier managers (KSMr) are in charge of managing relationships with suppliers that the company has identified as strategic (Missirilian and Calvi 2004, p. 2). This paper presented the strong tendency among IT companies to implement strategic alliance managers.

The observation of an institutionalization of comparable activities in comparable positions leads us to the more general conclusion that companies understand keyness of external actors as a major challenge. They seek approaches that allow them to manage their dependence upon key actors in their market environment. This evolution calls for more detailed research on the issue. Although extant research on the individual topics of key account, key supplier, and key partner management is far from being at a point where no additional value could be created from additional studies, we believe that against the background of our observation that keyness is a common topic across the three fields it makes sense to focus future research efforts more strongly on the more conceptual issues related to the fact that different actors show different levels of keyness.

## References


Anderson, J.C. and Narus, J. (1995) “Customer Value Proposition in Business Markets”, **Harvard Business Review,** 73(1), 75-83.

Blanchot, F., (2006) “Qu’est ce qu’un manager d’alliances ? » **Cahier de Recherche** N° 2006.3. CREPA-DRM. Université Paris Dauphine (France).

Blois, K. (1999) “Relationships in business-to-business Marketing – How is their Value Assessed?”, **Marketing Intelligence and Planning**, 17(2), 91-99.

Ceresale, M. and M., Stone (2004), **Business Solutions on Demand**, London: Kogan Page.

Choron, O. , Dugué, L. , Faure, N. , Fourquet, F. , Pillot, M. and Salle, R., (2005). **La direction des Partenariats : un métier en émergence**. Etude menée en collaboration par A2partner, EM Lyon et Ineum Consulting, novembre.

Davies, A. (2001), Integrated Solutions: the new economy between manufacturing and services, Working Paper, University of Sussex.

Davies, A., Brady, T. and Hodbay, M. (2007) “Organizing for solutions: systems seller vs systems integrator”, **Industrial Marketing Management**. 36(2), 183-193.

Dyer, J.H., Kale, P. and Singh, H. (2001) “How to Make Strategic Alliance work”, **MIT Sloan Management Review,** Summer, 37-43.

Ford, D., Gadde, L.-E., Hakansson, H., Lundgren, A., Snehota, I., Turnbull, P., Wilson, D. (1998**), Managing Business Relationships**, Chichester: Wiley.

Galbraith, J.R. (2005), **Designing the Customer-Centric Organization: A Guide to Strategy, Structure and Process**, San Francisco: Jossey-Bass.

Hakansson, H. and I.Snehota (1995), **Developing Relationships in Business Networks**, Routledge.

Heide, J.B. (1994) “Interorganizational Governance in Marketing Channels”, **Journal of Marketing**, 58 (1), 71-85.

Homburg C., J.P., Workman Jr, and O., Jensen, (2002) "A Configurational Perspective on Key Account Management", **Journal of Marketing**, 66(2), 38-60.

Jones, C., Hesterly, W.S., Fladmoe-Lindquist, K. and Borgatti, S.P. (1998) "Professional services constellations: how strategies and capabilities influence collaborative stability and change", **Organization Science**, 9 (3), 396-410.

Missirilian, O. and R. Calvi (2004) "Key Supplier Manager (KSM): an emerging function in purchasing?", *Communication to the 20th IMP Conference, Copenhagen, Denmark.*

Moller, K., Rajala, A. and Svahn, S. (2006) « Strategic business nets – their type and management", **Journal of Business Research** . 58, 1274-1284.

Normann, R. & Ramirez, R. (1994), **Designing Interactive Strategy: From Value Chain to Value Constellation***,* Chichester: Wiley.

Pardo, C. (2001) "Key Account Management in the Industrial Field. The Account Team for an Efficient Reconfiguration of the Supplier-Customer Relationship" Communication to the 17th Annual IMP Conference, Oslo, Denmark.

Pardo, C. (2004), **Responsable comptes clés**, Paris: Dunod.

Pardo, C., Henneberg, S., Mouzas, S. and Naudé, P. (2005), "Unpicking the Meaning of Value in Key Account Management", **Working Paper**, School of Management, Bath University.

Pellegrin-Boucher, E. (2006) « Le management de la 'coopetition' à travers les regards croisés des alliances managers ». XVème Conférence Internationale de Management Stratégique, Annecy/Genève, 13-16 juin.

Sawhney, M. (2006) « Going Beyond the Product. Defining, Designing and Delivering Customer Solutions", in Lusch, R.F. & Vargo, S.L., eds., ***The Service-Dominant Logic of Marketing: Dialog, Debate, and Directions****.* Armonk, New York: M.E. Sharpe, 365-380.

Spekman, R.E, Forbes, T.M., Isabelle, L.A. and MacAvoy, T.C. (1998) "Alliance management: a view from the past and a look to the future", **Journal of Management Studies,** 35 (6), 747-772.

Srivastava, R.K., Shervani, T.A. and Fahey, L. (1998) **"**Market-Based Assets and Shareholder Value: A Framework for Analysis", ***Journal of Marketing*****,** 62 (1), 2-18.

Stremersch, S. and Tellis, G.J. (2002) "Strategic Bundling of Products and Prices: A New Synthesis for Marketing", **Journal of Marketing**, 66(1), 55-72.

Stremersch, S., Wuyts, S. and Frambach, R.T. (2001) "The Purchasing of Full-Service Contracts", **Industrial Marketing Management**, 30(1), 1-12.

Webster Jr., F.E., (1992) "The Changing Role of Marketing in the Corporation", **Journal of Marketing***,* 56 (4), 1-17.

Windahl, C. , Andersson, P., Berggren, C. and Nehler, C. (2004) "Manufacturing firms and integrated solutions: characteristics and implications", **European Journal of Innovation Management***,* 7(3), 218-228.

Wise, R. and Baumgartner, P. (1999) "Go Downstream. The New Profit Imperative in Manufacturing", **Harvard Business Review**, 77(5), 133-141.

Workman Jr, J.P., C. Homburg, and O. Jensen (2003) "Intraorganizational Determinants of Key Account Management Effectiveness", **Journal of the Academy of Marketing Science**, 31(1), 3-21

Zeithaml, V.A. (1988) "Consumer perceptions of Price, Utility and Value: A Means-end Model and synthesis of Evidence", **Journal of Marketing**, 52 (3), 2-22.