

Suvi Rahkolin, Satu Nätti and Saira Saraniemi
University of Oulu, Oulu Business School, Finland

CRISIS COMMUNICATION IN KEY ACCOUNT RELATIONSHIPS

Abstract

A deliberate and planned crisis communication strategy is an important part of key account relationships. Although the influences of crisis on those relationships are examined in many studies (Salo, Tähtinen & Ulkuniemi, 2009; Thiessen & Ingenhoff, 2010; Coomb, 2007; Tähtinen & Vaaland, 2006), research on crisis communication in business to business key account relationships is still scarce. This study aims to comprehensively describe and define what crisis communication is like, to outline ways to communicate in a crisis situation (in order to preserve the relationships) and to draw links between key account management (KAM) and crisis communication.

Our approach is qualitative and the empirical data was gathered from people responsible for strategic accounts and who are experienced in crisis communication. We analysed managers' stories of crisis processes and related communication in relationships, as well as more general views of the phenomenon.

The results of the research combine discussions of crisis communication and key account management. These results indicate that taking up the baton and communicating the importance of strategic account are important starting points of crisis communication. Furthermore, successful crisis management appears as an open, active and resolution-focused activity. The role of the key account manager as a crisis communicator and primary identifier of the crisis is emphasized, which is an important managerial idea. With the help of these results we are able to distinguish characteristics of media-based crisis communication from crisis communication in key involving relationships, and enhance more efficient communication in crisis situations with strategic accounts.

Key words: key account management (KAM), strategic account, crisis communication.

INTRODUCTION

The relevance of crisis communication in research has increased along with the frequency of related public episodes. Nevertheless, companies underrate the importance of planning communication and allocating resources to this specific task (e.g. Cloudman & Hallahan, 2006). However, crisis communication can be critical, defining the future of the organization (Coombs, 2007; Thiessen & Ingenhoff, 2011; De Blasio & Veale, 2009; White, 2009). The core of this research is the way in which crisis forms a thread of the continuity of key account relationships. The crisis concerned has to be serious, and self-inflicted to the extent that company reputation might be damaged and/or customer views of the cooperating partner might change radically (Coombs, 2007; Benoit, 1997).

In the current research, crisis management is examined in key account relationships in B-to-B markets; this is not done at the media communication level, unlike in many earlier studies (Ahluwalia, Burnkrant & Unnava, 2000; Coombs & Holladay 2006; Coombs, Frandsen, Holladay & Johansen 2010; Thiessen & Ingenhoff 2011; Carrol 2009; De Blasio & Veale, 2009). Qualitative data was gathered from experienced key account managers, and the most important level of analysis involved their stories about crisis situations in key account relationships.

Key account relationships are unusually resistant to adversity because of the trust and commitment in the relationship, which the cooperating parties tend to maintain in crisis situations (Ojasalo, 2001; Salo, Tähtinen & Ulkuniemi, 2009). However, there is a well-argued need to link discussions of strategic relationships and crisis communication, because while communication in general gets faster and easier, maintaining relationships in crisis situations calls for quick reactions and proactive, well-planned procedures – too often underrated by companies (Cloudman & Hallahan, 2006, 367).

So far, crisis communication studies have mainly featured case studies, focusing on a relatively small number of well-known incidents. This creates a need for theoretical discussion independent of individual occasions and normative interpretations (see e.g. Coombs, 2007, 163; Ahluwalia, Burnkrant & Unnava, 2000, 203–204; Thiessen & Ingenhoff, 2011, 14–20; Carrol, 2009, 64–67). In addition, existing studies and related cases of crisis communication are very media-focused, rather than being about communication in the key account relationship. It is crucial to find solid ground for this discussion as the important related concepts of reputation, risk and crisis (Thiessen & Ingenhoff, 2011; Fishman, 1999; Horsley & Barker, 2002) are defined differently in different studies (Thiessen & Ingenhoff, 2011, 14). The results of this study help to distinguish characteristics of media-based crisis communication from crisis communication in key account relationships.

KAM systems are about managing strategic accounts consciously and intensively (Homburg, Workman & Jensen, 2002; Nätti & Palo, 2011) and increasing the value of the relationships (Pardo, Henneberg, Mouzas & Naudé, 2005). Maintaining a long-term customer relationship calls for trust creation between the parties. Intensive cooperation, communication, mutual dependency and active conflict resolution are characteristic of those relationships (Ming-Huei & Wen-Chiung, 2011, 87; Ojasalo, 2001, 199 & 212; Ganesan, 1994, 3). A strategic partner is worth investing material and human resources in, and many development activities benefit the long-term functionality of the cooperative relationship. (Homburg *et al.* 2002; Pardo *et al.*, 2005, 1363–1364).

It is possible to link customer relationship management and communication goals. Losing a long-term customer relationship is almost always a major blow for a company, which also loses all the investments made in the relationship in the past. Likewise, finding a new partner is a challenge, and there is always a risk of acquiring new problems along with a new relationship (Salo *et al.*, 2009: 618).

This study aims to comprehensively describe and define characteristics of KAM crisis communication, ways to communicate in crisis situations (in order to preserve the relationships) and links between key account management and crisis communication. We first focus on existing discussions of crisis management and then proceed to strategic customer relationships. The empirical part of the study further highlights the phenomenon of crisis communication in key account relationships and finally, in the conclusion, we present a model of crisis communication in the key account relationship which restores that relationship.

CRISIS COMMUNICATION IN KEY ACCOUNT RELATIONSHIPS

Crisis is an unexpected, negative and serious instance of a process that threatens the physical and/or immaterial value of the organization (De Blasio & Veale, 2009: 75). Coombs (2007) states that perhaps the biggest threat of all is the breakdown of customer relationships. Efficient crisis communication can compensate for negative feelings towards the company, which will further decrease the amount of unwanted messages in the network (Coombs, Frandsen, Holladay & Johansen, 2010: 338). In the following, we discuss crisis types and crisis communication strategies and then focus on key account relationships, particularly on how discussions about maintaining and recovering relationships (e.g. Salo *et al.* 2009) can enhance our understanding of the phenomenon.

Crisis types and crisis communication strategies

According to situational crisis communication theory (SCCT), we can define a variety of types of crisis for which different types of communication strategies are suitable (Coombs, 2007; Coombs & Holladay, 2002; Coombs *et al.*, 2010). According to SCCT, we can differentiate between victim crises, accidental crises and intentional crises based on the possibility of influencing the crisis (Coombs, 2007, Coombs & Holladay, 2002). Victim crises refer to episodes which are out of the company's control. In accidental crises the organization has a minor responsibility, but the events that lead to the crisis are perceived as being unintentional. In intentional crisis, the organization's responsibility is clear and it would have been possible to inhibit the crisis. These crises can have different levels of influence based on the company's crisis history and its prevailing reputation within the network. A history of crises and problems in reputation management can strengthen the negative effect of the particular crisis at hand (Coombs, 2007, 167–169).

According to SCCT, the appropriate communication strategies are denial, diminishing and rebuilding the reputation. In the denial strategy, the company denies its part in the crisis. In the diminishing strategy the argument is based on the organization not being able to influence events, or the crisis being less serious than suggested. Rebuilding the reputation is based on symbolic compensation for damage to the victims (Coombs, 2007: 170–173). Benoit (1997) approaches the phenomenon in a similar way to Coombs' typology and communication strategies. He presents image restoration strategies based on the crisis faced, but does not

focus on crisis types *per se*, instead discussing the strategies used: denial, evasion of responsibility, reducing the offensiveness of event, corrective action and mortification (Benoit, 1997: 179).

Regardless of the type of crisis in question, as Carrol (2009) noted, critical elements of crisis communication management include recognizing the needs of different stakeholders in the crisis situation and, based on that, focusing communication efforts. Stakeholders' perception of a situation is essential: if they feel the organization in crisis, it is (Benoit, 1997, 178).

Crisis communication in key account relationships

An intensive approach is needed when coordinating strategic customer relationships. The KAM system is more complex and coordinated in its buyer-seller interaction than "regular" selling (Wotruba & Castleberry, 1993), creating incremental value in customer relationships (Pardo, Henneberg, Mouzas & Naude, 2006). It provides a structured and organized way to maintain and develop strategic customer relationships. It has been suggested that KAM may be a useful way to conduct a relational selling strategy (Guenzi, Pardo & Georges, 2007), and that creating a KAM system is an effective method of introducing relationship marketing to the organization (Ivens & Pardo, 2007).

With the help of the KAM system, a firm can maintain intensive cooperation and knowledge transfer with the customer (see e.g. Nätti, Halinen & Hanttu 2006), and isolate threads and potential crisis seeds in the relationship. KA relationships are characteristically intensive and communicative. There is often a high level of dependency, trust and commitment involved (Ming-Huei & Wen-Chiung, 2011, 87; Ojasalo, 2009, 199 , 212). These characteristics can be highly beneficial for crisis recovery. The commitment and trust of partners can "smooth out" their attitude to negative publicity (Ahluwalia *et al.*, 2000, 204–205).

Various important prerequisites of KAM in general, like recognizing and responding to a customer's concerns (e.g. Salo *et al.*, 2009, Carrol, 2009), are also the focus of crisis communication. Thus, crisis communication involves focusing the communication efforts, consistency in communication, guaranteeing customers' abilities to conduct their business activities as usual (Benoit, 1997, Carrol, 2009, Lucero *et al.*, 2009), quick and honest communication (White, 2009; Lehtonen, 2009; Karhu & Henriksson, 2008) and maintaining and recovering trust (Coombs & Holladay 2002, Fombrun & Rindova 2000, Carrol 2009). These factors are especially valuable in recovering key account relationships.

It is worth noting the influence of emotions on values and views in the relationship level of crisis management (Jehn, 1997, 532). Although Jehn (1997) studied internal conflicts in companies, his findings about the interpretation of individual feelings and actions in crisis situations are also relevant to crises between organizations. Jehn (1997, 544-545) found that the more communication there is between individuals during the conflict, the less the conflict affects normal activities. The emotions connected to the problem have a negative effect on operation. Communication makes it possible to solve problems faster and to continue working while doing so (Jehn, 1997).

Similarly, Coombs (2007, 169) emphasizes the influence of emotions on customers' perceptions in crisis situations when suggesting that two issues influence the preservation of the customer relationship: customer feelings and the organization's reputation. In the crisis

situation, a certain amount of responsibility is ascribed to the company in question based on its crisis history, its earlier behaviour in the relationship and its chosen communication strategy. That reputation, for its part, is influenced by earlier crises, earlier behaviour in the relationship and the company's level of responsibility for the crisis. In addition, the organization's reputation is influenced by the chosen communication strategy. Customers' feelings are affected by crisis communication and customer view of the responsible party, or who holds responsibility in the situation (Coombs, 2007). Furthermore, it is important to recognize who is communicating with whom. Contact with a CEO may calm the situation, but may also make customers perceive the situation to be worse than it actually is (Lucero *et al.*, 2009).

Maintaining and recovering key account relationships in crisis

Lack of commitment, trust and attraction are characteristic of the problematic business relationship. These relationships should be repaired when there is a strategic value in maintaining them, or when the cost of losing the partner is too high (Salo *et al.*, 2009). Recognizing problems in the relationship is easy, but it is far more difficult to see the underlying causes. Before one can act effectively to recover the relationship, one must recognize the problem in both organizations (Salo *et al.*, 2009, 629; Tähtinen & Vaaland, 2006, 19).

It is important that both parties demonstrate their willingness to save the relationship (Tähtinen & Vaaland, 2006). From the customer's perspective, this willingness means that s/he is convinced that supplier will be able to offer value in the future. From the supplier's perspective, the customer must be worth the investments made in recovery activities. Expressing this positive atmosphere openly is important for both parties (Salo *et al.* 2009).

In addition to sharing a common will and investments, understanding the other party's business, goals and challenges is an influential part of successful recovery efforts. In this, effective communication is an essential prerequisite (Salo *et al.*, 2009: 626, 628). Direct communication with the customer is crucial, so that something like the influence of reports in the media does not precipitate the ending of the relationship. If the customer already has a negative view, the only way to restore the relationship is to change that view (Salo *et al.*, 2009, 621–621).

Crisis communication is often seen as a one-way activity. However, a crisis rarely is about the supplier alone, and the communication is often conducted by the party who is more responsible for the situation (Salo *et al.*, 2009: 628; Tähtinen & Vaaland, 2006). Timely, consistent and honest communication is essential. Most of all, it is important to guarantee the customer's safety and conduct crisis communication suitable for the type of situation (Coombs & Holladay, 2002; Thiessen & Ingenhoff, 2011).

In the following empirical section, we aim to explore crisis communication in key account relationships by using crisis stories as primary empirical data.

METHODOLOGY

This study adopts an abductive research logic, enabling simultaneous development of theoretical and empirical material (Kovács & Spens, 2005). Qualitative research methods and explorative ways of doing research (Yin, 1989) are well-argued in this study, because there has been only minimal theoretical understanding of the phenomenon in question (Shaw, 1999). Thus, our aim is to generate a holistic description of a somewhat uncharted and context-specific phenomenon (see e.g. Eisenhardt, 1989).

The empirical data were gathered in story form from representatives of different companies who were active and experienced in key account management. Since narratives allow interviewees to elicit their own view of reality (Polkinghorne, 2007) and to offer new insights into the phenomenon (Aarikka-Stenroos, 2010), we decided to use narrative interviews as a data-gathering method.

Interviewees were involved in customer relationships at the time of crisis. Typically, they were also actively conducting crisis communication. With the help of these stories, told by KA managers, we are able to study crises and related communication activities in relation to maintaining and recovering key account relationships.

The information gathered comprises four crisis stories as well as more general information about customer projects, customer relationships and related challenges and problems. These more general stories turned out to be useful evidence for the importance of understanding the meaning of crisis communication, and those were analysed separately.

A story by interviewee B was focused more on a media-level crisis; thus, this interview had less weight in our analysis, which focused particularly on KAM relationships. It is also worth noting that this data is managerially oriented and no customers were interviewed. All the information about this data is gathered in Table 1.

Table 1. Information about narrative interviews

INTERVIEWEE	A, Sweden	A, Italy	B	C	D
WORKING TITLE	Key account manager	Director, Sales and Marketing	Head of the information department	CEO	Key account manager
CRISIS STORY	Yes	Yes	Yes, (worldwide)	Only general views	Yes (USA)
VISIBILITY IN MEDIA	No	No	Yes	–	No
NATURE OF CRISIS	Untrustworthy behaviour	Untrustworthy behaviour	Media accusations	–	Untrustworthy behaviour, inconsistency in contracts, responsibility avoidance
DATE OF INTERVIEW	3.10.2011	3.10.2011	5.10.2011	7.11.2011	16.11.2011
DURATION	~ 25 min	~ 25 min	40 min	52 min	55 min

STORIES OF CRISES IN KEY ACCOUNT RELATIONSHIPS

Crises and strategic accounts

The thematic interviews revealed interesting aspects of understanding and identifying crises. What crisis means in a strategic relationship depends on the branch and operational environment of an organization. Preparation for crises is often inadequate and, apart from in big companies, there seems to be a notable lack of management involvement. The unpleasant nature of crises makes managers reluctant to put in place any crisis preparation. Views on crises and understanding the concept seemed to vary depending on each interviewee's background and career path.

Comprehending and discussing what crises could mean seemed to be challenging for both higher- and lower-level managers. Crisis as a word roused clear negative connotations, especially for higher-level management. This was partially the reason why interviewee C did not want to discuss his personal experiences. The crisis was seen (in its strongest form) as a situation from which there is no return.

The offset is that we shouldn't let it turn into a crisis. And if it becomes a crisis, then the relationship is basically lost. (Interviewee C)

Interviewee B connected crises to dramatic situations. He did not see that a single crisis could terminate a relationship, although the threat of the relationship ending is always present.

These are perfectly normal customer issues but I wouldn't label them crises. I really can't link these customer- and trading-related situations to crises. (Interviewee B)

For interviewees B and C, crisis represented a phase from where customer relationships cannot return to normal. However, interviewees A and D regarded crisis as a less definite situation. Their comments reveal that crises can be turned to one's benefit.

Trust was seen as the base for commitment. Interviewees *regarded problems and crises as an inevitable element in developing mutual trust*: without resolved problems and crises, the necessary trust would not develop. Interviewee A effectively illustrated how trust can also evolve during the crisis as long as the *willingness to solve problems* is made clear.

Typically, crises in strategic account relationships are solved. The openness and open discussion, and that we admit the problems – that creates the trust. If the company is willing to work things out, it means it's trustworthy. (Interviewee A)

The termination of a customer relationship requires the decline or even disappearance of trust, which means that trust had to exist in a relationship in the first place. Interviewee C illustrated the interrelationship of trust, customer relationship and crisis.

Crises cannot actually exist until the customer relationship is a bit further on. The crises won't emerge before. – When there's trust, the job will be done successfully. Without trust problems will accumulate and the relationship may face its end. (Interviewee C)

All the interviewees agreed that strategic account relationships would not fail after minor setbacks, and in most cases the problems are solved (see Tähtinen & Vaaland, 2006, Salo *et al.*, 2009). While crises are being dealt with and solved, the account relationship has a chance to strengthen, and trust may even grow. Crises can be regarded as an inevitable part of the evolution of a relationship.

Recognizing the initiating factors of crises

Recognition of a crisis reveals a lot about the relationship in question. What is a crisis in one company can be an everyday occurrence in another. As Salo *et al.* (2009) suggest in their research, efforts at relationship recovery cannot start until the problem is recognized by both parties. A similar phenomenon is recognizable in the stories: the seeds of crisis are already there, but a profound understanding of the situation does not emerge until concrete consequences occur. For example, in the story told by interviewee A about the first relationship, the partner attempted to explain away a lot, but the real nature of the crisis was not understood until it was manifested in a specific neglect of duties.

Suddenly the nature of the relationship changed so that it was difficult to arrange visits there...We understood well that something was wrong when we didn't receive reports of activities as agreed. Customer visits were made only if someone from our company was present. (Interviewee A, Sweden)

In another story from the same interviewee, challenges were already noticed in the first testing phase of the product, but the real problems were only realized later on.

The factor acceptance tests that were implemented in Italy only just went through...The second test was in progress when we noticed operational problems, and then we knew that we'd be on thin ice if these problems couldn't be solved. (Interviewee A, Italy)

In the story told by interviewee D, the crisis culminated in conflicting interpretations of contracts. Vague disagreements had been noticed before the crisis, but there was no comprehension of their potential consequences at that stage.

A big company from the USA is a great chance for a small Finnish firm – the contracts were a bit vague and open to interpretation. We had been able to sell the system abroad once and we were just happy to maintain the contracts. (Interviewee D)

Interviewee C gave many examples of discerning the crisis. The seeds of crisis were noticeable both in internal interaction in the company in between cooperating companies.

If it is about to turn into crisis, it starts to pervade to other companies as well. This is the first sign, if it starts to spread and inappropriate comments occur. (Interviewee C)

Interviewee C also brought up the important notion of handling customer complaints. In those situations, it is possible to diagnose potential crisis before they explode.

If customer complaints are not taken care of they become crisis hot spots. Thus, dealing with reclamations is critical. (Interviewee C)

Reasons for crises

Doubts about untrustworthy behaviour. The basis for most of the crises seemed to be untrustworthy behaviour. Failing to fulfill something that is agreed upon was the case in three of the four stories. Failing to fulfill the account's needs may create problems, but the escalation into crisis can stem from many causes. However the customer sees only negligence rather than a viable reason, which makes it easy to doubt the trustworthiness of the partner. Vague behaviour is realized, for example, in missing reports and/or contact avoidance.

When reports on the progress should have come, there was nothing. Uncertainty started to evolve about whether they had done what was agreed. It turns out they had not visited accounts as agreed – the retailer was the only one in Sweden, which made it a real problem for the market. (Interviewee A, Sweden)

First he did not answer the phone... But when he realized that I wouldn't give up, he answered and gave his cat's death being the reason for not answering. Then I had to say that we'd reached the limit. (Interviewee A, Sweden)

The real reason behind these problems was that the person responsible for customer visits did not have a car or even a driving licence. Not disclosing this easily-resolved issue was one reason for the crisis and led to a lack of trust.

External reasons. One story from the IT business in Italy concerns potential external reasons for the crisis in customer relationships. In this case, a new market environment and different context caused problems. A new customer was acquired after harsh price competition. This customer was key to Italian markets. Although the product passed all tests in the beginning of the relationship, problems soon started. The functionality of the product was questioned and, consequently, the trustworthiness of the supplier hung in the balance. The supplier was made the scapegoat, and its position in the Italian market was jeopardized.

The story culminated in the system's inability to function in different environments. The local GSM network caused problems. Actually, this was nobody's fault, but before this conclusion was reached the partners blamed each other:

I noticed that there was a gloomy atmosphere. We pointed the finger at the customer, that they did not understand a thing, or could not use [our system]. (Interviewee A, Italy)

Willingness to solve the crisis was there right from the beginning and it made crisis resolution easier. An active interest in finding the solution revitalized the customer's perception of trust and belief in their partner's commitment. Overcoming the crisis involves recognizing the reason for it and discreetly pointing it out to the customer.

Lack of commitment from management. A story from interviewee D culminated in the fulfillment of an agreement. An IT company tried to internationalize by undertaking projects with a big USA-based company. In addition, this customer was an important link to new

markets. The special feature of this story is the relationship between a small and a large company – and the concurrent differences in business culture. The IT system was well-integrated into the customer's organization, and thus of strategic importance for the customer. Problems started when the solution provided did not function as expected. The crisis developed around agreements, when the customer implied a breach of contract and brought in an army of lawyers.

It seemed as if the supplier company management did not even notice the growing crisis. It got deeper while nobody (except the KAM himself) appeared to care.

For the customer, it appeared as though there was no commitment in the management for this. If we are not able to get our managers to meetings with the customer, how important is this customer relationship in the end? (Interviewee D)

Change in social connections. Interviewee C told a story of a customer relationship where the guiding principle was to follow pre-agreed rules. These rules might change along with changes in contact persons, and this could complicate the relationship. Social connections between the companies are important and changes in these connections increase the need for fluent communication.

We should be sensitive when people and organizations change... In that [change] communication acquires its meaning. (Interviewee C)

Crises can also highlight the real nature of the relationship. Commitment and trust are tested, especially in change situations. Based on our data, crisis situations will always lower the level of trust in the relationship. The most common reasons for crises can be found in neglecting pre-agreed tasks, or ignorance in trying to solve unclear issues. Social connections and agreed procedures seem to help maintain the relationship. Change in these relationships and procedures may, however, cause problems or even a crisis.

Crisis communication with the strategic account

Presence and taking responsibility for communicating. The previous section presented various reasons for a crisis; a lack of responsibility and conflicting views about contracts generated a situation where active communication and appropriate messengers were needed. The customer felt that the supplier was not capable of doing agreed things, and was not even committed to them. An active presence and the KAM's willingness to solve the problem seem to be key to salvaging the relationship.

Being there and discussing with people from different levels of the company helped a lot. If I tried to solve things from here, it would have been more than a catastrophe. (Interviewee D)

Openness, activeness, willingness. Crisis communication in strategic customer relationships culminates in openness, activeness and willingness to find a solution. In addition to transparency in activities, openness refers to admitting problems exist and communicating them openly. The customer then knows how things are and what the supplier is going to do to correct the situation. Activeness is not only about solving the crisis and listening to worries of

customer, but also maintaining an active presence, being approachable to the customer and reacting quickly. Willingness to find a solution is seen in crisis communication when activeness and openness are there. All these features help in maintaining and even increasing trust as a result of crisis. For example, interviewee D emphasized the meaning of activeness.

A lot was corrected by being there and seeing the problem with them – I could create a relationship with them there. We acted together and in that way trust was there – they saw that we were trying. (Interviewee D)

The status of the communicator. In addition to communicating and interacting actively, the contact people, communicator and his/her status have meaning. If higher management in the supplier company is not involved in crisis resolution, customers may feel that they are not noticed in the right way. Listening to customers' worries and understanding the situation includes an ability to know when senior management should react:

In that sense it went wrong – that our management never responded, and they got the vice president there for whom our company was only one small actor from far away... They lost their belief that this could mean something to us. (Interviewee D)

Involvement of the company's senior management in discussions can be seen as one important aspect of taking care of the customer, alongside admitting that the problem is there and that it is serious, as interviewee C said. The CEO brings an atmosphere of seriousness to the handling of the problem. Maintaining trust requires presence.

We tried to take care of it from the office, so we could avoid the direct customer contact. I tried to say many times that, 'Okay, now it is time to go! I can come with you, if you cannot do it alone,' something like that. (Interviewee A, Italy)

On the other hand, there is not always a need for communication with or the presence of higher management if the problem is minor one. This would only exaggerate the issue, make it look more serious than it is. However, roles and responsibilities have to be clear; who is communicating with whom? In the crisis situation everyone has their own role and this seems to go unnoticed in many companies. Communication has to be coherent and integrated.

He was responsible for communication right from the beginning – someone has to take care of it, not everybody can be involved. (Interviewee B)

Importance of the KA manager. The lack of deliberate crisis communication is evident in many companies, especially in SMEs. Crisis communication is more about quenching a fire than about planned communication to resolve the situation.

Indeed, it is quite ad hoc, not systematic. (Interviewee C)

Managers in SMEs may assume that communication with the customer is direct, meaning that crisis management or a planned approach to crisis situation handling are ignored. However, *anticipating problems can help in maintaining trust and accelerate management involvement when needed.*

Lack of planning highlights the activity and sensitivity of the KA manager in the crisis situation. In addition, the KA manager has a remarkable role as a crisis communicator because the contact person has a stronger bond with the customer; thus it is often expected that s/he will work side by side with the customer to solve the crisis.

Crises are not something to be afraid of. When solutions are found, trust and commitment increase and become more explicit. All the informants highlighted how liable KAM relationships are to crises. Thus, how to learn from these situations becomes a focal concern.

According to empirical data, successful crisis communication culminates in *recognizing the customer's worries and having instant reactions to the situation, admitting the crisis, an active search for solutions and managing crisis communication. Communication should be open, active and focused on finding the solution. The first communication channel is personal contacts. In addition, the presence of suitable representatives of the supplier is essential (evaluation of suitable roles based on the seriousness of the case)*. Thus, the successful crisis communication process requires certain things from a company: 1) an open and active crisis communicator, 2) a crisis communicator with a willingness to solve problems, 3) the company being a partner worth trusting and 4) retention of the relationship being worthwhile for the customer.

CONCLUSIONS

According to this study, voluntarily *taking responsibility* on behalf of a partner is particular to crisis communication in customer relationships. There are thus differences with crisis communication at the media level. At the customer relationship level, demonstrating responsibility is the basis for crisis communication, and communication is more personal and situational than crisis communication at media level.

We also found that, in customer relationships, crisis communication is *two-way communication*. A strategic account sends signals and messages for the KA manager who responds by tailoring crisis communication to the needs of the particular customer. The customer's messages are not always verbal, and showing emotion is part of the communication. Presence, noticing the concerns of the customer, honesty, cooperation, tailoring communications and fast responses are characteristics that show openness and activity in crisis communication. Most of all, a customer has to have the feeling that s/he is important. Hearing and knowing a customer makes finding a proper method of crisis communications possible.

This study found three important areas of crisis communication in customer relationships: *understanding and identifying crises, recognizing the initiatives of crises and crisis communication with the strategic account*. Handling these areas seemed to impact on the success of problem-solving in crises. In addition, this study identified different *reasons for crises*.

First, *understanding and identifying crises* seemed to vary depending on the interviewee's background and career path. Secondly, *recognizing the initiatives of crises* impacts on the success of communication. Thirdly, *crisis communication with the strategic account* is affected by *presence and taking responsibility for communication; openness, activeness and*

willingness to solve the problems; and the status of the communicator. Furthermore, the *importance of the key account manager* was emphasized in relation to crisis communication with strategic accounts.

Finally, according to our study, *reasons for crisis* may be divided into *doubts about untrustworthy behaviour; lack of commitment of management; change in social connections and external reasons.*

Trust and commitment impact on the existence of a strategic customer relationship. From the perspective of strategic accounts, the most important activity for crisis communications is *retention of trust* – trust is vital for these accounts. Thus, being worthy of trust is essential for the company. A reputation may experience blows, for example in the media, but loss of trust is often critical and also a sign for the strategic account party to end the relationship. The willingness to save a relationship is strong in strategic customer relationships, and often the supplier is also a strategically important partner for the customer. Thus both parties are willing to correct the problems. Problems that are solved together are the cornerstones of strategic customer relationship *strengthening trust and commitment* in a relationship.

In our study, we found characteristics common for key account management and crisis communication in customer relationships. Both support each other, aiming to strengthen trust and prove their commitment. KAM emphasizes important aspects of the continuation of customer relationships that are the basis of crisis communications. Solving the conflicts, close cooperation and communication are essential for both activities. Furthermore, our data revealed that the key account manager's role as a crisis communicator is important. For crisis communication in customer relationships, it is necessary that the person closest to the customer recognizes the crisis and is also the first crisis communicator. This person's knowledge is critical because acknowledging the crisis is mostly his/her responsibility. In the best circumstances, the contact person has a long history with the same customer and already has the customer's trust, which enhances crisis communication in the relationship. We suggest that crisis communication in customer relationships is a key account management task, strongly supported by the management of the company.

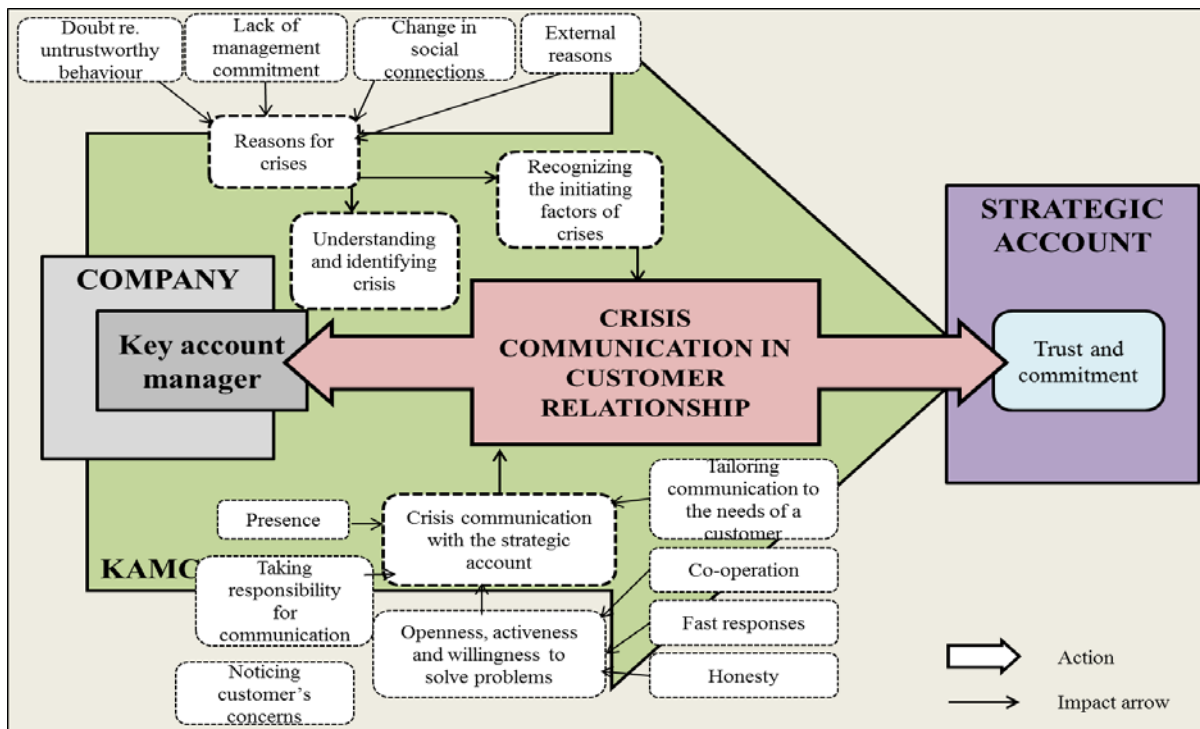


Figure 1. Crisis communication in the key account relationship

Theoretical contribution

This study offers several theoretical contributions to discussions of key account management and crisis communications. *First of all*, the literature has neglected crisis communication in strategic accounts. The results of this study show that although crisis communication is an essential element in the retention of customer relationships, crises are also potential strengtheners of strategic accounts (e.g. Salo *et al.*, 2009; Tähtinen & Vaaland, 2006).

Second, crisis communication and KAM share common features. The relationships with key accounts are usually tight, emphasize cooperation and are based on mutual trust and commitment. In addition, open communication, solving functional conflicts and mutual dependency are typical of key accounts (Ming-Huei & Wen-Chiung, 2011, 87; Ojasalo, 2009, 199 & 212). These features are in line with principles of crisis communication where tight, individualized communication (Benoit, 1997, 183; Carrol, 2009, 80) and openness (Lucero *et al.*, 2009, 234–235; White, 2009) aim for the retention of trust and commitment in the customer relationship (Coombs, 2007; Coombs *et al.*, 2010; Coombs & Holladay, 2002).

Third, this study shows that crisis communication in customer relationships is a two-way activity involving mutual communication between a company and a strategic account. To the best of our knowledge, the current literature on crisis communication does not recognize the two-way perspective. Traditionally, the organization aims at diminishing the negative impacts of crisis and rehabilitating its reputation (White, 2009: 177).

Fourth, another important finding is the recognition of the role of the key account manager. The literature has not placed the KA manager as the recognizer of the crisis and primary crisis

communicator. Our study establishes that the KA manager (or similar person) has an enormous input into crisis communication and the result of the crisis.

Fifth, our data gives new insights into the evaluation of crisis communication and the crisis itself afterwards. The literature emphasizes learning from crises (see e.g. Cloudman & Hallahan, 2006), but according to our findings, learning only happens partially. Often, only the person who has been most closely involved with the crisis experiences learning and can utilize his/her experiences in future crises. The company as a whole does not necessarily learn and is not interested in making plans for solving future crises.

Finally, our data supports the findings of Salo *et al.* (2009) by showing that crises can develop and enhance strategic accounts, while resolved crises and successful problem-solving enhance the willingness of both parties to maintain relations in the future.

Managerial implications

According to the findings of this study, it is essential that higher management in SMEs also takes responsibility for the success of crisis communication in advance. In particular, a key account manager (or similar person) should recognize how to act in a crisis related to customer relationship and how to communicate in such situations. It is preemptively helpful to define who, how and through which channels to communicate in a crisis. The right people (usually higher management) contacting customers may someone who s/he is used to dealing with. Often this contact person is the first to recognize the crisis, and to react to the distress of the customer. The responsibility of that contact is often to evaluate whether the crisis threatens the customer relationship. Thus, the knowledge concerning similar situations is critical.

Crisis communication in customer relationships should not mix with crisis communication with the media. In customer relationships, crisis communication is clearly targeted at a certain account impacted by the crisis, rather than to all stakeholders at a same time. Crisis communication in strategic accounts requires the sensitivity to hear the customer's needs and utilizes the existing trust, finding solutions together with a customer. However, crises and successful solutions are needed to enhance the strategic account as a relationship with commitment, trust and open operations.

Limitations and future research

The cultural differences between our empirical data and the theoretical literature used may cause limitations when studying a culturally sensitive field like communication. Indeed, culture has a fundamental impact on communication. In addition, the anonymity of the researched organizations may have caused some vagueness in the background information on them.

Finding appropriate interviewees was quite challenging. Sensitivity around the subject made the interviewees careful with their words and unwilling to give details even though anonymity was guaranteed.

In the future, it would be interesting to further study the critical role of the key account manager in crisis communication. Through this kind of research, it would be possible to observe how to identify and recognize crisis situations. The existing theoretical discussion on crises (e.g. Coombs, 2007; Benoit, 1997; Thiessen & Ingenhoff, 2011) focuses on handling crises, but does not comment on the recognition of crises. The managerial implications of this kind of study would be essential. Furthermore, the understanding of international crisis communication is relatively small. Paying attention to cultural differences in crisis communication would help managers to understand how other cultures see crisis situations and communication, for example. Finally, considering crisis communication being two-way and multi-sided issue, it would be interesting to collect dyadic data to complement and verify views presented in this paper.

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