

**The Supply Chain Manager as Political-Entrepreneur?**  
"Building and Managing Relationships in a Global Network: Challenges and  
Necessary Capabilities"

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Traditionally, whilst looking outwards to identify threats and opportunities, managers have been intrinsically concerned with the deployment of internal resources (human and otherwise), over which they have direct vested authority. For two groups of managers, however, those concerned with managing relationships with key or strategic customers (*K/Sams*), and those involved in managing strategic supply chain resources (*SCMs*) their role is concerned with the acquisition and deployment of resources beyond their direct authority, both from within their own organizations and within customer or supplier organizations. In occupying important boundary spanning roles that go beyond dyadic, to encompass complex network relationships, these managers reflect what has been dubbed "the Janus Phenomenon"<sup>1</sup>. Janus was the guardian of doorways, looking in both directions, whereas the role that we have observed played by both account managers and supply chain managers, involves more than that. The role that we have observed may better be described as that of the *political-entrepreneur*<sup>2</sup>

In the light of changes in economic organization to accommodate ways in which companies need to do business, we posit that these evolving roles represent a significant change in managerial practice that has implications for the way companies manage the process of problem resolution, value creation and the balance of power. The implication is also that managers occupying these strategically important boundary spanning inter-organizational roles may need skills other than those traditionally nurtured in intra-organizational managers.

This paper examines two case studies drawn from the aerospace industry that provide examples of developing political and entrepreneurial capabilities primarily (though not exclusively) in the behaviours of supply chain managers.

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<sup>1</sup> A term first employed in relation to the key account manager role by Kleintenkamp M, and Ricker SA, (1997) "Kundenorientierte Organisation" in Kleintenkamp M and Plinke W (Eds) "Strategisches Business to Business Marketing" 2<sup>nd</sup> Ed. Berlin pp285-320.

<sup>2</sup> Millman AF and Wilson KJ (2000) "Career Development of Global Account Managers: The Dilemma of the Political Entrepreneur" Work-in-Progress Paper accepted for the 16<sup>th</sup> Annual Marketing and Purchasing (IMP) Conference, University of Bath, United Kingdom, September.

## **Changes in Economic Organisation**

Economic organization, the way in which companies create economic value, has changed radically in recent years. Badoracco (1991) identified a shift from the firm as a “citadel”, to firms operating as the “city state”. He argued that whilst many of the economic leviathans of the early C20th encompassed all of the means of production and value creation within their organizational walls, the "citadel", whereas the growing complexity of modern business required collaboration between players who contributed their individual competencies to the creation of value, which was considered impossible for one company to create alone, hence the “city state”, a group of autonomous but interdependent organizations collaborating for mutual advantage.

More recently the concept of competing supply chain networks and value nets attests to the accuracy of Badoracco’s predictions and requires the development of relationship management competencies within the context of networks of collaborating organizations. Of interest to us is the way in which these networks of relationships are managed informally. At one level they are managed through formal contract where agreements prescribe working practices but our experience suggests that informal mechanisms for problem resolution are of equal importance and that much of the “management” is performed by boundary spanners, the most important of whom we perceive to be *Ksams* and *Scms*. Our attention is drawn to three issues: the changing roles of account managers and supply chain managers; the changes in the mechanisms employed to realize value, implement contractual agreements and reconcile/balance power within the network; and, the nature of the skills and competencies employed by the central players in collaborative network.

## **The Role of Key/Strategic Account Managers (*KSams*)**

Whilst this paper is primarily concerned with the role of the strategic supply chain manager, the similarities between that role and the role of key strategic account manager provide opportunities for borrowing from the literature of each.

Key, or Strategic Account Management evolved from the “sales” function and as a result has suffered from an association with “sales” rather than “management”. This was first noted by Millman and Wilson (1996) but more recent studies suggest that this may still, to some extent at least, be the case (Wilson and Woodburn 2012) and that the role of the *ksam* continues to be poorly understood and perceived to be primarily about sales rather than the management of inter-organizational relationships. This is perpetuated by most account managers being drawn from the sales force rather than other organizational functions (Woodburn 2006 & 2008), resulting in there being little true understanding of the managerial nature of their role and making them ill equipped to really understand the ‘beyond product’ expectations of customers (Senn & Arnold, 1999; Zupancic, 2008); the nature and importance of the supply chain; problem solving (McDowell & Ford, 2001); and the potential for value creation held in their own company (Rackham & de Vincentis, 1999).

Ironically the move to recognize the growing importance of problem resolution within the context of buyer seller relationships has received more attention from the sales literature. Rackham (1984) has long been an advocate of the importance of the salesperson as “problem solver” and recently Loy et al (2012) and Lemmens (2012) identified the need for sales people to act as business consultants “provoking”

customers to consider innovative solutions to problems that directly impacted upon a firm's strategic objectives.

These examples relate to the context of the sale, however, rather than to the context of the relationship (although ongoing relationships are tacitly acknowledged) and do little to explore the way in which, as our experience suggests, some account managers reach deep within their own and their customer organization to access resources, influence decisions and realize entrepreneurial value.

Whilst some practitioners may still view the account management role as being primarily concerned with sales, this view is increasingly challenged as inadequate in the light of increasing levels of competition and the demands placed upon suppliers by customers (Wengler 2007). Wengler also argues that research into the account management role must evolve beyond the confines of "the traditions of personal selling research" and encompass the context of relationship management

Klieintenkamp M, and Ricker SA, (1997) used the term "Janus" to describe the role of the account manager. We believe this to be an inadequate description because the role of Janus is essentially perceived as a guardian of passage, looking to both the future and the past. The account manager does often act as a conduit through which inter and intra organizational contacts are made and through which information flows but they are in addition, strategic actors in the process of developing organizational relationships and creating relational value.

Gosselin and Heene (2003) distinguish between key account selling and strategic account management. They suggest that strategic accounts are those where there is mutual recognition of the strategic importance of the relationship by both buyer and seller and further suggest that whilst both key account selling and key account management may be involved in the creation and delivery of value, strategic account management is also concerned with building the competencies upon which that value is based.

"It is clear that the competencies and skills needed to perform the task of account manager are far beyond those of a sales person. Millman and Wilson (1999) refer to this function as a *political-entrepreneur* emphasizing by this the strategic, business developing and relational side of the function. We believe that in order to be successful in his function the strategic account manager must have a background in sales, marketing, business development, strategy and operational business management. He must be positioned and viewed in the company as a senior executive, responsible for participating in shaping the business strategy through his competence and knowledge of key customers." (Gosselin and Heene 2003)

The term *political-entrepreneur* first appeared in an IMP paper presented by Wilson and Millman (2000). It emerged from discussion following the SAMA-SRT Global Account Management Research Study published later in the same year (Wilson et al 2000) and owed much to the discussion of the role of global account manager presented by Croom et al (1999). The account managers observed were entrepreneurial in the sense that they had the ability to recognize and realize the potential for innovation and value creation through the combination of existing inputs in the sense suggested by Schumpeter (2012). They realized value by combining the

operational and core competencies of both buyer and seller. Their political capabilities were observed in their understanding of how organizations worked and their ability to influence decisions through networking in both buyer and seller organizations.

It is the term *political-entrepreneur* that we ascribe to both the emerging roles of account manager and supply chain manager.

### **The Role of Strategic Supply Chain Relationship Managers (SSCRMs)**

The role of supply chain managers (SCMs) is, like the role of the account manager, transitioning from an operational to strategic role. Traditionally supply chain managers, whatever their specific role (which typically encompasses functions including purchasing, planning, production/operations, distribution and logistics) are concerned with the ‘middle phases’ of product and service life cycles, where operational roles such as the generation of formal contracts, negotiation, contract compliance, expediting, planning and scheduling have been their focus. In the last decade or so, not only have these activities changed significantly, frequently through various forms of standardization and automation, but also supply chain professionals have become more actively involved in strategic decision-making. Of significance for us, this has included a greater involvement in total life cycle management, most significantly expanding actively into the design phase and thus embracing processes of collaborative innovation. Furthermore, SCMs are increasingly assuming a far greater responsibility for problem resolution and risk mitigation within the supply chain. Lambert and Schwieterman (2012) point to changes in the SCM role, it being increasingly viewed as “strategic, process oriented and cross-functional and value creating for buyer and seller”. These changes are similar to those observed in account management where the emphasis is increasingly upon strategic relationship managerial tasks (crisis resolution, value creation, innovation etc.) rather than operational issues (sales and purchasing)

Moeller et al (2006) identify purchasing as the “gateway” between the external supplier and the internal functions of the firm, reflecting but again going beyond the boundary connecting “Janus” role posited for the account manager and suggesting a role for the SCM encompassing collaboration with suppliers in joint value creation. Collaborative innovation with suppliers and third parties has been discussed as strategically advantageous (Dyer & Singh, 1998; Bititici et al, 2004; Cross et al, 2008; Baldwin & von Hippel, 2009), authors citing the improvements in quality, cost and time from such developments for organizations in the auto industry (Clark & Fujimoto, 1991; Lamming, 1993; Dyer, 2000), and beyond.

Taking advantage of collaborative innovation does, however, require new management skills (Biemans, 1995, citing most notably the ‘boundary spanner’, whilst Johnsen and Ford (2000) undertook a study of collaborative innovation and found that the critical collaborative skills needed by the parties to the relationship included: *mobilizing, informing, synchronizing, and co-ordinating* – reflecting Dyer & Singh’s contentions about the increased significance of relational skills. The literature on dyadic and network relationships is expansive and significantly influenced by the work of the IMP Group, so in this paper we are focusing on the nature of influencing skills in buyers and sellers alike.

Moeller et al (2012) propose three broad managerial tasks for SCMs: the management of “out” suppliers, “in” suppliers and “in” supplier (relationship) dissolution. The management of “out” suppliers is largely concerned with identifying those suppliers who have the potential to become “in” suppliers; the management of “in” suppliers with setting up and developing the relationship, with establishing contract, with managing disruption, and finally with dissolution once the relationship no longer delivers the required level of value, through choice, natural or forced ending. We suggest that the processes identified in order to realize the potential of the relationship by SCMs equate roughly with those attributed earlier to the role of the account manager: The ability to identify value creation opportunities and to manage their realization through the application of innovative (entrepreneurial) and political skills.

Knight and Harland (2000) identified a number of supply network management roles: information broker, advisor, network structuring agent, supply policy maker and implementer, coordinator and innovation sponsor. They further identified a number of competencies required to support those roles: network understanding, developing a network position, relationship management, strategy formulation, strategy implementation and learning, knowledge and knowledge management. (Knight et al 2005)

### **The Boundary Spanning Perspective**

In our view there is a distinction between boundary spanning roles and boundary connecting roles that highlights a fundamental difference between the role performed by sales people and purchasing officers on the one hand and the account manager and supply chain manager on the other. We contest the idea that sales people or purchasers are boundary “spanners”, they are more likened to boundary “connectors” in that they tend to have limited contact networks within the customer/supplier organization and rarely penetrate deeply. Direct contact within their own organization may also be shallow, limited to colleagues in similar roles and line management relationships. Contrast this with the true boundary-spanning role of the strategic key account manager or supplier relationship manager, who are expected to have multiple contacts within the client or supplier organization spanning function (broad) and hierarchy (deep). Account managers and supplier relationship managers must also reach back into their own organizations, not just to manage multi-functional “virtual” teams but also to access resources and influence decisions impacting on client/supplier relationships. We contend that it is this boundary “spanning” role, as opposed to the boundary “connecting” role that categorizes what we see as the emergence of new managerial roles concerned with the creation of inter-organizational value .

Boundary spanning between buyer and supplier has been shown to be both critical to the effectiveness of trust-based collaboration and directly impact the degree of trust between the parties (MacDuffie & Helper, 2006; Lado et al, 2011; Zhang et al, 2012), where communication and commitment are two critical dimensions identified as the ‘building blocks’ of collaborative trust. Croom (2001) explored this further in an examination of the dynamics of customer-supplier interaction, recognizing the impact of not only commitment and communication, but also the ability to navigate the relationships within and between the dyadic organizations.

*Sscrms* (Strategic Supply Chain Relationship Managers) and *Ksams* both perform a boundary spanning role, both at the internal interface between corporate and local management (embedded in the headquarters/subsidiary relationship) and at the external interface between the selling/purchasing company and the dispersed activities of its strategic customer/supplier. Political and entrepreneurial skills are applied at both these interfaces by this new breed of manager. The internal interface is where much of the sam/scms' ability to manage potential conflict/ambiguity depends on positive or negative perceptions of his/her mediating role and thus, where political skills may be of primary importance. Those political skills include the ability to walk the corridors of power, to know the people to speak to, the buttons to press and the strings to pull, both in their own organization and that of the customer. The external interface provides the forum within which both political and entrepreneurial skills may be applied. (Croom et al 1999, Wilson and Millman 2000, 2003)

It is evident that both *Ksams* and *Sscrms* manage beyond the relational interface reaching into their own and buyer-supplier organizations to access resources and effect change. The mechanism they use to do this are the formal team (selling or purchasing) and the informal network. As Cross et al (2008) note,

“Whether selling products or services, making strategic decisions, delivering solutions, or driving innovation, most work of any substance today is accomplished by teams.

”These teams have evolved from stable co-located groups. However, since the early 1990s, teams have evolved from more stable groups-where members were co-located, dedicated to a common mission, and directed by a single leader-to more matrixed entities with colleagues located around the world, juggling time between several projects, and accountable to multiple leaders. As teams have become more fluid, substantial challenges have been posed to traditional advice on team formation, leadership, roles, and process.”

### **Formality and informality**

Traditionally contracts have been seen as the formal framework for transactional based relationships. Formal mechanisms, structures, systems and processes are put in place to negotiate and allocate contractual responsibility, to establish arbitration processes and to manage problem resolution, value is seen as being embedded in the exchange defined by and limited to the contract.

We have observed in both the sam and scrm roles that whilst formal mechanisms exist, these are augmented by informal mechanisms that facilitate more effective interaction between buyer and seller.

The role of supply chain/purchasing has expanded from ensuring adherence to contract to having an increased responsibility for the drafting, negotiation and definition of contracts. However, one consequence we have observed has been the impact this has had on reducing the dependency on contractual terms and increasing the emphasis in buyer-seller dyads, triads and networks upon informal problem

definition and resolution, which has increased supply chain managers' contribution to the process of collaborative innovation within the supply chain.

On the supply side this can also be seen to be the case where account managers are essentially concerned with creating and delivering value “beyond product”, and with working with customers to identify and realize process innovation and entrepreneurial value. We suggest that formal mechanisms may act as a restraint on innovation and that both supplier Ksams and client Scms strive to use informal networks in order to influence decisions, resolve problems and realize value potential in addition to the formal mechanisms available to them.

### **Political Influence and Entrepreneurial Orientation**

Thus the role of the political entrepreneur is concerned with applying both political and entrepreneurial skills.

Political skills are intrinsically concerned with the exercise of power and reflect the ability to influence the actions of others, to effect change, to overcome resistance and to effect outcomes (Mowday 1978). Power comes from formal authority, from the ownership of or access to resources, from system connectivity or position, from expertise, or from personal qualities and characteristics (Pfiffer 1994).

The sources of power that are perhaps of greatest interest to us are those related to system connectivity or position, what Burt (1992) calls “structural holes”, expertise and personal qualities and capabilities. Neither account managers nor supply chain managers tend to have vested authority over the people they are expected to influence and yet they occupy a bridging position between one political network (organization or department) and another. This affords them the opportunity to exercise high levels of political influence. Their knowledge and understanding of the customer or supplier operations, market place, technology etc may grant them considerable influence within the context of the relationship and if they have the necessary personal skills and qualities, an understanding of how organizations work and the ability to network then they are more likely to achieve support for their ideas and objectives (Pfiffer 2009).

Wilson and Holt (2014) referring to the work of both Millman and Wilson (2000), Croom et al (1999) and Bradford and Minshul (2001) suggest that in a political context P-Es act as strategists, change agents, networker-influencers and team player-leaders.

As entrepreneurs they are seen as looking beyond the immediate transactional exchange in order to seek opportunities that facilitate the realization of synergistic value by combining the core competencies of their own and the customer/supplier organization. Lumpkin and Dess, 1996, Miller 1983 identify entrepreneurial behaviours on the individual level as a three dimensional construct- risk taking, innovativeness and pro-activeness.

## The Research

Our interest is to deepen our understanding of how informal networks are managed by both *Ksams* and *Scrms* in order to transcend the restrictions of formal contracts, processes, structures and relationships in the resolution of contractual problems, operational issues and the identification and realization of potential synergistic value. We posit that these actors play a key role in the ability of organizations to adapt to the changing economic environment and, more specifically, the expectations and constraints of their partners upstream and downstream - customers and suppliers. A further common facet of their respective function at the management interface between two organisations is the role of acquisition and deployment of resources beyond the borders of their own company to extend into their clients' businesses or that of their suppliers. In other words, their role is crucial and is located at the boundary between several organizations.

To be considered as *political-entrepreneurs* both *Ksams* and *Sscrms* must demonstrate that they can achieve their objectives not merely by recourse to formal conditions of contract, prescribed communications channels and formal reporting systems. They must present as entrepreneurial strategists, analysts who can identify opportunities for achieving organizational objectives or the realization of entrepreneurial value, orchestrators of resources and political influencers unconstrained by their level within the hierarchy.

In order to explore these issues two case studies are presented here. They are from a single company characterized by its focal position in the supply chain, the highly formalized nature of the contract, the high level of dependence upon technology developed by suppliers, the strategic nature of the products, the highly charged political environment in which it operates and the restrictions placed by government on the nature of relationships. It was felt that in such an environment it would be difficult for *Sscrms* to exercise high levels of independent action.

Interviews were carried out over a period of six months. We conducted five interviews (each lasting for about an hour) with five different *Sscrms* of AERO. We decided to base our data analysis on the codification of semi-directive interviews. Analytical units were chosen in light of the research objectives, of which there were four: the description of the function; the context of the function (different kind of internal and external relationships / see the table below); the formal and informal mechanisms of the function; and the testimonies of professional experiences. At the end of each interview, we invited each interviewee to share three professional experiences corresponding to the following three scenarios: a situation where he was instrumental in solving a problem; a situation where he has resolved a problem; and a situation where he has had to use political influence (see table below).

THEMES	ITEMS	CODES
Purchasing function	Function	F
	Internal contacts	IC
	External contacts	EC
	Purchasing process	PP
	Relationships with suppliers	RS
	Interpersonal relationships with internal contacts (including internal customer)	IRIC

Context	Interpersonal relationships with external contacts	IREC
	Strategic relations with supplier	SR
	Atmosphere of the relation	AR
Formal mechanisms	Formal mechanisms for business development	FMB
	Formal development contract mechanisms	FMC
	Formal mechanisms for relationship management	FMR
Informal mechanisms	Informal mechanisms	IM
Three scenarios	Solving a problem	SP
	Seizing an opportunity	SO
	Influencing a decision	ID

From these interviews, we saw the emergence of two relevant cases about the SRM function that we describe below.

### **The Case Company**

AERO (not the company's name) is a major player in the aviation and defense industry. They supply governments and major aircraft manufacturers. Their suppliers in turn are of two types: French, domestic companies of size and turnover between 100 and 3,000 million euros who supply high levels of bespoke technological systems and products; and global suppliers of mass produced electronic systems, sometimes larger than AERO.

The interface with domestic companies is often with the head of the company, the owners or senior management. It is firmly based on personal relationships. Here bosses tend to have a great deal of organizational power and may be personally responsible for a number of activities. The relationship with these companies is based on the relationship with the person who controls multiple activities within the organization and is characterized by high levels of flexibility.

Global suppliers tend to deploy Key Account Managers (KAM) to manage the relationship with the company supported by sales teams and support services. Their teams work with AERO and the relationship, in contrast with domestic suppliers is not usually at senior management level. The relationship tends to be based on purchasing contracts with little room for flexibility or re-negotiation.

### **Case 1 A Move into Asia**

In Europe AERO was faced with domestic market stagnation and set about the conquest of new markets and the establishment of a lower cost supply base. After evaluating a number of different market/product options the choice was made to focus on what was perceived to be a strategically important Asian country, because of its geopolitical importance and the technological expertise of its workforce. There was also a strong demand for the type of aircraft manufactured by AERO. It was this demand that they sought to satisfy but they faced considerable market, political, industrial supply chain and cultural challenges.

One such challenge was that the Asian government implemented procedures to ensure that 30% of any contract value was retained by local sub-contractors through operational outsourcing and technology transfer. In addition these local « offset partners » (OPs) were identified by the Asian government, albeit with the provision that they were capable of developing viable technological solutions to meet the

demands of the main supplier, in our case AERO. The over-riding consideration, however, was that the main contractor must use local suppliers and where local capabilities were inadequate, then the main supplier would be instrumental in developing them within the local supply chain.

Realizing this degree of localization was made more difficult because of the differences between European and Asian culture. Sometimes these differences can be a source of major mis-understandings and conflict that hampers the development of efficient business relationships.

We observed that in this context, the role of Supply Chain Managers (SCMs) evolved to adapt to these new conditions. It was essential that they create supply solutions with the designated OPs and could not rely upon the use of electronic communications which was their experience with European suppliers. Solutions were found to depend upon the development of close interpersonal relationships and the creation of a network of « good people »

The main strategic decision also affected the management of the domestic supply chain. Indeed, this decision had a direct impact on existing suppliers (ESs) drawn mainly from Europe. The goal was to transfer all of the outsourcing activity from Europe, to the Asian target market, whilst ensuring that some incumbent suppliers (ESs) benefited from the development of activity in the Asian market in question.

The SCM was charged with the following tasks:

- Identify existing suppliers (ESs) with whom good relations had been sustained for a number of years
- Convince the ES to collaborate in developing the skills of OPs in one of two ways: Either by taking responsibility for the supply relationship with the OP or through some form of partnership, taking responsibility for OP performance by developing their skills through support, technology, process and methodology transfer. The attraction for the ES was that they would retain a proportion of their traditional business with AERO and have the possibility of accessing low cost manufacturing solutions and new markets.
- Manage the resulting AERO, ES and OP relationships. This is done using four people attached to purchasing. Initially AERO thought that their objectives would be achieved through purchasing capabilities but it became increasingly obvious that wider supply chain management competencies were also required. Thus, whilst still linked to purchasing the four man projects team takes overall supply chain management responsibility.

For this project, the skills mobilized by members of the project team are:

- o The ability to identify the constraints of tomorrow and to adopt different procedures taking into account the specificities of the target market;
- o The ability to take initiatives sometimes exceeding existing processes and remits;
- o The agility and strong powers of persuasion:

### **Internally**

The ability to assure that the operational capacity of POs meet internal (AERO) expectations and communicate the merits of using OP, distant geographically and culturally, to the rest of the organization. The objective is to enhance the belief in the legitimacy of management's strategic business plan.

### **Externally**

Externally the objective is to ensure that OPs fulfill their side of the bargain. Given the offset obligation, OPs are essential to achieving AERO's strategic objectives in this market and they cannot be allowed to fail because there are few alternative suppliers but this needs careful handling as OP managers tend to be cautious.

In order to convince ESs to collaborate in growing the skills of OP discussions are held at the managerial level in the ES and not at operational level. It is interesting to note that we observed more and more initiatives from ES organizations, offering themselves for partner relationships with OPs.

### **The SCM Team**

The head of this team project is seen internally as a leader with strong power of conviction, very persuasive, with a strong ability to influence internally and externally.

Of particular importance is empathy, in particular towards the ES, but also towards operational in-house personnel who all need to be reassured.

Ultimately, we perceive the SCM team involved in this project to operate in a similar way to diplomats but with the added facility that they are focused upon value creation within a triad of AERO, their existing suppliers and the new offset partners.

### **The role of SCM in case 1:**

(See table below)

<b>ENTREPRENEURIAL</b>	
<b>Risk taking</b>	Big strategic issues (vital) for the principal, especially in the choice of ESs to work with OP and allow OP to meet the requirements => should not to fail!
<b>Innovation</b>	Establishing a team of SRM dedicated to this market need with cultural adaptations. Procedures and processes in place are not sufficient need for interpersonal relationships to establish an efficient business relationship.  Imager and implement an SRM to three, including POs and ESs.  ⇒ Ability to create different procedures / different relationships into account the characteristics of the target market; ⇒ Ability to take initiative
<b>Proactiveness</b>	Much uncertainty about the effectiveness of the relationship with the OP (in terms of technical skills sometimes, deadlines, quality, relationship management, but understanding, learning of the relationship, etc.) due in part to cultural differences

	⇒ Ability to project the constraints of the future, anticipate future difficulties, imagine other relationships (tripartite, etc.), other processes, etc.
<b>POLITICAL</b>	
<b>Positioning</b>	The SCM was positioned at two interfaces, that with the ESs and that with OPs.
<b>Networking</b>	Strong initial networks with the decision makers within ESs and concerted strategy to develop networked relationships amongst Ops
<b>Expertise</b>	Knowledge of the supply chain , understanding of client needs, technology and know-how, market knowledge places the SCM in a strong position to influence the achievement of strategic objectives
<b>External</b>	<b>Internal</b>
⇒ The political challenge of the project reflects on the role of SRM from OP. ⇒ Political role of SRM with ESs when selecting and trying to convince some of them to join the developed activity in the Asian market.	⇒ Convincing operational capacity of POs to meet expectations despite geographical and cultural distance. The SRM is a vector of the strategy within the company.

## Case 2 Protecting the supply chain

In the early 2000s AERO selected one of the largest providers of electronic subcontracting to be their partner on a major strategic activity. This major provider (called FM), in addition to its size and technical skills, had an international presence (the United States in particular) and the ability to offer low cost solutions to countries in South East Asia.

A few months after the signing of the partnership agreement, AERO learned that FM was to close its French subsidiary despite the agreement with AERO. The threatened closure of the subsidiary, along with some personal animosities, strongly tainted the image of FM both in their local (French) community, and also in the minds of AERO personnel.

The risk posed to AERO was high. The closure threatened continuity of supply to their major customers and the speed of closure (six months) meant they had little chance of finding other suitable suppliers. Pressure from other customers of FM sought to maintain production at several sites in France because of the dramatic consequences closures would have on the aerospace industry. In addition a break in the partnership with FM would mean the loss of the US market to AERO. The FM case took on a political dimension when the French Ministry of Industry stepped in to try to find a solution.

In this context, a solution was sought that would maintain the partnership through other subsidiary plants. The question was how to handle the transition.

The role of SCM was crucial. He had to take the initiative and initiate another way to handle this partnership to ensure its continuity.

Two key initiatives were taken:

Internally, within AERO, the perception of FM's capabilities and their suitability to continue in partnership was extremely negative and the objective of the SCM was to improve the image of FM with internal AERO personnel, in particular with technologists.

To do this he launched the "Techno Days". These were regular meetings on specific topics, bringing together technologists at AERO with specialists from FM to address these issues. The goal was to change perceptions about the relationship with FM and their potential to resolve problems and to redesign the management of the relationship.

The first meeting attracted few people from AERO but gradually "techno days" gained credibility because of the quality of the solutions they generated and because of the advocacy of those who did attend. This was facilitated through internal communication in the form of case studies launched on the intra-net. This was in no small part due to the support of the head of technology in the company whose support had been solicited by the SCM.

Two years later, the relationship between AERO and FM had been transformed from distrust into trust. Gradually, FM has been integrated into phases of production and co-design at AERO (to optimize production costs). FM is now a key partner of AERO. Techno days were extended to other AERO supplier relationships.

Although the process was managed by the SCM at AERO it was an idea that he had observed used by FM in their relationships with major clients in the US, his skill was in recognizing its potential for saving this relationship and in identifying support within his own company.

Externally, a major obstacle to continuing the relationship needed to be removed from within FM. The FM key account manager to AERO had been a major advocate of the decision to close the subsidiary on the grounds that the partnership with AERO was seen as unprofitable. With this person still in place it was extremely difficult to overcome the bad feeling between the two organizations. The AERO SCM and the director of the project approached senior managers within FM and asked that the incumbent KAM be replaced with someone with a more relationship orientation. FM accepted the proposal, the first KAM remained in charge of business development for the AERO customer and the second was appointed to manage the relationship with AERO. With the emphasis upon relationship development and value creation, rather than transactional profitability, the relationship is now excellent.

For this project, the skills mobilized by members of the project team are:

- o Responsiveness, innovation and internal communication through the development of techno days;
- o The ability to take initiatives sometimes exceeding existing processes;
- o The agility and strong powers of persuasion to get a KAM with a "relational" orientation to replace the existing KAM.

Ultimately, the SRM team involved in this project are similar again to diplomats.

**The role of SCM in case 2:**  
(See table below)

<b>ENTREPRENEURIAL</b>	
<b>Variables</b>	<b>CASE 2</b>
<b>Risk taking</b>	The acquisition of a budget to realize the Techno-days within a high risk context due to the deteriorating relationship between the two companies.
<b>Innovation</b>	The implementation and political management of the techno days to alter the purchasing/relationship management process with an existing supplier in order to find a solution to a specific problem.
<b>Proactiveness</b>	The ability to visualize other potential relationships with the supplier and actively promote change in the replacement of the incumbent KAM.
<b>POLITICAL</b>	
Position	Boundary spanning role reaching deep into FM to access and influence senior managers
Networking	Evident both internally and externally. SCM had identified a major center of influence in the senior engineer who was prepared to support the techno-day strategy and had also identified senior managers in the supplier organization who would act to remove the blocks to resolving the practical and image problems.
Expertise	Thorough knowledge of own organization and the motivations of people that the SCM needed to influence and of the supply chain issues involved in the case.
External  ⇒ The political issue is intrinsic to the initial situation: closing the French subsidiary of FM. ⇒ Political role of SRM with FM in order to change the relationship between FM and AERO (change KAM).	Internal  ⇒ Recreating the trust between AERO technologist and FM (strengthening partnership and relationship).

**Discussion and conclusions**

Drawing upon the literature we have traced the change that has occurred in the role performed by both *Ksams* and *Sscrms* in response to changes in economic organization. The fundamental change has been from *boundary connector*, which characterized the role performed by sales people and purchasing officers to that of *boundary spanner* and our interest was drawn to three issues: the nature of this new role; the changes in the mechanisms employed to realize value, implement contractual agreements and reconcile/balance power within the network; and, the nature of the skills and competencies employed by the central players in collaborative network.

In our cases we have confined our investigation to the role of supply chain relationship manager. Both cases support the contention from the literature that the role is of increasing of strategic, not just operational importance. Case one is

concerned with three strategic issues: relocation of the supply chain, new market exploitation and with redefining partnerships within the supply network. Case two is concerned with safeguarding supplies critical to assuring compliance with the demands of a major project and with changing the internal perception of supplier capabilities and value creation potential.

In both cases we can identify informal governance mechanisms being used to assure contractual obligations are met, new orders of value are created or relationships are redefined. Case one sees the company embark upon a major new strategic initiative with the SRM charged with marshaling the support of suppliers in a highly politicized environment with no clear blueprint for implementation. In case two there is a threat that the formal contract with the supplier will be broken but no appeal is made to the enforcement of contractual conditions, rather appeals are made to the supplier's senior management to "reposition" one of the actors perceived to be part of the problem and inside AERO action is taken to change the internal perception of supplier value and capability. That the role is that of *boundary spanner* is well illustrated

A range of political skills and strong evidence of entrepreneurial orientation was observed in the activities of our subject *Sscrms*.

Entrepreneurial orientation is demonstrated in both cases, where our *Sscrms* exhibit a tolerance for managing high risk situations, apply innovative solutions to the problems they encounter and are pro-active in managing the change process to realize their objectives. In both cases there is evidence that they have created solutions that rely upon the synergistic value of combining the competencies of AERO and their trading partners. Within the context of organizations it is perhaps this ability to access resources and to create change beyond ones sphere of designated authority that characterizes entrepreneurial orientation.

Political skills are also evident. Both the cases demonstrate how *Sscrms* profit from their positioning by exercising their networking capability, influencing people and gaining support from higher in the organizational hierarchy, both in AERO and in supplier organizations.

This last is an important point that boundary spanning occurs not just between organizations but also within organizations across departmental and divisional divides. The key is an understanding of how organizations *really* work and the ability to identify and influence those with power whether they are in your own organization or that of your supplier/customer.

This research has been exploratory but it is clear, not just from our findings but also from the literature we reviewed that there are clear management implications arising from the changing nature of the role played by supply chain relationship managers. The skill requirements are different from those of traditional managers demanding strategic vision of the entrepreneurial possibilities afforded by supply chain relationships, the political skills of advocacy and diplomacy to realize those potentials and the marketing skills to publicize them to ensure organizational support for future ventures.

This paper has highlighted some of the similarities between the role performed by key

account managers and supply chain relationship managers. It would be interesting to also explore the differences. They are both boundary spanners but we suspect that they may approach the role from different “tribal” perspectives coming as they do from different sides of the exchange process.

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