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Institutionalizing Global Account Management Programs: Drivers and Performance Outcomes

Axel Thoma

axel.thoma@unisg.ch Switzerland University of St.Gallen FIM HSG

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ABSTRACT

For firms competing in high velocity business markets, global account management (GAM)—that is, a supplier's initiative to centrally leverage its value creation and appropriation worldwide with its strategic customers—is an important matter. When they attempt to implement GAM, firms often face significant challenges in bringing about sustainable change and embedding GAM programs. Many GAM initiatives run into severe and costly difficulties, ranging from (multiple) program relaunches to termination. Adopting a capabilities perspective, we develop through multiyear case study research a model that conceptualizes a firm's global change capability as a key determinant of GAM implementation success. Specifically, we propose that higher levels of a firm's global change capability are associated with a higher degree of GAM program institutionalization, and that higher levels of GAM program institutionalization are associated with a greater degree of GAM program effectiveness and efficiency. We then test this model in a cross-industry survey of 154 multinational firms that have implemented GAM. The results support the conceptualization of a firm's global change capability (i.e., strategic alignment, top management engagement, reward alignment, resource securing, and conflict management) as a meta-capability that embeds GAM and increases program effectiveness and efficiency.

Key Words:

Global Account Management, Implementation, Institutionalization, Performance, Global Change Capability

INTRODUCTION

Multinational firms and their marketing and sales organizations face a vast array of challenges in the global business environment as a result of consolidation in formerly distinct industries, blurred market boundaries, and shifting power balances between sellers and buyers (Day & Montgomery, 1999). Global account management (GAM)—strategic account management in the global business arena—is increasingly adopted by suppliers as a firm-wide collaborative strategy for global, vertical partnerships (e.g., Homburg, Workman, & Jensen, 2000; Montgomery & Yip, 2000; Piercy & Lane, 2005; Yip & Madsen, 1996) that focuses on joint value creation beyond transactional business exchanges. A GAM approach identifies the few customers that represent the firm's top-line business in terms of revenues and orchestrates all interactions with them through the GAM program (Day & Montgomery, 1999; Stewart & Champion, 2006). It requires strategic investment choices between customer segments (Gates, 1995; Piercy & Lane, 2005) and induces far-reaching changes in customer-linked structures, systems, and processes (Capon & Senn, 2010; Day, 1994; Homburg et al., 2000), making GAM a costly and consequential initiative (Gao & Shi, 2011). Furthermore, GAM often prompts firms to transform from product- to customer-centric business models (e.g., Birkinshaw, Toulan, & Arnold, 2001; Homburg, Workman, & Jensen, 2000), which represents one of the more risky initiatives a firm can undertake because it requires overcoming functional silos and reconciling the interests of multiple internal and external stakeholders (Stewart, 2006).

Although GAM initiatives launch with the best of intentions, most find its implementation arduous (Arnold, Birkinshaw, & Toulan, 2001; Millman, 1996; Montgomery & Yip, 2000) and struggle to turn it into a competitive advantage (Shi, Zou, & Cavusgil, 2004). Extant research into GAM emphasizes strategy formulation and the conceptualization of GAM by providing a comprehensive account of the drivers and objectives of GAM (e.g., Brehmer & Rehme, 2009; Shi, White, Zou, & Cavusgil, 2010; Yip & Madsen, 1996), ways to configure GAM (e.g., Gao & Shi, 2011; Homburg, Workman, & Jensen, 2002; Yip & Bink, 2007), and insights into activities and actors at the relational, single account level (e.g., Atanasova & Senn, 2011; Harvey, Myers, & Novicevic, 2003). Yet the question of what fosters the strategy implementation and institutionalization of GAM at the program level remains largely unanswered.

Consequently, the purpose of this study is three-fold: Firstly, to conceptualize the notion of GAM program institutionalization. Secondly, to explore the drivers of GAM program institutionalization from a capabilities perspective. And thirdly, to establish whether the institutionalization of a GAM program influences its effectiveness and efficiency. This study contributes to GAM as a frontier issue and research priority in the account management field (Cavusgil, Deligonul, & Yaprak, 2005; Guesalaga & Johnston, 2010; Shi, White, McNally, & Cavusgil, 2005) by advancing the knowledge of GAM implementation and performance at the program level. From a managerial viewpoint, this study provides those responsible for the implementation of GAM with a better understanding of how to foster and gauge GAM program institutionalization.

The paper is structured as follows: Following a review of extant GAM literature and an explanation of the capabilities perspective, we develop a model of drivers and outcomes of GAM program institutionalization through multiyear case study research of 11 multinational firms. The model is then tested in a cross-industry survey of 154 multinational firms that have implemented GAM.

LITERATURE REVIEW

Despite the importance and prevalence of GAM in global business, research on GAM is still at an early stage (Shi et al., 2010). Hence, research that specifically focuses on GAM implementation at the program level is rare. Extant literature can be organized into two categories: On the one hand, there is research that explores success factors and hurdles associated with GAM implementation. For example, Millman (1996) discusses customer segmentation, learning, and firm-wide know-how transfer as potential GAM implementation barriers, whereas Wilson (1999) points out executive support, settlement of political issues, and buy-in from personnel as important enablers of GAM. Arnold, Birkinshaw, and Toulan (2001), similar to Wilson, Croom, Millman, and Weilbaker (2000) explore additional GAM implementation issues but also argue that many firms do not sufficiently address the sustainability of their GAM activities. On the other hand, there is research that describes GAM implementation in a time-or process-based manner, characterizing different implementation stages and trajectories. For example, Senn (1999) identifies a common pattern of implementation steps that necessitate activities on the strategic, operational, and tactical levels. Wilson and Weilbaker (2004) develop a comprehensive GAM implementation roadmap by integrating existing GAM research. Similar to Davies and Ryals (2009) who identify a transition model for key account management, Capon and Senn (2010) identify implementation trajectories and derive managerial implications for the different implementation stages.

Overall, our review of the sparse GAM literature pertaining to program implementation shows three important limitations. First, research that addresses success factors and barriers takes a comparably broad perspective, describing factors (or even symptoms) that are both endogenous and exogenous to the firm. Hence, those responsible for implementing GAM may not be able to act upon these. Second, research that adheres to transition stages and trajectories assumes a linear, planned, step-wise change which is less likely to occur in today's highly turbulent and complex global business environment. Third, while extant literature points out the importance of sustainability in terms of embedding GAM, it does not provide further clarity on the actual construct of GAM program institutionalization.

To overcome these limitations in the literature, this study adopts a capabilities perspective and considers GAM program institutionalization as an important qualitative outcome variable of GAM implementation. Similar to McGuinness and Morgan (2005) for the implementation of strategic change initiatives and Ojasalo (2001) and Wilson (1999) for operational GAM capabilities, we adopt a capabilities perspective (e.g., Day, 1994; Grant, 1996; Winter, 2003) to investigate the capabilities that drive the embedding of GAM programs at the program level. Capabilities are non-tradable, distinctive bundles of complementary skills and accumulated knowledge embedded within a firm's processes and routines that employ resources (e.g., actors, knowledge) to effect a desired outcome (Amit and Schoemaker, 1993; Day, 1994; Grant, 1996; Helfat and Peteraf, 2003; Winter, 2003).

A capability-based approach is beneficial to the research objective of this study because it (1) focuses on capabilities that an organization can develop and deploy over time, whereas success factors may also include exogenous variables outside of the control of the firm (Menon, Bharadwaj, Adidam, & Edison, 1999; Pettigrew, Woodman, & Cameron, 2001); (2) assumes more interactive implementation and constant change that addresses the limits of sequential, path-dependent implementation models of dynamic environments (Brown & Eisenhardt, 1997; Farjoun, 2002; Tsoukas & Chia, 2002; Weick & Quinn, 1999); and (3) acknowledges that firms likely adopt more corporate change initiatives similar to GAM, suggesting that such a global change capability may itself become a necessity and competitive advantage (Barney, 2001).

MODEL DEVELOPMENT

In the absence of substantial existing research on GAM implementation, we opted for a discovery-oriented approach to develop a model of drivers and outcomes of GAM program institutionalization through case analysis which is particularly appropriate in new topic areas that require exploration before testing (Eisenhardt, 1989; Siggelkow, 2007). A case study strategy enables contextualization, vivid description, and dynamic structuring of the organizational member's world (Miles and Huberman, 1994; Yin, 2003), creating managerially relevant knowledge (Amabile et al., 2001) which is important for GAM program implementation.

Eleven firms were analyzed as described in Table 1, adhering to case study rigor as advocated by Gibbert, Ruigrok, and Wicki (2008). The case study firms were purposively selected for analytical generalization, including polar-type cases with confirming and opposing data (i.e., successful and not successful GAM initiatives) to surface and extend the relationships and logic among constructs (Eisenhardt & Graebner, 2007). The case firms participated in a multiyear long GAM research consortium conducted by two leading business schools which enabled longitudinal and clinical knowledge of the firms' GAM program as the unit of analysis. Obtaining deep, direct access to different hierarchies, functions, and geographies was a key criterion when adding another firm to the purposive sample.

Table 1

Data collection occurred over a period of three years through multiple sources of evidence which enhance the quality of the conceptualization (Yin, 2003). Data was collected following a predetermined research protocol reflecting the research questions pertaining to GAM program institutionalization, its drivers, and outcomes. Specifically, the following sources of evidence were tapped into for each case firm: Workshops, sales forums, internal program meetings, interviews (i.e., informants from different GAM-related functions and hierarchies to provide a holistic gauge of the GAM program), confidential archival data (i.e., reports, memos, and presentations), and public archival data (i.e., annual reports, press clips, and public presentations). Workshops, meetings, and interviews were protocolled, whenever feasible reviewed by case firm representatives, and then integrated into the research database.

Data analysis was done as an iterative process by a senior researcher with ten years of GAM experience in research and practice. Multiple sources of evidence on the same case firm were analyzed together. An analysis on a separate sheet followed where major associations and evolving constructs were compared and contrasted; transcripts and notes analyzed earlier were then revisited again and again. The categorization used to structure and rearrange the data relies on prior conceptions of change capabilities (McGuiness and Morgan, 2005; Oxtoby, McGuiness, & Morgan 2002). As facts and patterns of facts are replicated in the data, they give rise to constructs and the interaction between these constructs, leading to an emerging concept of GAM program institutionalization. Following Miles and Huberman (1994); patterns of concepts were matched across cases, noting both the existence as well as the absence of concepts from case to case, and the similarities and differences in the patters they form. The replication logic determines the saturation point; case analysis was stopped when the marginal returns of further data analysis were perceived to be below their marginal costs and did not provide substantial new insight towards concept development (Eisenhardt, 1989). Hence, the eleven cases analyzed reflect the researcher's perceived saturation of concept development. To assess the face validity of the emerging model, we applied several

versions of the working model in consortium workshops and discussed it with other GAM researchers, resulting in minor changes pertaining to the labeling of constructs and the clarification of their descriptions.

GAM Program Institutionalization

Existing GAM implementation research falls short in addressing the institutionalization of change which is a central aspect for organizational development (cf. Armenakis et al., 1999; Buller and McEvoy 1989; Gebhardt, Carpenter, & Sherry, 2006), with the exception of Wilson and Weilbaker (2004), who note that to overcome political, organizational, and cultural roadblocks to change, the firm must sustain its effort. While none of the case firms had a measurement or even definition of an embedded GAM program, the analysis surfaced differences between those firms that successfully implemented GAM and those that started to falter or even failed. Those case firms with a succeeding GAM program were able to make the change induced by GAM become accepted and stable. They were able to overcome "program of the month" or "quick fix" syndromes often associated with corporate initiatives. Those GAM programs that became accepted were not necessarily those that had highly formalized structures or developed specific program elements. However, these programs were able to institutionalize cognitive, behavioral, and procedural changes associated with GAM.

Cognitive changes pertain to an identification with and emotional attachment to the GAM initiative, as well as faith in its feasibility and necessity. Those case firms with embedded GAM programs generally had people that were openly proud to be part of the GAM program, went regularly above and beyond the call of duty to ensure the GAM program is doing well, and felt they were part of a bigger team and effort to make GAM a success. With regard to behavior, a high degree of connectedness and collaboration in the initiative represent central manifestations, because they indicate the resolution of cross-functional, interpretative, and communication barriers and the increased commitment to the new state—challenges that are prevalent in GAM. Case firms where the GAM initiative and program were faltering showed difficulties in communicating across boundaries about GAM, ranging from the protection of turf knowledge to outright resistance in supporting the unit. Finally, process embeddedness refers to the substantive content of the GAM program, established as more formal, integrative, and stable routines rather than ad hoc or informal processes. For example, successful case firms integrated both internal and external constituents into GAM processes, such as product development and business planning, or established processes for global account team formation, leadership and coaching.

Hence, we define GAM program institutionalization as the degree to which cognitive, behavioral, and procedural changes, as instituted by the GAM program, are embedded within the fabric of the firm. Cognition reflects understanding (i.e., "GAM is important, and we have positive attitudes toward it"), whereas behavior pertains to action (i.e., "We actively will do something to achieve GAM"), and processes refer to repetitive behaviors that become internalized routines (i.e., "This is the way we do things").

Drivers of GAM Program Institutionalization

In addition to the conceptualization of GAM program institutionalization, we explored drivers of latter one from a capabilities perspective. The analysis of the eleven case firms suggests that those firms that are able to embed their GAM program possess a set of five organizational change capabilities (i.e., strategic alignment, top management engagement, reward alignment, resource securing, and conflict management), whereas those firms that saw their GAM program falter do not show evidence of these capabilities. These change capabilities are similar to other organizational GAM capabilities, such as account planning,

knowledge management, or global pricing and contracting in the case of GAM (Millman & Wilson, 1996; Ojasalo, 2001; Wilson et. al., 2000) except in that change capabilities foster the institutionalization of GAM, while operational capabilities enable the firm to perform basic operational GAM tasks.

As shown in Figure 1, we posit that global change capability (GCC) is a meta-capability that describes a firm's ability to embed GAM within high velocity environments. In function, GCC is similar to other second-order capabilities (e.g., Johnson, Pui-Wan Lee, & Saini, 2003; McGuiness & Morgan, 2005; Zou & Cavusgil, 2002). We explain in the following the five change capabilities that form GCC.

Figure 1

Strategic Alignment

The ability to align a strategic initiative with its strategic context is critical, because a strategy that aligns with or "fits" its context provides clear guidance and direction for implementation (Kotter, 1995; Noble & Mokwa, 1999). In terms of GAM implementation, strategic alignment involves aligning the GAM strategy with not only the firm's overall vision and business model but also local (national) business unit strategies and functional strategies that may contradict the GAM strategy. For example, informants from product-centric case firms stated that their R&D departments often followed inward-oriented innovation strategies, such that "we first innovate, and then customers will beat the path to our door," which meant the area was not particularly receptive to a more collaborative, customer-driven approach to innovation. One manager described a specific strategy misalignment as follows:

> Within our company, we don't have a clear GAM strategy. Business units have their own agenda that they push at the expense of GAM. We behave contradictorily in front of customers, sometimes even competing internally. To make things worse, I don't see some of our global accounts behave in a consistent manner either. It often happens that local purchasing doesn't follow global contracts, and some of our global accounts just take advantage of what we provide more or less for free.

In addition to internal alignment, the GAM strategy must be aligned with the strategies adopted by the focal customers (Arnold, Birkinshaw, & Toulan, 2001; Harvey, Myers, & Novicevic, 2003; Shi, Zou, & Cavusgil, 2004). Thus, strategic alignment influences not only the launch of the initiative but also its maintenance, because internal and external contexts evolve over time and thereby require strategic adjustments to prevent conflicting objectives and interests, a lack of commitment, and, in the long run, the possible disappearance of the entire initiative. For example, the GAM program of one of the case firms was initially doing well, but when the board decided to focus on small and medium-sized enterprises to accelerate the firm's overall growth, the GAM program did not reposition itself to this new strategic reality and consequently lost traction internally.

Top Management Engagement

Across the coded findings from our analysis, we consistently found evidence that the ability to engage top management in GAM implementation is pivotal. Top management plays a central role in the implementation of strategic change, as has been acknowledged in implementation research (e.g., Buller & McEvoy, 1989; Nadler & Tushman, 1990; Noble & Mokwa, 1999) and GAM studies (e.g., Homburg, Workman, & Jensen, 2002; Yip & Montgomery, 1996). With top management engagement, we refer to active, personal action

of the highest management layer, contrary to passive involvement. For successful strategic change, top management must do more than just set the strategic direction or attend steering meetings, because initiatives often demand far-reaching change in terms of processes, systems, core values, and mindsets, which may prompt organizational inertia or resistance. The need to obtain top management support is clear and widely acknowledged among GAM programs, yet many of the studied firms still struggled to achieve it. In almost every firm studied, different entities engaged in several corporate and local initiatives simultaneously, forcing them to compete for top management's attention. These battles included the war for talent demanded by human resources management, innovation initiatives urged by R&D departments, and various initiatives (e.g., total quality, process reengineering, corporate social responsibility, corporate governance) put forth by boards. Because top managers suffer significant time constraints, they may officially endorse certain initiatives but fail to provide them with the attention and resources they require for implementation, as the following quote from one of the faltering GAM programs shows:

> Our management only gets involved in GAM when things have gone wrong. They always say how important GAM is, but that's no more than lip service; when it comes to taking serious decisions or solving resource problems, it's up to us to find a solution. They are not involved in the process of managing the account either, but they should to better understand what our customers really want.

Engaged top management therefore enables both the initiation and the sustenance of GAM. Because strategic imperatives and management attention shift over time, firms that want to implement strategic change like GAM must continuously engage top management—or as one consortia member put it, "pester top management to stay on its agenda."

Reward Alignment

The ability to align rewards organization-wide with the GAM program represents another dimension of GCC that arose during the case analysis. Rewards play important roles as motivators and control instruments during strategic change (Homburg, Fassnacht, & Guenther, 2003; Jaworski & Kohli, 1993; Noble, 1999), but their impact is often underestimated (Hambrick & Cannella, 1989). To increase commitment to the GAM program and foster collaboration, the criteria used for performance appraisals must be consistent with the GAM initiative, which may require new metrics in the appraisal.

Because GAM extends across organizational, geographic, and functional boundaries, reward systems can have particularly powerful effects. However, compensation guidelines may reduce the degree of discretion managers have with regard to rewards. Our analysis finds sales commissions as one of the thorniest problems, because many GAM programs function alongside preexisting local sales organizations. Therefore, well-aligned GAM rewards not only add to extrinsic motivation—sales people often are more receptive to financial rewards—but also help avoid or resolve conflicting incentive plans. Those firms that see their GAM program falter are unable to incorporate GAM performance metrics sufficiently into their appraisal systems. As the following comment illustrates, suboptimal incentives encourage organizational units to attend to their own goals and ignore or even compete with other units:

> Our compensation system is built to prevent GAM activities. The split compensation model we had before is broken, so we motivate our local sales force to actively avoid engagement in many global account opportunities, paving the way for our competition to operate with impunity and attack our share of wallet.

To promote commitment to the initiative, embed new modes of behavior, and avoid situations in which firms target one result but actually encourage another, rewards must align continuously with the objectives of the GAM program.

Conflict Resolution

The fourth dimension of GCC pertains to the ability to resolve conflicts related to the GAM program quickly and effectively. Wall and Callister (1995: 517) define conflict as "a process in which one party perceives that its interests are being opposed or negatively affected by another party" and suggest it is more likely with higher levels of workforce diversity and interdependence among organizational units, as in the case of organization-wide strategic initiatives such as GAM. Our case analysis identifies particular conflict potential resulting from the complexity of cross-functional and geographically separated GAM teams and powerbases within local subsidiaries. These scenarios lead to conflict situations in which, for example, a sales team is supposed to cater to a global account but reports to a national business unit with a considerable degree of autarchy. Another source of conflict emerges when middle managers hinder initiatives because they perceive threats to their own self-interests (Guth & MacMillan, 1986). This was the case in one of the firms that aborted GAM, because regional managers and business line managers were creating roadblocks, likely because they fear a loss of authority and threat to their comfort zone. This resulted in situations as described by one of their global account managers:

> Instead of visiting customers and making sales, I spend most of my time putting out small and big fires within my company. The real challenges are not price negotiations with the customer but internal quarrels about authority and resources.

Although in any GAM program, a certain amount of conflict should be expected, the firm's ability to resolve these conflicts quickly and finally can ensure commitment and collaboration in the long run. In addition, though "smoothing over" or avoiding conflicts may work during the early stages of GAM implementation, in particular when board presence is still strong, leaving them unresolved in the long run can give further rise to fiefdoms and increased organizational conflict.

Resource Securing

The ability to secure access to the necessary resources to implement and sustain the GAM program emerged as the fifth GCC dimension during case analysis. Even the best strategic initiative is prone to fail if the people, time, or money required for its implementation are lacking (Menon et al, 1999), so the ability to marshal such resources is vital. In the majority of the case firms, the number of initiatives that require resource endowments exceeds the availability of those resources, so resources have to be reallocated from one initiative to another, which creates enduring internal resource competition. If an initiative can manage to secure resources despite these difficulties, it therefore sends a clear signal about its importance.

Those case firms that were successful in their GAM initiatives developed a proactive, entrepreneurial approach toward securing resources instead of waiting for resources to be allocated (or not). These firms have a clear understanding of the kind of resources required at what moment, in light of particular GAM program development and the actualization of business opportunities. Program teams without a clear development plan or a portfolio of quantified and probability-assessed business opportunities had difficulty doing so. Using resource requirement information, a GAM program can build an investment case that puts its requested resources into perspective (i.e., what is at risk if the investment does not occur) to submit to top management. In contrast, those firms where the GAM program did not achieve

traction lack a dedicated budget, depending on either corporate levels, with their limited funding capabilities, or local (national) business units, which rarely perceive a compelling reason to allocate their resources to a global initiative. As one manager remarked,

> Our global account managers were effectively banned from doing their job because they did not even have their own travel budget. Whenever they wanted to travel oversees to visit their customers, they had to literally beg their local business unit for funds.

Unlike a project with a fixed time horizon and a set budget secured from the start, implementing and sustaining a GAM program requires ongoing attempts to secure resources to embed the required processes and new modes of behavior.

Outcomes of GAM Program Institutionalization

From a managerial perspective, the litmus test for implementing GAM is whether its intended outcomes materialize in a sustainable manner. As such, the pursuit of GAM program institutionalization is valuable if it fosters this objective. Instead of considering GAM implementation success a generic outcome variable, this study distinguishes two organizational performance outcomes: GAM program effectiveness and GAM program efficiency. Program effectiveness refers to the extent to which a GAM program attains its intended goals. These intended goals primarily relate to market performance, such as securing a desired market share, achieving growth targets, or retaining strategic customers (Homburg, Workman, & Jensen, 2002; Workman, Homburg, Jensen, 2003). Program efficiency represents the extent to which the GAM program attains its intended goals within established time, budget, and planning constraints. Walker and Ruekert (1987: 19) refer to efficiency as "the outcome of a business' programs in relation to the resources employed in implementing them." In pragmatic terms, efficiency equates to engaging properly in actions but also involves the relationship between inputs and outputs.

A Model of GAM Program Institutionalization

Building on the findings from the case research, we present in Figure 2 a structural model of GAM program institutionalization, including GCC as driver and program effectiveness and efficiency as consequences. The core tenet of this model is that GCC determines the embeddedness and, ultimately, effectiveness and efficiency of a GAM program.

Figure 2

An organization's GCC contributes specifically through its five change capabilities to GAM program institutionalization. For example, GCC helps overcome organizational inertia caused by the residues of previous initiatives, which can induce an inappropriate context for the new strategic initiative. Strategic alignment promotes understanding and acceptance of the GAM program and encourages the intended behavior. Top management engagement further emphasizes the relevance of the GAM program, which contributes to greater understanding, provides a behavioral role model, represents an activity monitor, and authorizes changes to formal routines. Reward alignment functions more extrinsically by fostering understanding of the GAM program and the adoption of new behavior and routines through the use of monetary rewards or punishment in case of misconduct. Reward alignment also ensures that managers concerned with the implementation of the GAM program do not continue to engage in tactical behavior related to old strategies. Conflict resolution helps

reduce frictions that may result in a lack of understanding and remove obstacles to the intended behavior, before willingness and readiness decline. In addition, resource securing promotes understanding and provides a means to actualize the intended behavior and embed routines. Therefore, we posit

> *Hypothesis 1. Higher levels of GCC are associated with a higher degree of GAM program institutionalization.*

On the basis of the case research, we argue that a GAM program first must be embedded within the organization if the intended performance outcomes are to materialize fully. As Roberto and Levesque (2005) note, strategic initiatives that fail to produce sustainable changes in behaviors and processes likely fail as the firm slips back into its old habits; hence, intended performance outcomes do not occur. Contrary to cost saving measures that can immediately affect a firm's bottom line, and which we do not consider strategic initiatives per our definition, GAM necessitates far-reaching change and enduring efforts before substantial performance effects may be realized. For example, providing a profitable, highly complex, tailored solution to a global account requires that business units and functional departments collaborate worldwide. In this scenario, global account managers orchestrate the customer interface but also depend on their organization to provide R&D resources, technical expertise, and financial planning, as well as logistical support and after-sales service. That is, a strategic intent to serve customers globally is itself insufficient; cognitive, behavioral, and process-related changes must take place first. In summary,

> *Hypothesis 2a. Higher levels of GAM program institutionalization are associated with a greater degree of GAM program effectiveness.*

In contrast, GAM program efficiency represents the extent to which the GAM program attains its intended goals within established time, budget, and planning constraints. Programs embedded in the organization should result in greater efficiency because they confront less friction and rigidity. Without embeddedness, the seemingly low priority GAM program suffers from a lack of routines and disconnected departments, which makes it more difficult for global account managers to perform their jobs in a timely fashion and as planned. In turn, delayed responses to customer needs and increased sales costs because of excessive, unproductive internal coordination and bureaucracy ensue. Therefore,

> *Hypothesis 2b. Higher levels of GAM program institutionalization are associated with a greater degree of GAM program efficiency.*

EMPIRICAL TEST OF THE MODEL

For the empirical test of the model, we developed measures for GAM program institutionalization, GCC, and performance outcomes, pre-tested these measures and the survey instrument, and tested the model with a cross-industry sample of 154 firms that have implemented GAM.

Instrument and Measures

To test the model, we developed a survey instrument comprised of reflective measures. We screened existing account management implementation literature to identify measures of our focal variables. In the absence of empirically tested constructs and because these variables emerged from our case analysis, we needed to develop new measures for this study. Using triangulated data from the case analysis, conceptual definitions, and literature review

including organizational development and change, we generated an initial item pool and expanded each item into Likert-type statements with five-point scales ranging from "strongly disagree" (1) to "strongly agree" (5) or "very poor" (1) to "excellent" (5). To assess the face validity of these measures, we asked three GAM executives and three scholars familiar with GAM implementation to determine whether the statements gauged the proposed variables and were clear and understandable. On the basis of their feedback, we dropped some statements and refined others. We then conducted a pretest of the draft questionnaire with 12 GAM executives for a final modification of the instrument before administering it to the full sample. In Table 2, we provide the final scales and their anchors.

We also developed scales for the five GCC dimensions. On the basis of Noble and Mokwa's (1999) work, we created measures for strategic alignment to determine the alignment of a firm's GAM initiative with other strategies. The measure for top management engagement integrates the work of Homburg, Workman, and Jensen (2002) and assesses multiple dimensions of engagement in the GAM program. We developed measures for reward alignment on the basis of Jaworski and Kohli's (1993) work to measure the degree to which rewards that support the GAM program align vertically and horizontally within the organization. The conflict resolution measure emerged from the case analysis and assesses the extent to which conflicts over the GAM program get resolved quickly and lastingly. Finally, on the basis of work by Menon et al. (1999), we developed measures of securing resources that gauge the degree to which the right kind of resources for the GAM program are secured quickly and adequately.

The measure for GAM program institutionalization was informed by organizational development and change research (Buller & McEvoy, 1989; Herscovitch & Meyer, 2002; Homburg & Pflesser, 2000; Jaworski & Kohli, 1993; Noble & Mokwa, 1999) and reflects the extent to which the GAM program is embedded in terms of cognitive, behavioral, and process-related changes.

We adapted the measure of GAM program effectiveness from Homburg, Workman, and Jensen's (2002) "performance in the market" instrument and use it to determine whether the GAM program attains its goals. Finally, we developed a measure for GAM program efficiency on the basis of the case analysis to determine the extent to which the GAM program attains its intended goals in terms of meeting time, budgetary, and planning requirements.

Because obtaining objective GAM performance data is still very difficult—few firms have the accounting capacities to determine the revenue or profits of their global accounts worldwide (Montgomery & Yip, 2000; Shi, Zou, White, McNally, & Cavusgil, 2005)—we used respondents' assessments of GAM program effectiveness and efficiency relative to other business initiatives, respectively. As Menon et al. (1999) note, managerial performance assessments generally correspond with objective measures.

Data Collection

Because we consider the entire GAM program implementation, our potential informants must be higher-level managers with access to an overview of the GAM program, as well as the extended marketing and sales organization. Using insights about GAM we obtained during the case research stage but also acknowledging the difficulty of obtaining multiple, knowledgeable, high-level respondents from the marketing and sales organization, we opted for a key informant approach and focused on GAM program directors. Despite some concerns about the generalizability of results obtained through the key informant approach, we reiterate John and Reve's (1982: 522) findings "that careful selection of informants in conjunction with the use of internally consistent multi-item scales can provide reliable and valid data." To ensure appropriate respondents (Phillips, 1981), we determined informant

competence through prequalification by telephone and, using demographic questionnaire data, excluded answers from low-level respondents or those who had not worked at least one year within the GAM program.

Because commercial mailing list providers cannot offer a sufficiently large, random sample for our targeted key informants, and because we did not want to rely solely on a narrow sample from SAMA (Workman, Homburg, & Jensen, 2003), we derived our cross-industry sample of multinational firms from Thomson ONE Banker, an integrated database that tracks more than 55,000 firms globally. Using insights about GAM programs we gained during our field research, we limited our sample to firms with annual sales greater than $1 billion and excluded those that predominantly represent national Industry Classification Benchmark subsectors, such as farming, railroads, and mortgage financing. From this population of 3,081 firms, we derived a sample of 800 firms through systematic sampling.

To maximize the extent of our data collection, we followed the tailored design method (Dillman, 2000) and suggestions from other business-to-business mail surveys (Jobber & O'Reilly, 1998). We called the 800 potential sample firms to determine whether they had established a GAM practice and, if so, to identify the key informant. Although this process required a significant time investment, it enabled us to prequalify potential informants, increased the study credibility, and prompted broader participation. From the 800 firms, we identified 342 with a GAM practice, and of those, 265 expressed interest. We e-mailed the survey to the identified key informant, emphasizing that the subject of our investigation was the overall GAM program. After sending reminder e-mails to nonrespondents one and three weeks later, we received responses from 163 firms, for a response rate of 47.7% (163/342), which likely resulted from our key informant qualification and data collection approach. From the 163 questionnaires received, we excluded 9 from the analysis: five due to incompleteness and four because the key informant did not fulfill the requirements. Thus, our final sample consists of 154 firms, and the effective response rate is 45.0% (154/342).

Sample Characteristics and Data Quality

Two-thirds of the respondents in the final sample held senior management positions, such as vice president of sales/marketing, director of GAM program, or head of business development. The remainder represented middle management, mainly global account managers. On average, respondents had been working 3.2 years with the GAM program under investigation and belonged to manufacturing (59.3%) and service (40.7%) sectors. The majority of the GAM programs existed at the corporate/group level (69.8%); the rest were located within divisions, segments, or strategic business units (30.2%). The respective organizational units within which the GAM programs were located achieved total sales revenues for the fiscal year 2005 of less than $250 million (5.2%), $250–$500 million (8.4%), $500 million to less than $1 billion (12.3%), $1–$5 billion (35.1%), $5–$10 billion (9.1%), and more than $10 billion (29.9%).

Test of nonresponse bias

Following the suggestions of Armstrong and Overton (1977), we divided the data into subsamples to control for possible nonresponse bias. First, we divided them according to the time we sent and received the questionnaire. The t-test of mean responses by early and late respondents indicates no statistically significant differences ($p < .05$), except for one item. Second, we controlled for potential response bias associated with the respondents' positions and time with the GAM program by conducting a chi-square test, which again indicates no statistically significant difference ($p > .05$). In addition, we considered potential response bias related to firm size and sector; the corresponding chi-square test shows no statistically significant difference ($p > .05$), so nonresponse bias is not a problem for this study.

Test of key informant competence

Following suggestions by Podsakoff and Organ (1986) and John and Reve (1982), we took several measures to limit random measurement error and systematic sources of error due to key informant bias. When we obtained contact data from potential informants, we prequalified them in terms of their full-time involvement in GAM and knowledge about the program. If we found a misfit, we sought additional potential informants. In addition, the survey instrument includes reverse-coded items and several items to measure the same variables, as well as separate questions to assess respondents' competence. On the basis of their position and time with the GAM program, we dropped four respondents from the final sample.

Data quality

We checked the data for outliers and normal distribution of the variables by studying histograms, calculating skewness, and conducting distribution tests. Because the skewness of all items is acceptable, we assume normal distributions for the subsequent analysis. We further checked the data for missing values and found that the percentage of missing values is very low for all items (mean = 1%, max = 5%). Finally, to calculate modification indices with AMOS^{TM} in the following steps, we replaced any missing values.

Analysis

After checking the results from the descriptive statistics and controlling for potential biases, we tested the reliability of the scales by calculating the corrected item-to-total correlation coefficients and Cronbach's alphas. The test of the hypothesized relationships and effects relies on the two-stage analysis recommended by Anderson and Gerbing (1988) and Baumgartner and Homburg's (1996) meta-analysis of structural equation modeling; these authors show that the analysis can identify model misspecification and minimize the potential for interpretational confounding. Following this approach, which is common to the marketing field (e.g., Homburg et al., 2002, 2003; Kumar and Ramani, 2007; Workman, Homburg, & Jensen, 2003; Zou and Cavusgil, 2002), a confirmatory factor analysis (CFA) of the GCC model provides the assessment of the fit of the latent constructs. Change capabilities loaded on the GCC, the second-order factor. The second step tests the complete latent variable model (Fornell and Larcker, 1981).

Reliability and item analysis

We report the reliability, item-to-total correlations, and Cronbach's alphas in Table 2; we use multiple items to assess each construct in the proposed model.

Table 2

Coefficient alphas range from .806 to .944, higher than the .70 threshold suggested for exploratory studies, which indicates adequate reliability (Nunnally & Bernstein, 1994). The five change capabilities of GCC (i.e., strategic alignment, top management engagement, reward alignment, conflict resolution, and resource securing) have adequate reliabilities ranging from .806 to .913. The two performance constructs also are reliable, as indicated by their coefficient alphas of .899 and .886, and the mediating construct of GAM program institutionalization achieves a coefficient alpha of .944. Item-to-total correlations range from .468 to .849. On the basis of our assessment of item-to-total correlations and the EFA, we deleted eight items, leaving us with the final 39 items used in the remainder of this analysis.

Confirmatory factor analysis

To assess the measurement model of GCC, as conceptually posited and indicated by EFA, we conducted a second-order CFA, following the procedure recommended by Bagozzi and Yi (1988). As we show in Table 3, the loadings of the five first-order capabilities are greater than .5 and significant (t-values between 6.952 and 8.740); the same applies to the item loadings.

Table 3

The modification indices indicate that the measurement model does not require further adjustment, and the fit indices are acceptable (Bentler & Bonett, 1980). Furthermore, the results of the second-order CFA analysis show that the second-order GCC construct provides satisfactory convergent validity. To assess discriminant validity, we constrained the factor correlations one at a time to equal 1.0, and in each case, we achieved a significant increase in the chi-square, which indicates the constructs are distinct.

Test of the structural path model

We tested the complete latent variable model, including GCC, GAM program institutionalization, GAM program effectiveness, and GAM program efficiency, using the maximum likelihood procedure of AMOS™ 6.0. Table 4 includes the means, standard deviations, and correlations of these constructs.

Table 4

Figure 3 shows the results of the path model, including the structural relationships, standard estimates of the path coefficients, and fit indices.

Figure 3

All parameter estimates move in the expected direction. In testing the full model, we controlled for the age of the GAM program, size of the organizational unit in terms of sales revenues, and industry sector, but none of these variables had a significant influence on GCC, GAM program institutionalization, GAM program effectiveness, or GAM program efficiency. We also investigated whether we could model a direct relationship between GCC and GAM program effectiveness or efficiency, but the potential paths did not provide significant loadings. Nor could we model a direct relationship between GAM program effectiveness and GAM program efficiency. The relatively high path coefficients and sufficiently good fit indices—especially in comparison with other possible direct relationships that we could not model—suggest that the complete latent variable model fits the data best.

DISCUSSION OF FINDINGS

The results from the empirical study support the notion that GCC is a meta-capability that consists of five change capabilities (i.e., strategic alignment, top management engagement, reward alignment, conflict resolution, and resource securing). These change capabilities may be dispersed and of limited value by themselves, but their combination creates an important organizational capability (Menon et al., 1999). Furthermore, the findings from this study counter Piercy's (1998) argument that a firm's implementation capabilities cannot be conceptualized or evaluated because of their complexity and time and strategy specificity. In

contrast, this study supports arguments by Day (1994), Eisenhardt and Martin (2000), and Oxtoby, McGuiness, and Morgan (2002) that common features across firms allow for the identification of higher-level capabilities, such as GCC.

Hypothesis 1 predicted that GCC has a positive effect on GAM program institutionalization. The path coefficient of .975 indicates that GAM program institutionalization is positively and significantly influenced by GCC ($t = 9.883$, $p < .01$). This finding emphasizes the role that GCC plays in embedding cognitive, behavioral, and process-related changes within the organization before GAM program outcomes can materialize fully. Embedding such changes within the organization's fabric takes time that should be accounted for during the strategy formulation stage. For future GAM research and managerial practice, GAM program institutionalization might be considered an additional indicator to track implementation progress.

In Hypothesis 2a, we stated that GAM program institutionalization has a positive effect on GAM program effectiveness, and the path coefficient of .975 supports our claim: GAM program effectiveness is positively and significantly influenced by GAM program institutionalization ($t = 12.227$, $p < .01$). We also predicted that GAM program institutionalization has a positive effect on GAM program efficiency, and the results support Hypothesis 2b (.925, $t = 11.561$, $p < .01$). The mediating effect of GAM program institutionalization sheds more light on the link between change capabilities and performance outcomes (Pettigrew et al., 2001) and indicates that GAM program efficiency might provide a measure of strategy implementation that can complement traditional profitability measures, similar to the way Homburg, Fassnacht, and Guenther (2003) employ their customer relationship quality indicator for service-oriented strategies.

In terms of managerial practice, firms likely will continue to need to implement more and more global, corporate initiatives like GAM, and in intensely competitive markets, speed will count. As Montgomery and Yip (2000: 28) note, "those who can implement global account management more effectively should be able to build significant advantages over their competitors." The ability to implement strategic change initiatives like GAM rapidly in turbulent environments may become a source of competitive advantage, because such capability is valuable, inimitable, reliable, and immobile (Barney, 2001). Managers should therefore consider GCC development a critical task that will enable them to cope with constraints while leveraging their implementation success. In line with Helfat and Peteraf (2003), our case analysis supports the notion that such capabilities can be neither bought nor instantly built. Developing and nurturing GCC involves learning and requires investment and a long-term commitment. After the capabilities have been developed, they may be leveraged frequently for global change implementations. Managers therefore should foster organizational learning about implementation management to avoid the loss of important tacit knowledge. Finally, managers can use the GCC model developed and tested in this study to assess their implementation capabilities before launching GAM or to determine their improvement potential in a post-hoc implementation analysis.

CONCLUSION

In particular in the recent account management literature, questions pertaining to the performance vis-à-vis the required investments of GAM programs and also the difficulties in implementing such programs in a sustainable manner have received increasing attention. By developing and empirically testing a conceptual model of GAM program institutionalization, this study provides further insights into what fosters the institutionalization of GAM programs and finds that established programs are associated with higher levels of effectiveness and efficiency. This offers those in charge of GAM program implementation additional measures to diagnose program performance and sustainability more holistically

beyond financial metrics. Furthermore, by focusing on change capabilities, this study goes beyond hypothetical success factors and enhances research into firm-level GAM capabilities (Ojasalo, 2001; Wilson, 1999; Wilson et al., 2000). In the past, operational capabilities, such as Shi et al.'s (2005) GAM capability, attracted significant attention. The GCC concept complements organizational capabilities and fills an important gap in GAM implementation research.

The following limitations of this research should be noted and considered in further research. First, though our case analysis is based on multiyear consortia findings, the empirical study to test the model is not longitudinal. Additional research therefore should adopt a longitudinal design to test the causality of the proposed relationships. Second, because we test GCC in the context of GAM program implementations, further research should assess the generalizability of the GCC model to other contexts that implement strategic, global initiatives. Third, as we addressed in the empirical study section, we acknowledge concerns about non-independent observations and item purification, despite our significant efforts to avoid them through our careful data collection and case research design. Research in contexts other than GAM might be able to include objective performance measures and thereby refine the scales with a larger sample. Fourth and finally, though we identify five dimensions of GCC through case analysis, they are by no means exhaustive. Therefore, further research might include additional dimensions of GCC and expand the model of GAM program institutionalization by for example exploring factors that moderate the relationships.

FIGURE 1
Conceptualization of Global Change Capability

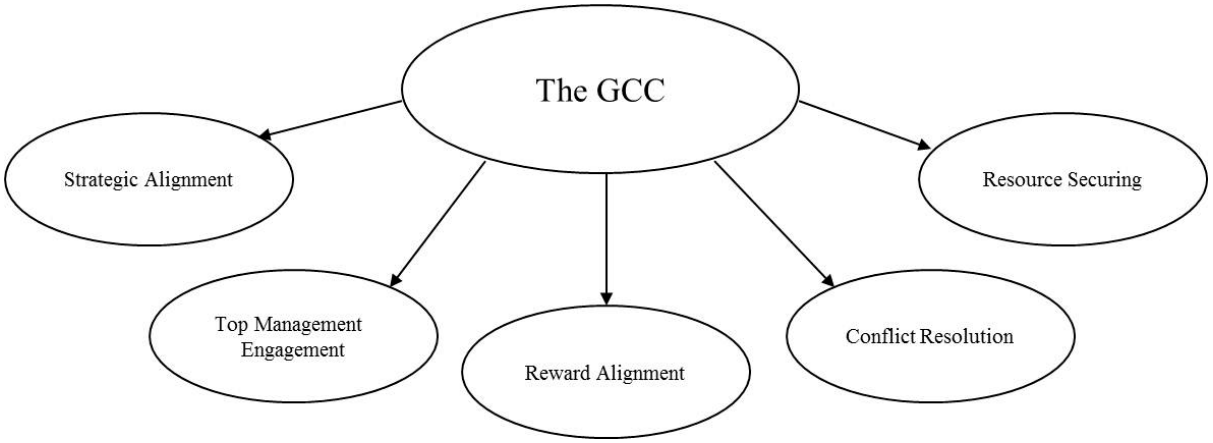


FIGURE 2
A Structural Model of GAM Program Institutionalization

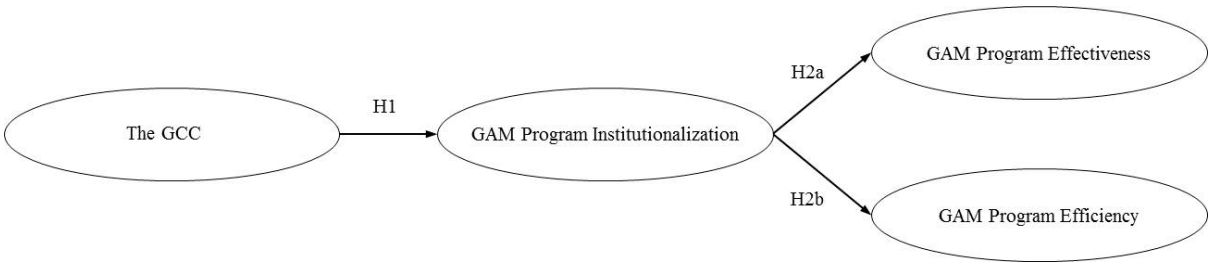
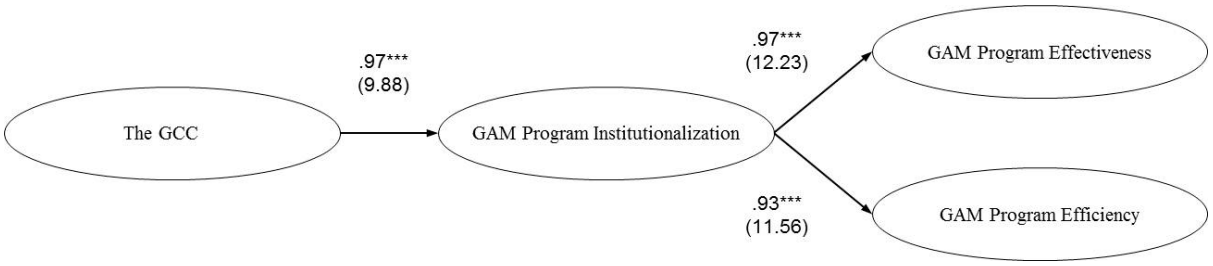


FIGURE 3
Path Model Results



Model Statistics:
Chi-square = 1018.7, degrees of freedom = 69, $p < .01$, CMIN/DF = 1.47; normed fit index (NFI) = .82; comparative fit index (CFI) = .93; root mean squared error of approximation (RMSEA) = .056.

Notes:
Reported values are standardized path coefficients. Their *p*-values are reported in parentheses.
***Significant at .01 level.

TABLE 1
Case Firms for Model Development

Firms	Industry	Size in billion Euros[1]	Previous customer mgmt. program[2]	GAM Implementation[3]
Firm 1	Industrial goods	3.9	Yes	failing
Firm 2	Specialty chemicals	1.3	No	succeeding
Firm 3	Consumer goods	9.4	Yes	failing
Firm 4	Banking and financial services	16.1	Yes	succeeding
Firm 5	Industrial goods	<1.0	No	failing
Firm 6	Transport and logistics	39.24	Yes	succeeding
Firm 7	Industrial goods	2.6	Yes	failing
Firm 8	Information technology	68.6	Yes	succeeding
Firm 9	Hotel and motel, lodging	9.1	Yes	succeeding
Firm 10	Information and communication	13.15	Yes	succeeding
Firm 11	Processing and packaging	7.9	Yes	succeeding

Notes:
[1] Total revenues in fiscal year 2006, as reported by firms; figures rounded and converted into EUR according to the exchange rate as of December 31, 2006
[2] Whether a customer management initiative existed before implementing the current GAM initiative
[3] Failed = GAM halted or being aborted, program being dismantled
Successful = GAM is operational, program in place and growing

TABLE 2
Construct Reliability Estimates

Construct	Item	Item-Total Correlation	Coefficient Alpha
GCC / Strategic Alignment (reflective five-point scale where 1 = "strongly disagree" and 5 = "strongly agree")	—	—	.843
	The GAM program is part of an overall strategic plan within this organization.	.691	—
	The GAM program is not consistent with other things going on in this organization. (R)	.653	—
	The GAM program fits well with this organization's market strategy.	.706	—
	The GAM program fits well with its customers' strategies.	.735	—
	We hear from customers of the GAM program that they pursue different strategies compared to ours. (R)	.468	—
GCC / Top Management Engagement (reflective five-point scale where 1 = "strongly disagree" and 5 = "strongly agree")	—	—	.913
	Top Management regularly deals with the GAM program.	.751	—
	Top Management is regularly participating in internal GAM program activities (e.g., GAM team meetings).	.777	—
	Top Management is rarely involved in external, customer-related GAM program activities (e.g., customer visits). (R)	.738	—
	Top management keeps itself mostly out of GAM program activities. (R)	.849	—
	Top management cannot be induced to engage personally in the GAM program. (R)	.783	—
GCC / Reward Alignment (reflective five-point scale where 1 = "strongly disagree" and 5 = "strongly agree")	—	—	.911
	No matter which department they are in, people get rewarded for supporting the GAM program.	.793	—
	The compensation practice of this organization doesn't motivate people to support the GAM program. (R)	.782	—
	Regardless of the job rank, people receive formal rewards (i.e., bonus, promotion) for supporting the GAM program.	.802	—
	GAM program goals are sufficiently incorporated in the compensation plans of local organizations.	.763	—
	People in local organizations receive hardly any incentive for supporting the GAM program. (R)	.730	—
GCC / Conflict Resolution (reflective five-point scale where 1 = "strongly disagree" and 5 = "strongly agree")	—	—	.806
	GAM program conflicts that seemingly were resolved often emerge again. (R)	.638	—
	Solutions developed for GAM program conflicts are considered fair by all parties involved.	.478	—
	Resolving GAM program conflicts absorbs a lot of working time. (R)	.516	—
	It takes a long time until GAM program conflicts are addressed. (R)	.707	—
	GAM program conflicts regularly turn into major "turf battles". (R)	.644	—

TABLE 2
Continued

Construct	Item	Item-Total Correlation	Coefficient Alpha
GCC / Resource Securing (reflective five-point scale where 1 = "strongly disagree" and 5 = "strongly agree")	—	—	.883
	We receive the right kinds of resources (e.g., people, budget, infrastructure) to further develop the GAM program.	.715	—
	There is hardly any time to further develop the GAM program. (R)	.706	—
	The resources allocated to GAM program development are sufficient.	.755	—
	We receive the resources that are required for GAM program development too late. (R)	.715	—
	The resources required for GAM program development can hardly be secured. (R)	.709	—
GAM Program Institutionali-zation (reflective five-point scale where 1 = "strongly disagree" and 5 = "strongly agree")	—	—	.944
	People in this organization are proud to be part of the GAM program.	.797	—
	People in this organization often go above and beyond the call of duty to ensure the GAM program is doing well.	.788	—
	Within the GAM team, we feel that we are on our own in trying to make the GAM program a success. (R)	.661	—
	People in this organization do not care about the fate of the GAM program. (R)	.707	—
	The GAM program has a high standing with the GAM program customers.	.736	—
	Recurring GAM processes (e.g., collecting customer information and coordinating GAM teams) are properly established.	.719	—
	Activities for GAM program customers are done in an uncoordinated, "ad-hoc" manner. (R)	.788	—
	GAM program customers are integrated into GAM processes, such as account planning and product development.	.658	—
	In this organization, GAM program customers are handled with a lot of routine and mastery.	.728	—
	In this organization, it is easy to talk with virtually anyone about GAM issues, regardless of rank or position.	.699	—
	In this organization, people from different departments feel comfortable calling each other concerning GAM issues.	.799	—
	People involved in the GAM program find it difficult to get access to people in other departments. (R)	.745	—
	GAM program customers are easily accessible to discuss GAM issues.	.692	—
GAM Program Effectiveness (reflective five-point scale where 1 = "very poor" and 5 = "excellent")	—	—	.899
	Compared to other, non-managed customers, how does the GAM program perform with its global accounts with respect to…	—	—
	…achieving customer satisfaction?	.731	—
	…achieving desired growth?	.766	—
	…keeping current customers?	.782	—
	…attracting new customers?	.670	—
	…securing desired market share?	.815	—

TABLE 2
Continued

Construct	Item	Item-Total Correlation	Coefficient Alpha
GAM Program Efficiency (reflective five-point scale where 1 = "very poor" and 5 = "excellent")	—	—	.886
	Compared to other sales and marketing initiatives of the organization, how does the GAM program perform with respect to…	—	—
	…achieving goals on time?	.783	—
	…sticking to the budget?	.682	—
	…implementing goals 1:1 as planned?	.774	—
	…being efficient?	.772	—

Notes:
(R) = reverse-coded item.

TABLE 3
Results of the Second-Order CFA

Second-Order Construct	Constructs	Standardized Loading	t-value
GCC	Strategic alignment	.923	–
	Top management engagement	.880	8.740
	Reward alignment	.902	8.274
	Conflict resolution	.648	6.952
	Resource securing	.914	7.827

Notes:
All factor loadings are significant at the .01 confidence level.
– Indicates a fixed parameter.

Model statistics:
Chi-square = 189.1, degrees of freedom = 114, $p < .01$, CMIN/DF = 1.66; normed fit index (NFI) = .90; comparative fit index (CFI) = .96; root mean squared error of approximation (RMSEA) = .066.

TABLE 4
Construct Correlations, Means, and Standard Deviations

Construct	Mean	Standard Deviation	1	2	3	4	5	6	7
1 Strategic alignment	3.73	1.00	–						
2 Top management engagement	3.63	1.05	.734	–					
3 Reward alignment	2.73	1.07	.665	.706	–				
4 Conflict resolution	2.82	.98	.394	.450	.460	–			
5 Resource securing	3.04	.97	.625	.686	.766	.542	–		
6 GAM program Institutionalization	3.41	.84	.767	.783	.768	.608	.817	–	
7 GAM program effectiveness	3.40	.83	.718	.750	.717	.597	.746	.901	–
8 GAM program efficiency	3.37	.83	.655	.656	.707	.517	.693	.853	.875

Notes:
All correlations are significant at the .01 confidence level.

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