Global Account Management (GAM)

Article *in* International Journal of Customer Relationship Marketing and Management · July 2012

DOI: 10.4018/jcrmm.2010090403

Svend Hollensen
University of Southern Denmark

Vol. 1, No. 1
January - March 2010

**An official publication of
the Information Resources
Management Association**

INTERNATIONAL JOURNAL OF

Customer Relationship Marketing and Management

IGI PUBLISHING

Publisher of IT books, journals and cases since 1988
www.igi-global.com

International Journal of Customer Relationship Marketing and Management

January-March 2010, Vol. 1, No. 1

Table of Contents

Global Account Management (GAM):
Creating Companywide and Worldwide Relationships to Global Customers

Svend Hollensen, University of Southern Denmark, Denmark
Vlad Stefan Wulff, University of Southern Denmark, Denmark

ABSTRACT

Global account management (GAM) has become a critical issue for many multinational corporations that compete in a fast changing global market environment. In this article, we approach GAM from a benchlearning perspective, synthesize selected literature and examine an award winning case study in order to underline the importance of multilevel relationships in strategic business-to-business relationships. The purpose of this study is to address various issues related to multilevel relationships in strategic partnerships (e.g. the recruitment of the global account manager and his supporting team, turf wars and compensation) and suggest organisational solutions based on best-practice examples.

Keywords: *B-2-B, Global Account Management (GAM), Multilevel Relationships*

INTRODUCTION

Managing major international customers on the modern business-to-business markets has become a complex and most challenging task that goes beyond simple advertising and salesperson business relationships. International economic developments have recently caused a major power shift in favour of multinational customers, who are now more influential than ever before in relation to their suppliers (Mc Neill, 2005; Shi et al., 2005).

DOI: 10.4018/jcrmm.2010090403

From a supplier's point of view, multinational companies (MNCs) have always been highly profitable but also very demanding customers. They often choose suppliers that understand their specific needs and offer solutions on a global basis (Parvatiyar & Gruen, 2002). The consolidation pressure in many industries has created a situation in which fewer, larger and more complex customers demand special value-adding activities (e.g. joint product development) from their key suppliers worldwide.

During the past decade suppliers have witnessed a fast growing performance expectance of their major customers. The internationalisation of the markets, fast changing technologies (shorter product life cycles), economies of scale and high product development costs have become highly relevant issues for the multinational companies (MNC) (Atanasova, 2007). Various single- and multi-sourcing strategies have been developed and implemented by the majority of the MNC.

In certain cases regulation, global consistency or compatibility, central specification, quality control and high margins can increase the bargaining power of a single global supplier (Yip & Bink, 2007b). Multi-sourcing is the most common reaction of multinational corporations, however once this strategy has been implemented, it can prove to be a highly challenging task to shift back to single sourcing. Major customers and their international suppliers are therefore looking for alternative and innovative solutions that have the potential to solve the challenges of the coming decades.

But the current situation of major suppliers is even more challenging than it seems at first sight. In most of the industries it has proven to be impossible to defend a huge market share of a highly profitable market in the long run. On the majority of their home markets major corporations experience that strategies and organizational structures that once worked for serving clients on a local level are no longer efficient when there are 50 or 100 local companies competing against each other (Thoma & Senn, 2007). As a reaction the major suppliers started shifting resources from regional and national operations to global account management (Homburg & Pflesser, 2000), leveraging resources across countries, standardising products, services and processes and purchasing on a global scale (Hennessey & Jeannet, 2003). They changed their "touching point" approach on key customers and replaced the traditional salesperson by specialized selling teams coordinated by technology and communications and targeting specialized market(s) (McNeill, 2005).

It has always been a challenging task for suppliers to maintain a business relationship with a major customer across an entire country. Only major suppliers can cope with the challenges of a nationwide acting customer. The ability to build and sustain a professional business relationship with customers spread across the world is what separates the good from the great. Tomorrow's global suppliers are expected to deal with this particular challenge in a highly effective and professional way. The most efficient way to handle these issues in the long run seems to be a successful implementation of global account management (GAM).

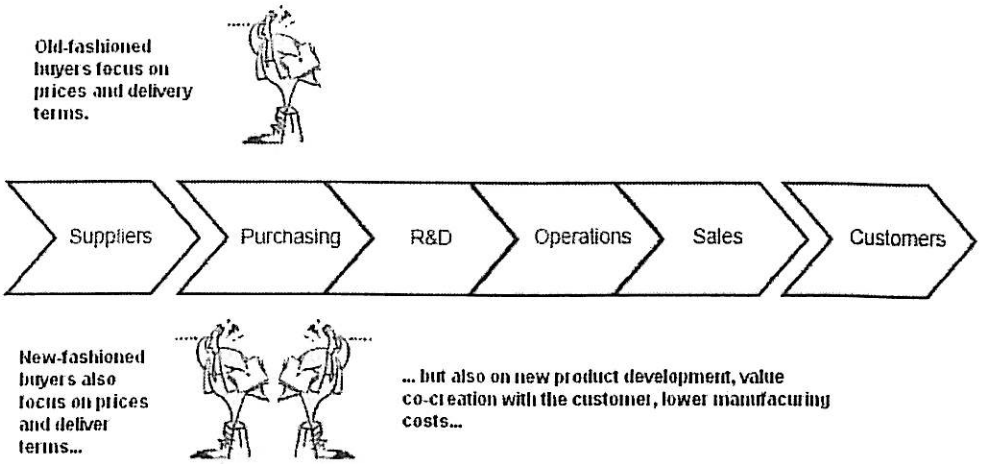
GAM programmes represent a shift in the mentality of the major international suppliers towards a more customer centric approach. Therefore they are based on a change of the relation with the customer. At the same time, the challenges faced by the customer have also significantly changed his expectations. Suppliers are suddenly confronted with a new type of customers with "unfamiliar" expectations. The following figure shows the difference between old- and the new-fashioned buyers (customers).

GAM programmes are suited for almost any international strategic business partnership. However GAM programs are developed on top of existing national sales organizations, and always create higher costs. The prime candidates for GAM implementation are businesses that have comfortable profit margins, global consistent/compatible products/services that meet complex specifications across borders. Computers, process controls and global fuelling contracts or value-added commodities such as specialty chemicals, food ingredients and corporate banking are typical GAM products and services (Yip & Bink, 2007a).

The development of these customer oriented programmes is regarded as the "*new frontier in relationship marketing*" (Yip & Madsen, 1996). A recent study placed it among "11 most interesting recent (from 1987 to 2000) innovations" (Birkinshaw & Mol, 2006; Yip & Bink, 2007a). Due to their complexity and high costs, only few companies have gathered sufficient experience with their implementation and even fewer have been successful.

Hewlett Packard, Xerox and IBM are considered to be the pioneers of GAM although

Figure 1. Old and new buyers and their view on the supply chain (adapted from Cheverton, 2006)



Citi Group initiated programmes similar to GAM more than twenty five years ago (Yip & Bink, 2007a). Implementing GAM programmes has been a highly challenging procedure for the pioneers because they often faced issues no one had ever dealt with before. Costs for GAM programmes came on top of all the other expenses and there was no guarantee for long term success. In addition "mistakes" proved to be extremely costly and it took a long time until the efforts paid off. The main challenge for any company that wants to implement GAM is that there are basically few rules that apply for everyone, but a lot of tough decisions to be made in order to reach the main goal: strategic partnership with the customer. Each major decision may have a decisive effect on the success or failure of the entire GAM programme. Planning this kind of customer approach with care is the first step to success.

Despite the importance of GAM and the research efforts of the last decade, "GAM research remains in its infancy" (Thoma et al., 2006) and the results from practice are mixed (Shi et al., 2004).

The Difference Between Global Account Management and Key Account Selling

In the majority of the international supplying companies, the sales team initiates key and global account programs. The main reason is that sales managers often see an opportunity of generating more revenue by focusing their efforts on the larger, international accounts. The common practice of rewarding sales teams with significant bonuses related to their revenue is one of the main reasons for their proactivity in this field.

Gosselin and Bauwen identified a source of confusion between local and global account management. It relates to the impact of geography on organisational requirements. Their findings indicate that account management, whether implemented from a sales- or relationship-marketing perspective, significantly change when the customer's geographic scope changes. Geographical dimensions drive complexity within companies as well as between them in the buyer/seller relationship (Gosselin & Bauwen, 2006).

The role of GAM is to master a complex coordination process between multiple legal companies, product lines, services and/or system needs, in multiple geographic areas. However confusion about account management organisations often abounds when local/regional suppliers, dealing with local/regional customers, talk about account management with international/global suppliers, dealing with international/global customers (Gosselin & Bauwen, 2006). A reduction of the confusion can only be based on identifying levels of complexity in terms of: geographical scope, number of legal entities served, range of products, services or systems offered, technology used and possibility of adding (substantial) value into the customer's value chain.

The benefits of a strong GAM program can be huge (Thoma & Senn, 2007). Their successful implementation can offer a major competitive advantage and significantly increase the profitability of a multinational supplier (Yip & Bink, 2007a).

Account management was initially a consequence of a defensive sales approach of the suppliers. In many companies it still remains a practical application of either a sales management or relationship marketing approach (Gosselin & Bauwen, 2006). Figure 2 illustrates the driving forces and the critical success factors of account management.

Recent research on driving factors of GAM implementation identifies four major categories: (1) customer driven developments on the global markets, (2) financial drivers, (3) market drivers and (4) technology drivers (Yip & Bink, 2007b). Figure 3 summarises the findings.

Before planning the implementation of a GAM programme, a profound assessment of the major drivers that will have an impact on its performance is a critical success factor. Figure 4 illustrates the progression of a successful B2B relationship.

The main goal of the development process is to enable an effective transition between the Early-GAM stage (where GAM generates little/no return) and the Partnership-GAM stage.

The award winning case-study Marriott International–Siemens (Appendix 1) illustrates a fast and lucrative development of a strategic partnership between two multinationals.

Developing a Successful Multilevel Customer Relationship

The ultimate goal of GAM programs is to link two organisations together effectively on a global scale and with a long term perspective. Multilevel relationships increase the acceptance of GAM programmes and facilitate their integration with the organisations as well as their chances of success. The GAM development process is supposed to enable an effective transition between the Early-GAM stage (where GAM generates little/no return) and the Partnership-GAM stage. Figure 2 illustrates the transition process.

Strategic partners should operate at more than one level in the suppliers (or customer's) organisation. It might even be an alternative of offering them a seat in the board of directors. But interaction at top management levels is not sufficient. Relationships between the GAM support team are equally important. Long termed strategic plans are worthless if an organization cannot deliver on them. Agreements with the customer that are not followed through and not communicated, can cause serious damage to the strategic relationship and endanger the entire GAM programme.

According to Cheverton there are three categories of touch points, each with its own requirements and challenges for the global account team in charge (Cheverton, 2006):

1. Those that are a part of the influencing strategy; based on personal contacts. They require a dynamic approach to management.
2. Those that form the service provision strategy, concerning regular interactions of day-to-day business with systems, processes and people. They require a management approach that focuses on stability and consistency.
3. Those invisible interactions that can not be influenced by the GAM management

Figure 2. National/Key account versus global account needs (adapted from Hennessey and Jeannet, 2003)

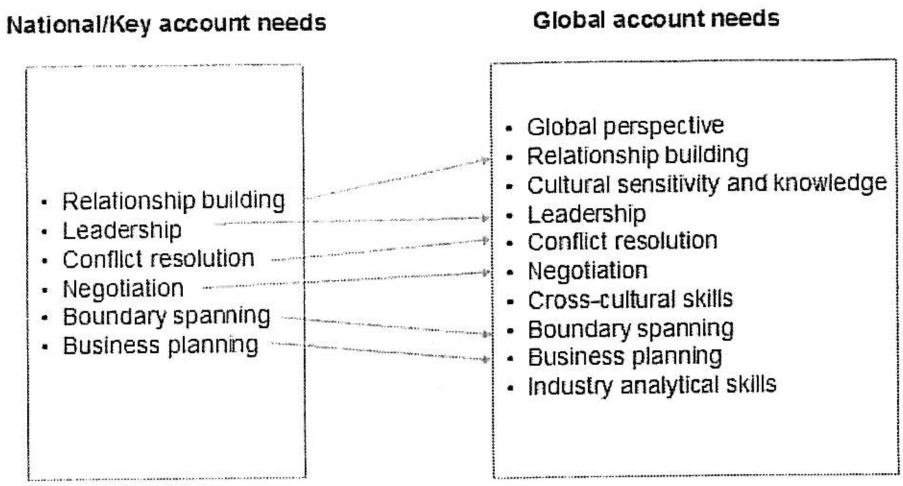


Figure 3. Driving forces of increased importance of account management (Adapted from Gosselin and Bauwen, 2006)

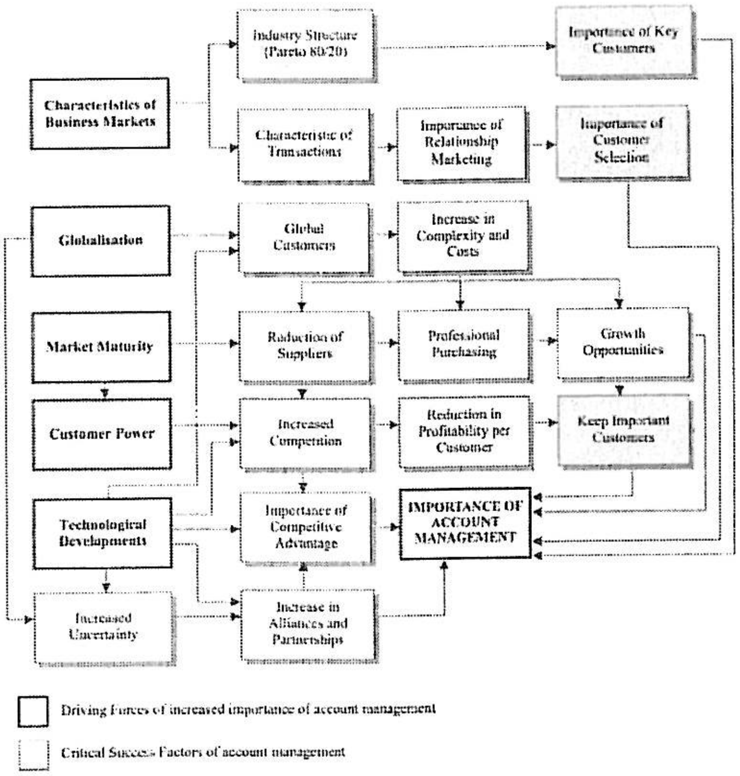
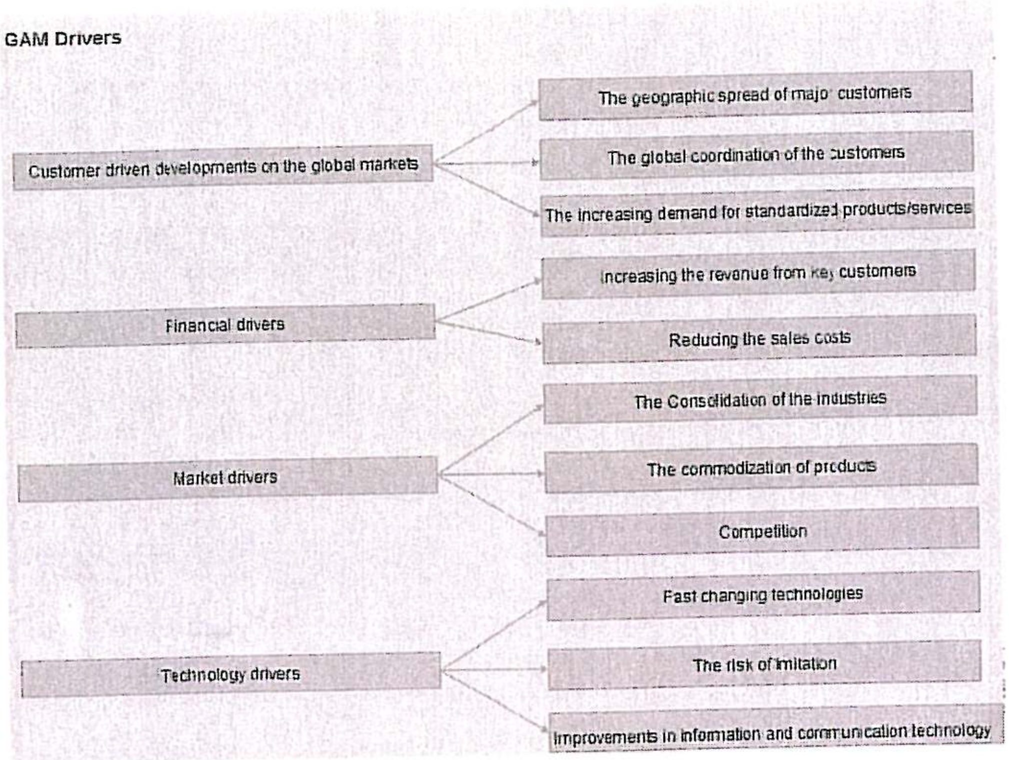


Figure 4. GAM drivers (adapted from Yip & Bink, 2007b)



and require a much more subtle approach. The main concern is here to communicate to the customer what has been done.

ORGANIZATIONAL PERSPECTIVES OF GAM

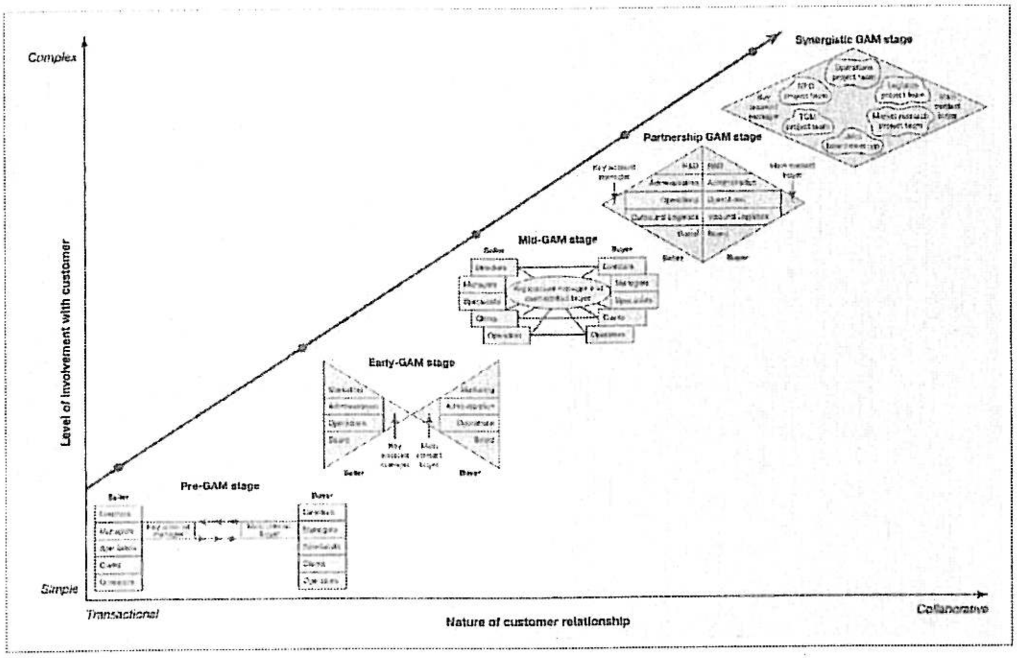
From an organisational point of view, we suggest the following three GAM coordination models.

Central HQ-HQ Negotiation Model

This model shows a situation where the product is standardized. The customer HQ will collect the demands from the different subsidiaries around the world. Thereafter the customer will meet with the supplier and the HQ-to-HQ negotiations will take place. In this situation the customer will typically exercise significant buying power, because the supplier will not have any international organization that can offset this buying power. For the supplier, a standardized (high) quality is the condition for being invited to the discussions with the customer HQ. Subsequently, the discussion will quickly come down to a question of the 'right' price. The supplier will always be under pressure to lower the price and cut costs of producing the product package (including services).

IKEA, achieved through its 200 IKEA shops around the world), is an example of a customer that puts its furniture suppliers under constant pressure to reduce their prices and make their production more efficient, in order to reduce costs. Recently IKEA planned to reduce its distribution warehouse costs by 10 per cent per year. In order to achieve this goal IKEA runs weekly batch global-demand forecasts for each of its three major regions: North America, Asia

Figure 5. Global account relational development model (Hollensen, 2007, p. 652 – Adapted from Wilson & Millman, 2003 and McDonald et al., 1997)



and EMEA (Europe, Middle East and Africa). The fulfilment solution will balance demand forecasts with inventory levels and replenish accordingly through IKEA's ordering system. Orders may be sent to IKEA's suppliers weekly or daily, depending on how active they are with the retailer. IKEA suppliers are pressurized to deliver furniture to IKEA more frequently and more directly to its stores around the world. If a European subsupplier of furniture wants to be a global supplier to IKEA it must now consider establishing production and assembling factories in the other two main regions of the world: North America and Asia.

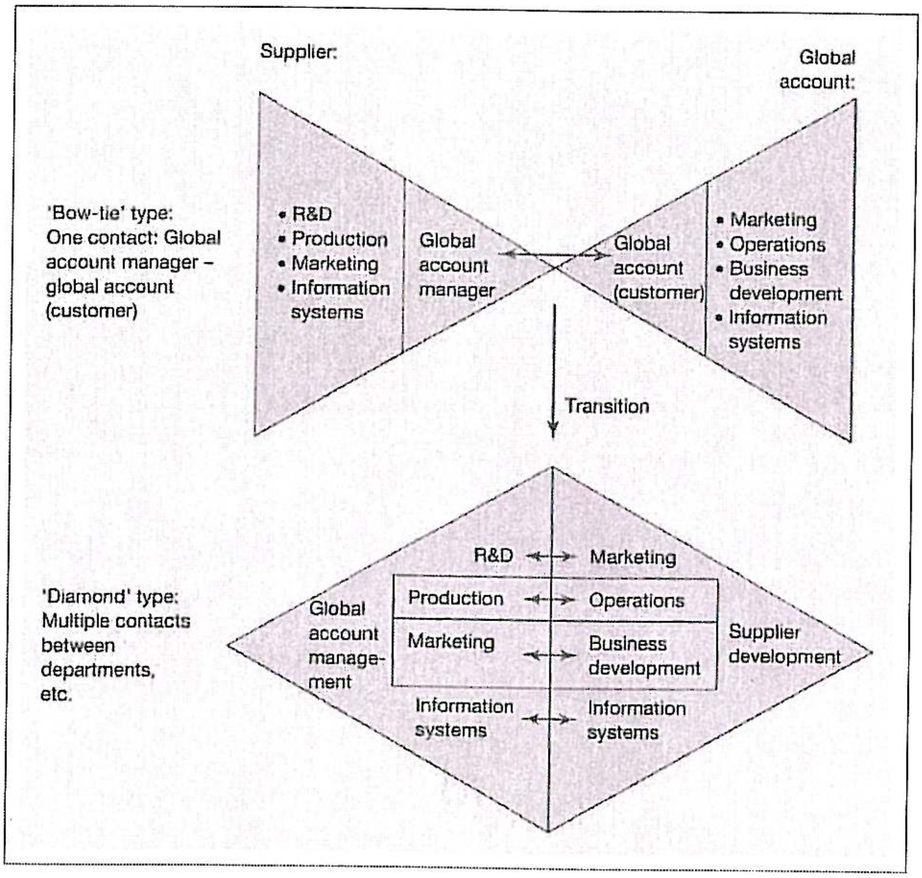
Balanced Negotiation Model

In this situation the central HQ to HQ negotiation is supplemented with some decentralized and local negotiations on a country basis. Typically this will take place in the form of negotiations between the local subsidiaries of the customers and the different partners (e.g. agents) or subsidiaries of the supplier. The HQ to HQ negotiations will set the possible range of outcomes for the following negotiations on a local basis. This will allow for some degree of price differentiation across the involved countries, dependent on the degree of necessary product adaptation to local conditions. The Sauer-Danfoss (Appendix 2) is an example of a subsupplier working to this model.

Decentralized Local-Local Negotiation Model

According to this model the negotiations will only take place on a local basis, partly because the supplier is often selling system solutions, which require a high degree of adaptation to the different markets (countries). This means that the HQs are disconnected from the negotiation processes. A consolidation process in the customer's industry may cause this outcome. If the customer has been involved in several M&As, it will have difficulties in understanding

Figure 6. Transition from "Bow-tie" to "Diamond" stage (Source: Hollensen, 2007, p. 653)



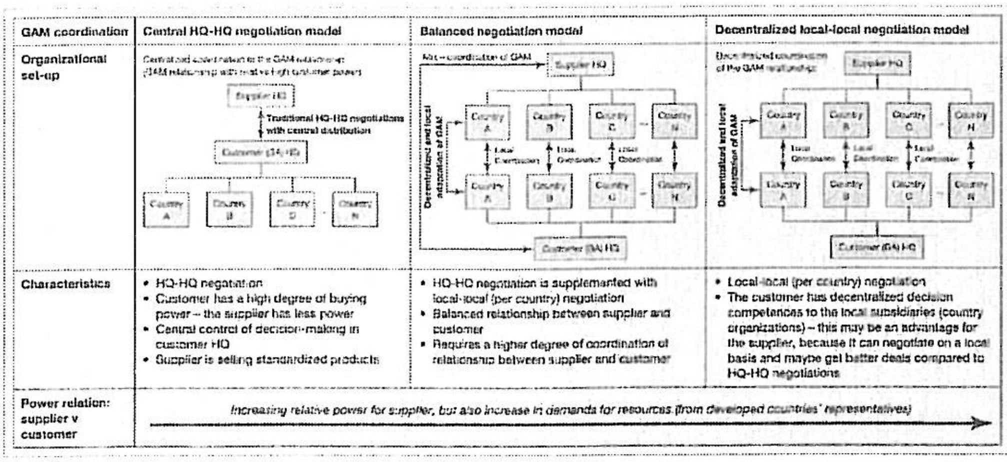
the overall picture of the decision structures in the new merged multinational company. In such a situation the customer will tend to decentralize even important decisions to the country subsidiaries, because it has lost its overview of the whole multinational company. It can be really difficult to control and coordinate decision processes in recently merged companies. For that reason top managers will often refer the buying decisions to local decision makers in local country subsidiaries.

This will give the supplier better opportunities for sub-optimization by negotiating only locally with a customer's country-based organizations. By using this approach the supplier may be in a better relative negotiation position and may also achieve better (higher) prices in some markets by using this model. However, the supplier may have higher costs connected to fulfilling the different requirements of the customer's local subsidiaries. Also this model requires that the supplier has an established network of subsidiaries or partners (e.g. agents) who are familiar with the product solutions of the supplier and who can offer local adapted product solutions for the customer's subsidiaries in the different countries

Creating Companywide and Worldwide Relationships

In order to facilitate multilevel companywide and worldwide interaction with global custom-

Figure 7. The Organizational set-up in GAM (Source: Hollensen, 2007, p. 656)



ers, we conclude that companies face three major challenges:

1. Recruiting the global account manager,
2. recruiting and empowering the global account team,
3. implementation an effective supporting infrastructure.

Additionally three pitfalls have to be avoided:

4. Turf wars,
5. Top management short-termism,
6. Rewards and incentive issues.

RECRUITING THE GLOBAL ACCOUNT MANAGER

It might be surprising that the most common mistake done by companies who plan to introduce GAM programmes is directly associated to the challenge they are most aware of. Recruiting the global account manager is one of the vital decisions of any supplier. The most common mistake is picking the "super-salesmen" (Thoma & Senn, 2007). The majority of the global account managers are recruited from the sales organization "from positions like regional sales manager, or national sales manager in small countries. But this approach is misguided, because a global account is very different from a portfolio of regional or national accounts" (Birkinshaw et al., 2001).

Any designated global account manager with a sales background has to acquire a complete new set of skills in order to cope with the internal coordination of the programme, a long term oriented and highly challenging task. The alternative could be appointing executives with senior line-management experience as global account managers. These individuals have most of the required skills and the ability of giving the global account program its much-needed visibility (Birkinshaw et al., 2001).

But how can multinational supplier identify the employees that have the potential of developing the business relationship with a global customer to the next level?

The first goal is to identify the different roles of a global account manager. Wilson identified the following roles: boundary-spanning coordinator, entrepreneurial strategist, team leader/manager, politician, information broker, relationship facilitator/builder and negotiator (Wilson 1999b). It is difficult to assess the criteria of each multinational corporation without interviewing their top management in charge of the programmes. However even then it might be hard to generalize the findings.

The Strategic Account Management Association (SAMA) and the Sales Research Trust (SRT) conducted an international survey of more than 200 companies to gain a better understanding of GAM processes and systems. They identified ten competencies of global account managers (in descending order of importance) that are also similar to the GAM competencies reported by PDI Incorporated, Praxair and DHL (Hennessey & Jeannet, 2003; Wilson et al., 2000):

- Communication skills.
- Global team leadership and management skills.
- Business and financial acumen.
- Relationship management skills.
- Strategic vision and planning capabilities.
- Problem-solving capabilities.
- Cultural empathy.
- Selling skills, both internal and external.
- Industry and market knowledge of the company and the customer.
- Product/service knowledge.

Any company that underestimates this major challenge will have major problems implementing GAM successfully. But finding and empowering one or two candidates for the position of a global account manager isn't enough. Global account managers are usually recruited internally, so multinational suppliers have to train and develop the skills and competencies of the future generation of (global) account managers simultaneously with the implementation of the GAM program. This is one of the major success factors of GAM.

THE GAM TEAM

A strong support network is very important for a long term project like GAM. The management of a GAM programme is a highly challenging task in different countries. A successful team needs mentors head office, information systems and communication materials to broadcast activities and regular meetings with each other. GAM research suggests that the strength of the internal support system is the single best predictor of a successful global account (Sherman et al., 2003).

GAM programmes include a major set of support activities like marketing and customer relations, corporate network management, special project support and internal network building. These are services that are far too expensive to spread all over the world, so that is why a central office is needed. It would be wise to locate the global account manager at this office because the team activities provide the visibility and political legitimacy that the he/she needs, to get the work done (Sherman et al., 2003).Based on their research findings, Sherman et al. have four recommendations for companies, in order to make sure that their company creates human-resources support for them.

1. Select and develop account managers based on a validated set of account manager competencies.
2. Assign account managers based on the number of account relationships to be managed rather than on the number of accounts.
3. Develop a repeatable yet flexible sales process for your account managers.
4. Create account manager compensation programs that drive long-term strategic relationship building by striking a balance between salary (75 to 85 percent) and incentive-bonus plans (15 to 25 percent) that reward the account manager for achieving strategic, relationship, and revenue goals.

The GAM team is fully responsible for the successful development and implementation of the long-term oriented global account strategy. It has to cooperate efficiently, understand the customer's industry, monitor global logistics and develop a strategy that makes the customer more successful. The GAM team is a group of strategic, tactical and operational advisors that are responsible for their decisions and focus their entire energy on maximizing the value delivered to the customer. This value is delivered on a global basis, but it is based on fulfilling the local market needs of the multinational customer. In order to cope with this challenge, GAM teams need to be led by outstanding global account managers and consist of the right team members. Senior management support and commitment are vital in order to activate the full potential of GAM. The interpersonal, inter-organizational and intercultural skills of a company can either contribute to or block the process (Hennessey & Jeannet, 2003).

Implementing Effective Supporting Infrastructure

The goal of this challenge is to design GAM-programmes that become part of the regular company processes. There are two important approaches to this issue: (1) the human resource approach (getting the right people in the right positions) (Harvey et al., 2003b; Birkinshaw et al., 2001) and (2) the system oriented information and processes approach (Senn & Arnold, 1999; Shi et al., 2004, 2005).

However none of these research papers have dealt profoundly with the interdependence between both approaches, using different methodologies and techniques to identify design dimensions, processes and outcomes. A recent dissertation (Atanasova, 2007) addresses this research gap and analyses all relevant elements and influence factors linking them to their outcomes.

GAM programmes are highly dependent on the different people and personalities in the support network. A member of the support team is not necessarily ranked lower in the company's hierarchy. Headquarter support can only be granted be a board member and will insure the acceptance of GAM among the top management. In critical situations it might even enable effective and reactions, solving some issues in a non-bureaucratic way.

It is important to keep in mind that a successful GAM programme demands both operational and executive support.

The operational supporting network has to *"provide a professional and global service to the consumer"* (Yip & Bink, 2007a). In case that a company has more than one major GAM programme, a solution could be allocating central marketing resources to all Global Account managers (Yip & Bink, 2007b).

In addition, placing expert teams in relevant geographical locations (e.g. SAP specialists in North America, Europe and Asia Pacific) and granting the GAM teams access to them can accordingly increase the effectively of a GAM programme.

Executive support can be grounded by linking a senior executive to a Global Account.

Occasional meetings with the customer's senior executives will help deepen the business relationship with personal multilevel interconnections. These meeting can also reinforce the strategic aspect of the business relationship and enable additional efforts to reach common goals (Yip & Bink, 2007a).

Avoiding Turf Wars (Global vs. Local Sales Teams)

The GAM programme is a strategic instrument that develops a complex structure on top of an existing sales organisation. Getting the necessary support form all the levels of the organisation is a major challenge. GAM is an organization-wide initiative that requires shifts of power, responsibilities and resources from the local to the global level or from individual countries to GAM units that span boundaries (Homburg et al., 2000). Managers at various levels are confronted with trade-off decisions between local business units and global accounts. There is a major risk of conflicts between global and local sales teams while integrating the global and local sales organisations. The GAM programme is in most of the cases imposed by the top management and "*country-level organisations may start defending their turf, afraid they will start loosing power to the GAM program*"

(Krenzel, 2008). This issue occurs especially in situations where the top management fails to develop and communicate a mutual vision with common future objectives for both local and global sales teams.

A question that is very common in this context is: "*Who owns the customer*?" The local sales team will typically claim that they served and developed the customer for a long period of time and that they know the customer's decision making processes best. On the other hand, the global initiative has strong top management support and their goal is to develop a strategic partnership that goes beyond sales. The solution to this dilemma is surprisingly simple: The customer belongs to the supplier and it is the management's duty to decide the next step.

The know-how of local saes teams is vital for the success of the GAM programme, especially if best-practice examples from certain markets are used as showcases for new market entries (internal benchlearning).

A closely associated issue is the compensation and incentive structure. Sales employees often have a significant bonus share in their monthly wages. Recent research on GAM compensation states that no company has found a solution other than multiple rewards. Therefore Arnold et al. suggest that even if the decisions are split between global and local units, the incentive structure must be replicated at both levels as if it were a purely local responsibility (Arnold et al., 2001). However this expensive solution is tolerable only if the GAM approach is successful and the long-term strategy is the right one.

TOP MANAGEMENT SHORT-TERMISM

One of the major success factors of GAM programs is obtaining chief executive support (Arnold et al., 2001; Homburg et al., 2002). Millman and Wilson state that GAM is a key strategic initiative and should therefore be overseen by senior management (Millman & Wilson, 1999).

By making an unequivocal commitment to the long-term benefits of GAM, top management emphasizes global firm success as opposed to national or market-based measures. This helps managers make a trade-off and creates a global organizational mindset oriented toward the complexities of global strategy, structures and processes (Atanasova, 2007). Srivastava et al. state that marketing can only be institutionalized in organizations if it is infused in the actions of the managers who influence the work process (Srivastava et al, 1999). The most important form of top management support for GAM programmes is resource allocation and public recognition. This is vital for "*overcoming potential resistance or power struggles and legitimizing the efforts of the team as a strategic undertaker*" (Harvey et al., 2003b). This can affect the ability of the GAM team to act proactively while implementing the programme and team members will possibly ascribe lower importance and significance to their contributions (Atanasova, 2007). For example, when 3M began implementing action teams, senior management sponsors were crucial to their success. Empirical studies on GAM effectiveness (Workman et al., 2003) state that top management has a major influence on the motivation and the success of a GAM team.

Senior managers are also of major importance to GAM programmes when they are involved in developing the relationship with the customer. A replicable and systematic approach of senior executives to the customer is a sales and profitability growth factor (Senn, 2006). Companies often implement executive sponsorship and/or top-to-top relationship programs that include regular management meetings in order to discuss business opportunities and set strategies (Atanasova, 2007).

The lack of sustainable top management support has a significant negative effect on the GAM implantation process. It hinders internal and external collaboration, ignites turf wars and enforces sends out inconsistent signals to the customer. The best way to secure top management support is to quantify the value received from and deliver to the global account. Sherman et al. have developed the following road map of value quantification and communication for global account managers (Sherman et al., 2003):

1. Go through the lifetime global account exercise.
2. Assess the value you deliver to this account, its replacement costs and what investments you need to make in this relationship.
3. Question your profitability data and meet with the departments that have cost data in order to develop a profitability model.
4. Calculate the cost of your processes and focus on 20 percent of the processes that generate 80 percent of its costs.
5. Develop tool that quantify the value delivered to the customer. Isolate the value of products from the value of services you deliver.
6. If you have industry or customer-performance data, compare the costs of your business. You might be able to develop activities-based cost saving programmes.
7. Develop a normative performance database with your clients and determine where their costs are too high.
8. If the value is very difficult to quantify, work with your global account team on this issue. They will usually help you define that value.

The top management should keep in mind that it makes little sense to start a GAM implementation process and remove resources when it gets "tough". The resources and the long term commitment needed for GAM should not be underestimated.

Rewards and Incentives Structures

Many top managers have serious difficulties in moving beyond revenue and profitability selection criteria. But GAM implementation is a long term oriented project. The incentives for the GAM team should not be based in the beginning on the revenue. Gosselin and Heene (2005) argue that remuneration and measurement have a major influence on the account manager's behaviour. He has the choice between a long-term, relational perspective and a pure sales approach with a short-term, transaction orientation (Gosselin & Heene, 2005).

A reward system for GAM employees should be based on individual contributions that have positive long term effect on the supplier-customer relation. If this system is well implemented, it has the potential to amplify the motivational incentives provided by top management commitment and well-designed goals and responsibilities (Atanasova, 2007).

Appropriate GAM incentives involve a compensation package with a significant bonus contingent on certain long termed GAM-related objectives. According to Atanasova the size of this bonus varies considerably across industries and companies (from 20–30% of total compensation in companies such as Coca-Cola and HBC to 4–5 times the fixed salary in banking GAM teams at Citigroup). "It remains a strong determinant of willingness to communicate and collaborate on issues related to the global account, as well as of the level of conflict and proactiveness of the team" (Atanasova, 2007).

MANAGEMENT IMPLICATIONS

A. Approaching key customers with a strategic business offering instead of a sales initiative

An international supplier that tries to implement GAM programmes purely as a sales initiative, maximizes the chances that only sales department will control the account. The sales team will in this case spend half of its time marketing internally functions that do not meet the needs of global accounts. Cross-functional executives need to reform the entire organization, so that solely the GAM programme is in charge of the global account. Bundling responsibility for this important B2B relationship is a fast way to optimal performance.

B. Creating companywide commitment to meet (and exceed) the global client's needs and expectations

Communicating the importance and the role of the GAM programme to the entire organization is critical. Employees have to be informed how they can best serve key customers and support the GAM team. Unless all departments and all employees are committed to supporting the strategic accounts' needs and expectations, account management will always be one customer phone call away from disappointment"(Sherman et al., 2003). If a company lacks temporary GAM-implementation commitment the management will find it very difficult to (re)gain the momentum needed to shift from an internal focus to a business strategy.

C. Addressing GAM Human Resource issues in due time

A multinational supplier has to solve four top management-human resource issues while developing a customer management program: (1) finding appropriate account managers, (2) Developing additional account managers, (3) assigning the account managers and (4) rewarding the account managers appropriately. These actions have to take place simultaneously in order to sustain the GAM implementation effort over a longer period.

D. Quantifying and communicating the value received from and delivered to global accounts

Successful GAM programmes require solid returns on investments. The executive sponsors of the program should determine the customer's long-term relationship asset value and its replacement cost. Additionally they should quantify the value delivered to customers. The continuous quantification and communication of value is the best way how to justify relationship investments internally and the premium price externally (Sherman et al., 2003).

E. Creating relationships at multiple levels between the supplier and its global accounts

Global account managers should develop and maintain strong relationships with the tactical customer employees (e.g. technicians and purchasing people). Furthermore a global account manager should fulfil these additional tasks: (1) developing deep and multilevel relationships within the account—from executives down; (2) determining the global account's various buyer influences and (3) identifying, within the supplier's organisation people who could best help manage relationships within the global account (Sherman et al., 2003). The establishment of a multi-level relationship should be based on ongoing parallel linkages between supplier and customer. In an ideal situation, strategic partner organisations "mirror" each other from the global account management level to the local field support level (Arnold et al., 2001). In reality this is rarely the case and turf wars (local vs. global sales teams) arise. It is one of the most challenging tasks to address these issues. Although the GAM implementation is most likely to succeed as a top-down initiative, multiple level relationships between the two organisations are a key factor for their success.

A GAM implementation process is a highly challenging endeavour. It implies courage and caution, analytical and organisational know-how, strategic and operational top management support and a lot more. Only GAM programmes that build on multilevel relationships between their own employees and the customer's employees have the chance of reaching the complex and most rewarding Synergetic GAM stage.

REFERENCES

Arnold, D., Birkinshaw, J., & Toulan, O. (2001). Can selling be globalized? The pitfalls of global account management. *California Management Review*, *44*(1), 8–20.

Arnold, M., & Senn, C. (1999). Managing global customers – benchmarks from an international research project. *Thexis*, *4*, 36–40.

Atanasova, Y. (2007). *High-Performance Global Account Management Teams: Design Dimensions, Processes and Outcomes*. Dissertation of the University of St. Gallen, Graduate School of Business Administration, Economics, Law and Social Sciences (HSG), Gutenberg AG, Schaan.

Birkinshaw, J., Arnold, D., & Toulan, O. (2001). Global account management in multinational corporations: Theory and evidence. *Journal of International Business Studies*, *32*(2), 231–248. doi:10.1057/palgrave.jibs.8490950

Biskinshaw, J., & Mol, M. (2006). How management innovations happen. *MIT Sloan Management Review*, *47*(4), 80–88.

Cheverton, P. (2006). *Global Account Management – A complete action kit of tools and techniques for managing big customers in a shrinking world*. Kogan Page.

Gosselin, D., & Bauwen, G. (2006). Strategic account management: customer value creation. *Journal of Business and Industrial Marketing*, *21*(6), 376–385. doi:10.1108/08858620610690137

Gosselin, D., & Heene, A. (2005). Strategic implications of a competence-based management approach to account management. In R. Sanchez & J. Freiling (Eds.), *Research in Competence-Based Management (Vol. 1)* (pp. 177–200). A Focused Issue on The Marketing Process in Organizational Competence, Oxford, UK: Elsevier Science.

Harvey, M., Novicevic, M., Hench, T., & Myers, M. (2003). Global Account Management: a supply-side managerial view. *Industrial Marketing Management*, *32*, 563–571. doi:10.1016/S0019-8501(02)00280-8

Hennessey, D., & Jeannet, J. (2003), *Global account management - creating value*. Wiley & Sons.

Hollensen, S. (2007). Global Marketing (4th ed.). *Financial Times*. Prentice Hall, Pearson

Homburg, C., & Pflesser, C. (2000, November). A multiple layer model of market-oriented organizational culture: measurement issues and performance outcomes. *JMR, Journal of Marketing Research*, *37*, 449–463. doi:10.1509/jmkr.37.4.449.18786

Homburg, C., Workman, J., & Jensen, O. (2000). Fundamental changes in the marketing organization: The movement toward a customer-focused organizational structure. *Journal of the Academy of Marketing Science*, *28*(4), 459–478. doi:10.1177/0092070300284001

Krentzel, G. (2008). Obstacles and trap avoidance for successful global account management. *Velocity*, *10*(1), 16–18.

McNeill, R. (2005). Go-to-Market Frontier: Global Account Management (GAM). *Journal of Global Business and Technology*, *1*(1), 12–31.

Millman, T., & Wilson, K. (1995). From key account selling to key account management. *Journal of Marketing Practice: Applied Marketing Science*, *1*, 9–21. doi:10.1108/EUM0000000003877

Millman, T., & Wilson, K. (1999). Processual issues in key account management: Underpinning the customer-facing organization. *Journal of Business and Industrial Marketing*, *14*(4), 328–337. doi:10.1108/08858629910279916

Parvatiyar, A., & Gruen, T. (2002). Global Account Management Effectiveness: A Contingency Model. *unpublished research paper*.

Senn, C. (2006). The executive growth factor: How Siemens invigorated its customer Relationships. *The Journal of Business Strategy*, *27*(1), 27–34. doi:10.1108/02756660610640155

Senn, C., & Thoma, A. (2007). Global Business: World wise - Attracting and managing customers isn't the same when business goes global. Companies must be ready to adjust. *The Wall Street Journal (Online)*, (pp. 1-7).

Sherman, S., Sperry, J., & Reese, S. (2003). *The Seven Keys to Managing Strategic Accounts*. McGraw-Hill.

Shi, L., Zou, S., & Cavusgil, S. (2004). A conceptual framework of global account management capabilities and firm performance. *International Business Review*, *13*(5), 539–553. doi:10.1016/j.ibusrev.2004.06.001

Shi, L., Zou, S., White, C., McNally, R., & Tamer, S. (2005). Executive insights: Global Account Management Capability: Insights from Leading Suppliers. *Journal of International Marketing, 13*(2), 93–113. doi:10.1509/jimk.13.2.93.64858

Sperry, J. (2002). 2002 SAMA Performance Winner: Marriott international and Siemens. *Focus Europe* (A supplement of Velocity, the magazine of The Strategic Account Association), *2*(3), 1-4

Srivastava, R., Shervani, T., & Fahey, L. (1999). Marketing, business processes, and shareholder value: an organizationally embedded view of marketing activities and the discipline of marketing. *Journal of Marketing, 63*, 168–179. doi:10.2307/1252110

Thoma, A., Atanasova, Y., & Senn, C. (2006). Unleashing inter-organizational capabilities in global supplier-buyer relationships for competitive advantage. *Competitive paper for the Annual Meeting of the Academy of International Business*, Beijing.

Wilson, K., & Millman, T. (2003). The global account manager as political entrepreneur. *Industrial Marketing Management, 32*, 151–158. doi:10.1016/S0019-8501(02)00229-8

Workman, J., Homburg, C., & Jensen, O. (2003). Interorganizational determinants of key account management effectiveness. *Journal of the Academy of Marketing Science, 31*(1), 3–21. doi:10.1177/0092070302238599

Yip, G., & Bink, A. (2007a). *Managing Global Customers: An Integrated Approach*. Oxford University Press, USA.

Yip, G., & Bink, A. (2007b). Managing Global Accounts. *Harvard Business Review, 9*, 102–111.

Yip, G., & Madsen, T. (1996). Global account management: The new frontier in relationship marketing. *International Marketing Review, 13*(3), 24–42. doi:10.1108/02651339610122982

APPENDIX A

Case Study: Marriott International and Siemens (Sperry, 2002)

The Strategic Account Management Association (SAMA), a unique international association, is the GAM knowledge leader and provides researchers and practitioners with high quality resources, training and networking opportunities.

SAMA awarded in cooperation with S4 Consulting and the Account Management Center (AMC) the "SAMA Performance Award for Best Practices" in 2001 and 2002 to companies who showed great commitment in implementing GAM programmes with their major customers.

Marriott International was the award winner in 2002 (Sperry, 2002). Their GAM programmes together with Siemens, Deloitte & Touché and Accenture indicate the huge potential of GAM for both suppliers and customers.

Background

Marriott International is a leading worldwide premium class hotel chain based in Washington, DC with more than 2800 operating units in 66 counties and territories. It employs 143,000 people and its total sales in 2005 amounted to US$11.6b, of which 10% was generated by its 32 global accounts from various industries. The company operates and franchises hotels, develops and operates vacation ownership resorts, provides furnished corporate housing and operates conference centres (Marder, 2003).

Marriott International initiates in 1997 an Alliance Account Program (a global account coordination centre). It focuses on accounts with more than $25 million in actual or potential lodging spent per year for Marriott. The main goal is to identify and cooperate with customers whose culture aligns with that of Marriott. Although they didn't invent the GAM approach to selling, Marriott was the first hospitality firm to reengineer sales force models operating in other industries (benchlearning) and introduce a GAM strategy. The Alliance Account Program involves 14 Global Account Directors and more than 400 people in account management or global sales positions (McNeill, 2005).

The long-term plan is to use its strong global brands, unified global and local sales teams, value-added products and services and cross-functional support. In 2002 the Alliance Account Program was in charge 31 customers worth $800 million.

Marriott International-Siemens (2002)

Siemens is a $75 billion electrical engineering and electronics firm. It is based in Munich and has a presence in 190 countries. It has 250.000 travellers a year, about 120.000 of whom are based in Germany.

In 1997 Siemens takes the first step in centralizing travel management. They purchase fleet services and establish a business unit called Corporate Mobility Service (CMS). The company also maintains its country travel groups which are independent of CMS.

In 1998 Iris Riemann, an experienced Marriott manager, is named alliance account director for Siemens. She offers Siemens centralized pricing and builds a German account team to support the German Siemens travel management and meeting planners. She also contacts the Siemens UK, US and Asian travel departments and appoints account teams to these markets. These teams include Alliance Account members (top management) and all the experts needed from Marriott International.

After several meetings on the top management level, Marriott introduces electronically bookable room allocations through Siemens' intranet and started supporting Siemens travel management departments in order to increase the acceptance of online booking. As a result Marriott becomes Siemens' Corporate Travel Management's "favourite hotel supplier".

Elevating the Marriott-Siemens Relationship

In 1999 Siemens Senior Vice President Karl Kilburg accepts the role as the Marriott Focused Executive (comparable to an advising global account manager with full back-up from the top management).

Because Siemens is a solution vendor as well as a supplier to the hospitality industry, it became interested in Marriott as a customer.

In 2000 Marriott was highly interested in installing high-speed internet its European hotels. An American company called Suite Technology Systems Network (STSN) (30% owned by Marriott) had successfully fulfilled the task in North America, but they lack a strong European presence in order to provide the same installations in Europe. After several top management meetings it becomes clear that STSN is a perfect vehicle for a joint venture with Siemens. So in May 2001 Siemens invests $15 million in STSN and buys 10% of the company. Both Siemens and Marriott executives serve on the STSN board.

Siemens and STSN installs high-speed internet in all Marriott hotels in Europe. The savings for Siemens travellers resulting from using the new technology (there was an extra charge for using internet at Marriott's) were $10 per day, which translates to about $12 million saving per year solely for German-based travellers.

The Valued Delivered to Siemens

As a result of the lucrative cooperation between the two companies, Siemens reduces the average costs per traveller by $8 between 2000 and 2001. With about 220.000 room nights per year, the total annual savings were $2 millions. Using the STSN installations, Marriott is able to offer Siemens complete new packages of services targeted specially at Siemens' travellers' needs.

The value of the joint venture with STSN is difficult to quantify, but it may provide the greatest value of all.

The Value Delivered to Marriott International

The number of preferred hotels in the Siemens directory jumped from 52 (1998) to 204 (2000). The number of sold rooms to Siemens increased from 100.000 to 180.000 in the same period. The cooperation with Siemens was worth $7 million in 1998 and more than $17 million in 2001.

Additionally the long-term competitive advantage of the new communications infrastructure for business travellers might prove invaluable for Marriott International.

Benchlearning from the Marriott International-Siemens Case Study

Marriott International and Siemens had been business partners for a long period. The management was familiar with the decision making process of the business partner. The GAM programme was initiated proactively by Marriott. Their first step was implementing effective supporting infrastructure by founding the Alliance Account Program in 1997. As a result, the GAM initiators controlled enough supporting personnel in order to assess the global capabilities of Siemens (due diligence).

Marriott recruited its global account manager in charge of Siemens with great care. Iris Reimann was already an experienced manager when she was assigned to elevate the business relationship with Siemens to the next level. Together with the GAM team she developed a tailor-made solution for Siemens in 1998. Marriott took Siemens' attempt to centralize travel management into account and was well informed about the customer's independent CMS business units. Additionally Marriott assessed the future importance of intranet booking correctly. So the strategic partnership proposition came up at the right time. As a result Marriott became Siemens' Corporate Travel Management's "favourite hotel supplier".

The follow-up deal with Suite Technology Systems Network (STSN) deal was the first result of the GAM approach. On the one hand, it granted Marriott International the first mover advantage as an early adaptor of the new technology and profits because the company owed 30% of STSN shares. On the other hand Siemens got access to key technologic know-how.

This case-study shows the importance of a well timed and customer-oriented GAM approach. If it is carried out by proactive managers in cooperation with their hand-picked teams and excellent supporting infrastructure, success is no matter of chance.

APPENDIX B

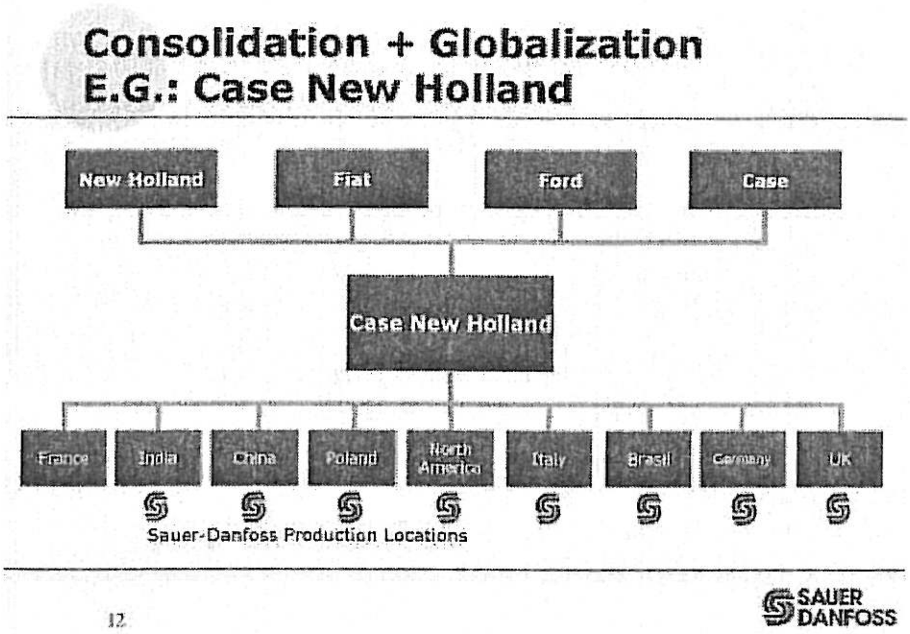
Case Study: Sauer Danfoss-Case New Holland

Sauer-Danfoss is one of the world's leading companies for the development, production and sale of hydraulic power transmission systems – primarily for use in mobile work vehicles. Sauer-Danfoss, with more than 9,500 employees worldwide and revenue of approximately USD 2.1 billion (2008), has sales, manufacturing, and engineering capabilities in Europe, the Americas and the Asia-Pacific region. Sauer-Danfoss' key global customers (GAs) are John Deere, Case New Holland, Ingersoll-Rand, Agco and Caterpillar.

One of Sauer-Danfoss' main global accounts (OEM customers), Case New Holland (CNH) is the number one manufacturer of agricultural tractors and combines in the world and the third largest maker of construction equipment. Revenue in 2008 totalled $15 billion. Based in the United States, CNH's network of dealers and distributors operates in over 160 countries. CNH agricultural products are sold under the Case IH, New Holland and Steyr brands. CNH construction equipment is sold under the Case, FiatAllis, Fiat Kobelco, Kobelco, New Holland and O&K brands.

As a result of a merger in 1999 CNH is an example of consolidation on the OEM customer side. The consequence of this consolidation is that fewer than the ten largest OEM customers will represent more than half of Sauer-Danfoss' potential sales over the medium to long term. There is no doubt that the price-down pressure will continue worldwide. The global business culture trend is leading towards a more professional buying process on the customer side. This development requires a new way of structuring the Sauer-Danfoss organization, and the answer is GAM. As illustrated in the figure, Sauer-Danfoss has met the requirements of CNH's worldwide production units by forming local production locations and GAM team groups in India, China, Poland, North America, Italy, Brazil, Germany and the United Kingdom. In partnership with CNH the GAM teams try to find more cost-effective solutions, rather than simply reduce prices. Sauer-Danfoss is following CNH into low-cost manufacturing countries, such as India and China. At all of CNH's worldwide production units there is pressure for a higher degree of outsourcing and a request for value added packages. Sauer-Danfoss tries to fulfil this requirement by supplying pre-assembled kit packages and delivering more system solutions to CNH.

Figure 8. The Sauer-Danfoss & CNH GAM (Source: Hollensen 2007, p. 658)



Svend Hollensen is PhD and associate professor of international marketing at University of Southern Denmark (Sønderborg). He has practical experience from a job as international marketing coordinator in a large Danish multinational enterprise (Danfoss) as well as from being international marketing manager in a SME. He is the author of globally published textbooks, e.g. Global Marketing, *4th ed (Pearson). This book has been published in special Chinese, Russian and Indian editions. At the end of 2009 the second edition of his '*Marketing Management – A Relationship Approach*' is published. Hollensen's research interests are within relationship marketing, globalization and internationalization of companies. Hollensen has also worked as a business consultant for several multinational companies, as well as global organizations like World Bank.*

Vlad Schröder holds a masters degree (MSc and cand. merc. int.) in business administration from the University of Southern Denmark and the University of Flensburg. His research interests are strategic partnerships between multinational corporations (Global- and Key Account Management), value co-creation, M&A and Demerger.