



Top management involvement with key accounts: The concept, its dimensions, and strategic outcomes



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ABSTRACT

This research proposes a new conceptualization of *top management involvement* (TMI) in key account management (KAM) – i.e. the breadth and nature of the construct and the specific ways in which senior executives are involved in KAM, which is derived from organization theory and insights from 27 in-depths with KAM practitioners. These dimensions are grouped in two types: direct TMI involvement (through customer contact), and indirect TMI involvement (through decision-making and organizational alignment). The authors then survey 261 key account managers and conduct multiple regression analysis to examine how the dimensions of TMI relate to KAM outcomes. They find that top managers' social interaction with customers is more relevant than business-related interaction, which can even be detrimental when focused on tactical issues. The results also suggest that senior managers should support key account management by aligning the goals and procedures of the different functional areas in the company, and by participating in decision-making of strategic issues.

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1. Introduction

The business community recognizes that top executives' need to be committed to the management of the firm's most strategic customers, and that successful key account management (KAM) requires "high-level sponsorship" (Ryals, 2012) and top management engagement, including customer meetings, support to key account managers, among other activities (Thoma, 2007). The past president of the Strategic Account Management Association (SAMA) had observed that "top management sponsorship and involvement is the most critical indicator of success" (Napolitano, 1997, 5).

The academic literature also recognizes that top management involvement is a critical factor for KAM success. Millman and Wilson (1999) consider commitment from senior management as a precondition that facilitates the implementation of KAM processes, while Pardo (1999) argues that top management should provide a strategic orientation to KAM. Furthermore Homburg, Workman, and Jensen (2002b) find that companies with a KAM approach characterized by high top management involvement tend to have higher profitability, while Workman, Homburg, and Jensen (2003) show that top management involvement (TMI) in KAM is positively related to KAM effectiveness. More recently, Salojarvi, Sainio, and Tarkiainen (2010) find that TMI is positively related to customer knowledge utilization in key account relationships, whereas Gounaris and Tzempelikos (2013) propose TMI as an important dimension of KAM orientation.

However, anecdotal evidence suggests that TMI with key accounts may not always be beneficial. Problems may occur especially when top executives make decisions regarding a customer without having enough knowledge about the customer's way of doing business, competitive situation or environment (Harro & Blinde, 2005), or when senior managers try to overtake the account during negotiations while diminishing the key account managers' role as a primary contact (Koerner, 2001).

Therefore, it seems that for both senior executives and key account managers, it may be challenging to suggest when and how TMI with key customers is required. Top managers may ask themselves: "Should I actively participate in the quarterly negotiations with this customer or should I leave this job to the key account manager (and his boss)?" Likewise, key account managers may ask themselves: "Should I call in TMI or not? And if I do, what should be my concrete request to them?"

While past research provides important insights into these issues, significant opportunity remains to advance understanding of the role of top management in relationships with key customers (Guesalaga & Johnston, 2010). First, there is a need for a rich conceptualization of TMI in KAM, i.e., the breadth and nature of the construct and the specific ways in which senior managers should be involved with key accounts. Second, the literature has been silent on the possibility that TMI in KAM can actually be harmful; the implicit premise is that more TMI is always better.

This research contributes to marketing theory and practice in the following ways. First, we propose a conceptualization of *TMI in KAM*, which includes the direct contact with customers (in business-related and social interactions) and a role within the supplier

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company, by participating in decision-making and organizational alignment. We derive our theoretical framework from organization theory – examining the literature on upper echelons (Hambrick & Mason, 1984) and strategic management (Carpenter & Sanders, 2007) – and from a qualitative study composed of the review of the managerial press in KAM and in-depth interviews with executives involved in KAM. Second, we support the practice of KAM by analyzing how the different forms of TMI in KAM relate to performance and quality of the relationship with customers. We highlight specially the roles of social contact with customers and organizational alignment, and prevent top managers from engaging in aspects of the business that are more tactical than strategic. To address these issues, we survey key account managers from a variety of industries in Chile and the United States, and perform a multiple regression analysis.

2. Conceptual framework

An overview of the conceptual model and hypotheses is presented in Fig. 1. The main variable of interest is TMI with key accounts, which can be direct (strategic customer contact, tactical customer contact, and social customer contact) or indirect (strategic decision-making, tactical decision-making and organizational alignment). We study how TMI affects KAM performance and relationship quality. We control for the size of the supplier's sales team, age of the buyer–supplier relationship, competitive intensity, and country.

2.1. TMI in KAM: The concept and its dimensions

To date, *TMI in KAM* has been conceptualized and measured in different ways. Homburg, Workman, and Jensen (Homburg et al., 2002b; Workman et al., 2003) define TMI in terms of the degree to which top managers participate in decision-making with respect to key customers. Salojärvi et al. (2010) add to the support in decision-making, the interaction of senior executives with customers and the engagement of the supplier's employees in key account relationships. Gounaris and Tzempelikos (2013) define TMI in terms of senior executives allocating resources, monitoring, participating in the design of KAM activities, and compensating KAM initiatives. Similarly, Tzempelikos and Gounaris (2013) analyze top management commitment as the role of top managers stressing the strategic importance of KAM, and actively monitoring and participating in KAM activities. These several ways to define TMI reflect the notion that top management involvement should be “multifaceted” (Capon, 2001, 82), and “decision making is but one of several roles assumed by senior leaders” (Carpenter, Geletkanycz, & Sanders, 2004, 773).

Based on the insights from the literature on organization theory, the managerial press in KAM, and the in-depth interviews to KAM practitioners, we define *top management involvement in key account management* as the degree to which senior executives in a company participate in KAM, both directly with customer contact and indirectly through decision-making and organizational alignment. In this research, senior executives are defined as those that have a position in the company two levels above the key account manager (or one if the senior executive is the chief executive officer of the firm). This operationalization of top managers is coherent with definitions being used in the upper echelons literature, and seems appropriate given the sales structure that most companies have to implement KAM programs. Wiersema and Bantel (1992) use the two highest levels of management, while Finkelstein and Hambrick (1996) include the most influential executives at the top, generally the CEO and those who report directly to him or her. O'Reilly, Snyder, and Boothe (1993) state that the definition that is used to describe top managers should correspond to the research questions that guide a particular study.

The dimensions of TMI in KAM are the following:

3. Direct involvement

3.1. Strategic customer contact

The extent to which top managers engage in customer contact on issues that are of major importance to the business, with long-term effects; for example, how the two firms can grow together in the long-term or how to expand the business into new market segments.

3.2. Tactical customer contact

The extent to which top managers engage in customer contact on issues that are relevant to the regular business and operation, with short-term effects; for example, the delivery of products, post-sale service, and the day-to-day interaction between the two companies.

3.3. Social customer contact

The extent to which the supplier's top managers socialize and develop personal relationships with the buyer's executives.

4. Indirect involvement

4.1. Strategic decision-making

The extent to which top managers make decisions of major importance to the business, with long-term effects; for example, establish long-term investments with customers, and determine whether the relationship with a customer should be altered in a meaningful way.

4.2. Tactical decision-making

The extent to which top managers make decisions that are relevant to the regular business and operation, with short-term effects; for example, decide which marketing actions should be implemented with a customer, and how should the company manage regular customer complaints.

4.3. Organizational alignment

The extent to which top managers have an active role in lining up the goals and promoting collaboration among people from different functional areas that are involved in serving or working with key customers.

4.4. Foundations from organization theory

The upper echelons perspective (Hambrick & Mason, 1984) emerged as a fundamental stream of research in organization theory. It suggests that top managers have great impact on the decisions made and ultimately on the outcomes achieved by firms. The characteristics of senior executives and top management teams, and the processes by which they intervene, are critical to organizational performance (Hambrick & Mason, 1984; Priem, Lyon, & Dess, 1999; Smith et al., 1994). One of these intervening processes is decision-making, which has been found to be associated to senior executives' tenure, education, and competitive aggressiveness (Papadakis & Barwise, 2002). Moreover, senior executives provide an interface between the firm and its environment (Carpenter et al., 2004), their ties to external organizations are critical for boundary-spanning activities, and the alignment of these ties with the informational requirements of the firm's strategy can enhance performance (Geletkanycz & Hambrick, 1997).

Organization theory also proposes that employees in a company should be socialized into the organization so that their goals are more aligned with the organization's goals and strategy, and that top

managers are supposed to exercise considerable influence on organizational alignment (Carpenter & Sanders, 2007; Powell, 1992). This is consistent with Mintzberg (1973), who posits that handling internal conflicts, such as infighting by divisions or managers over responsibilities and authority, often requires the intervention of senior managers. Similarly, Fiegenbaum, Hart, and Schendel (1996) argue that senior managers must send consistent messages and align strategies, systems, and processes to achieve high performance.

The literature on upper echelons and strategic management also highlights the notion that top managers should be involved in decisions that are *strategic* in nature, that is, important in terms of the actions taken and the resources committed; those infrequent decisions that critically affect organizational health and survival, and can change the firm's direction and generate new competitive advantages (Eisenhardt, 1999; Eisenhardt & Zbaracki, 1992). Carpenter et al. (2004) state that "individuals at higher levels are expected to have greater influence on decisions that are strategic in nature."

4.5. Insights from the managerial press on KAM and the interviews to executives

Capon (2001) argues that senior executive's responsibility is to "develop and cement personal relationships, and to be involved as necessary in contract negotiations" (p. 73), that "top management must support development of key account culture in the organization," (p. 83) and that "it is top management's responsibility to ensure that all personnel truly understand the importance of key accounts to the firm's future." (p. 84). Koerner (2001) suggests that top managers should be involved with key accounts in "discreet, exploratory discussions into areas such as corporate direction, commitment and expansion in research and development, mergers and acquisitions" Furthermore, LaNasa (2002, 36), states that "customer teams need to be driven from the top. Senior management needs to lead and manage the teams and build an ongoing working relationship with customer counterparts." In addition, Wilson (2001) argues that senior executives should be involved in the account planning process, as well as interacting with customers both in business and social activities.

From the interviews that we conducted to executives involved in KAM, there was agreement that top managers have a critical role in gaining customer trust and rapport through social interaction. However, both key account managers and their supervisors indicated that in business – rather than social – meetings with customers, the presence of top managers was not always beneficial, or even welcome. One key account manager expressed this idea by saying "our VP of sales doesn't really know what is going on with the customer on a daily basis, and in some meetings that is so evident that customers get upset...and that can hurt the relationship with our company because we lose credibility." Another aspect that appeared in the interviews as very critical is the role of senior management in aligning the different areas of the company to provide good service to key customers. To illustrate this point, the key account manager of an industrial company said: "It is so hard to convince people in production about the importance of meeting customers' requirements, that we need top executives to intervene." Furthermore, key account managers valued when their senior executives socialized with their counterparts in the buyer's company, because they generate goodwill toward them and the supplier company, and many times that translated into better access to the customer's senior executives.

4.6. KAM outcomes: KAM performance and relationship quality

The KAM literature suggests that the success of a KAM program should be measured by both economic and relational outcomes. For example, Homburg et al. (2002b) and Workman et al. (2003) use KAM effectiveness as a critical outcome, which includes aspects of economic performance, such as sales and product margins, and also elements

related to the overall relationship with customers, such as mutual trust and a long-term relationship. Similarly, Sengupta, Krapfel, and Pusateri (1997) look at KAM objective performance (share of customer purchases, sales and profits) as well as KAM subjective performance (customer satisfaction and mutual cooperation among other aspects). This is consistent with Weitz and Bradford (1999), who suggest that both behavioral and attitudinal measures of performance should be considered in the relationship selling context.

The managerial press also acknowledges this belief. In his book, *Key Account Managing and Planning*, Noel Capon (2001, 204) advises that "In addition to 'hard' performance measures, the key account manager should assess the current strength of the supplier-firm/key-account relationship..." Therefore, we consider the following two variables as KAM outcomes:

- (a) *KAM performance* refers to the supplier firm's economic achievements with key customers in terms of growth in dollar sales, profitability, and share of customers' purchases.
- (b) *Relationship quality* is a higher-order construct that encompasses satisfaction, trust, and commitment. These three aspects capture attitudinal elements that speak both to the present state as well as to the expectations of the future of the relationship (Weitz & Bradford, 1999). Satisfaction refers to a positive affective state that results from the appraisal of all aspects of a firm's working relationship with another firm (Anderson & Narus, 1984). Trust is the willingness to rely on an exchange partner in whom one has confidence (Moorman, Zaltman, & Deshpande, 1992). Commitment is the desire to develop a stable relationship with the retailer, a willingness to make short-term sacrifices to maintain the relationship, and a feeling of confidence in the stability of the relationship (Anderson & Weitz, 1992).

4.7. Top management direct involvement and KAM outcomes

The upper echelons literature supports the idea that senior executives are expected to contribute to the most strategic aspects of the business. They can provide knowledge that key account managers may not, because of a broader vision of their company, the industry and the overall business. They may be willing to take some extra risks when bargaining with customers because they have more power than key account managers. Moreover, because they are more connected to networks outside the industry, top managers may identify business opportunities that executives in hierarchically lower positions may not notice (Collins & Clark, 2003). Also, by having senior managers involved in strategic issues with key accounts, the supplier signals commitment to the customer, which should generate customer satisfaction and trust in the supplier. Furthermore, key account managers should perceive strategic customer contact by senior managers as a relevant support to their job and a source of motivation, which can boost their effort, and consequently the performance and customer satisfaction through a contagion effect (Homburg & Stock, 2004).

By contrast, top managers' tactical customer contact may end up being detrimental. If a top executive appears as taking over the account, the customer might think that the key account manager does not have the required skills or authority to deal with tactical issues. This can lead to customer distrust of the supplier's middle-level management. Moreover, it can frustrate key account managers; they may feel that their boundary role is weakened and that they have lost power with the customer. Role ambiguity may increase, which can negatively affect key account managers' job satisfaction and organizational commitment (Brown & Peterson, 1993), as well as their performance (Singh, 1998). Consistent with Homburg and Stock (2004), if key account managers are dissatisfied with their job, they are likely to spill this feeling over to the customer and negatively affect customer satisfaction.

Top managers' social contact with customers should help to increase the performance with key accounts. As Hurcomb (1999) "...the most effective companies owe much of their success to the personal dimension, in particular to the roles played by the most senior management in building and nurturing strategic customer relationships."

Establishing personal bonds enhances trust and motivates information sharing with the other. The exchange of information between top executives in a buyer and supplier firm may boost the business between the two companies; they are well connected with people who can alert them to important opportunities and threats (Mehra, Dixon, Brass, & Robertson, 2006). In addition, the establishment of personal-level relationships should generate trust in benevolence, which should make them more willing to take some extra risks in undertaking new business ventures together (McAllister, 1995). Molm, Takahashi, and Peterson (2000) show that reciprocal exchanges produce both high levels of trust and stronger feelings of affective commitment among the parties. However, we expect this relationship to have an inverted-U shape, in the sense that moderate levels of top managers' social contact with key customers should provide the greatest benefits in terms of performance and relationship quality. If senior managers are too involved in social interaction with key accounts, that could deviate their attention to business-related activities that are critical for performance, and at the same time may transmit confusing signals to customers, who might expect just a certain amount of social interaction with suppliers' senior managers.

Therefore, we hypothesize:

H1. TMI in *strategic customer contact* is positively related to KAM performance and relationship quality.

H2. TMI in *tactical customer contact* is negatively related to KAM performance and relationship quality.

H3. TMI in *social customer contact* has an inverted-U relationship with KAM performance and relationship quality.

4.8. Top management indirect involvement and KAM outcomes

Previous literature on KAM has found that TMI in decision-making leads to greater KAM effectiveness (Workman et al., 2003). This may be due to top managers having a broader perspective of their company, the industry, and the business with customers and are more likely to develop social networks that provide them with access to unique sources of information. In addition, senior executives' experience, vision, and position in the company can trigger decision-making on issues that appear to be highly uncertain but that can have a big impact on the long-term performance with key customers. Carpenter and Sanders (2007, 7) argue that senior executives contribute to organizational performance by "making substantive implementation-lever and resource-allocation decisions and developing support for the strategy from key stakeholders."

However, top executives' decision-making on topics that are tactical in nature can put a damper on the performance with customers. It is likely that senior executives will be uninformed of some aspects of the day-to-day relationship and business with the customer. Research on upper echelons describes this situation as an "attention-based" phenomenon or "bounded rationality" (Hambrick & Mason, 1984; Ocasio, 1997; Thomas & Simerly, 1995), where top managers have the ability to scan only limited portions of the external environment, and selectively perceive some stimuli. In addition, key account managers may consider top executives' decision-making on tactical issues to be intrusive, and feel that they lose empowerment. This can negatively affect their job satisfaction and their motivation to manage the customer relationship, which can damage the performance with the account.

Top managers' efforts in aligning goals and encouraging information sharing among people from different departments in the company may

increase KAM performance by fostering cross-functional cooperation (Song, Montoya-Weiss, & Schmidt, 1997). This is consistent with Sethi (2000), who emphasizes the importance of creating a strong superordinate identity to enhance team effectiveness and with Griffin and Hauser (1996, 206), who claim that "top management should support proactively the culture..." The performance of key account managers depends heavily on work performed by people from other functions over whom they have no formal authority; consequently, top management support is very important in aligning goals to better manage the relationship with key accounts (Hutt, 1995).

A higher coordination among KAM team members should result in better service to customers, such as adequate timing of product delivery, accurate information about inventories and order status, and timely release of new products. These accomplishments should improve the supplier's economic performance with the account and boost customer's satisfaction with the relationship and trust in the supplier's expertise. As one of the key account managers interviewed mentioned: "The customer knows when our company is internally well coordinated and when it is not. It is very easy for him to notice misalignments or conflicts among our functional areas, and that irritates him a lot because it translates into bureaucracy and uncertainty."

However, we expect the relationship between organizational alignment and KAM outcomes to have an inverted-U shape, meaning that moderate levels of TMI in this dimension should bring the greatest benefits. If senior executives spend too much time and effort coordinating the actions of different departments, that might be interpreted as being too monitoring, which may frustrate middle-level executives and this may negatively affect their performance with key customers. This excessive involvement of top managers in organizational alignment may dampen customers' trust on the capabilities of the key account manager and/or the supporting sales structure, and this can potentially affect the quality of the buyer-supplier relationship.

Therefore:

H4. TMI in *strategic decision-making* is positively related to KAM performance and relationship quality.

H5. TMI in *tactical decision-making* is negatively related to KAM performance and relationship quality.

H6. TMI in *organizational alignment* has an inverted-U relationship with KAM performance and relationship quality.

In addition to the dimensions of TMI in KAM, we control for the following variables that could potentially affect KAM performance and relationship quality: *sales team size*, *age of the buyer-supplier relationship*, *competitive intensity*, and *country*.

5. Research methodology

5.1. Research design, sample, and data collection

5.1.1. Qualitative phase

We interviewed 27 executives involved in KAM: fifteen key account managers, six sales vice-presidents (who supervised the account managers), and six top executives (who supervised the sales vice-presidents). These managers belonged to eight different industries: industrial chemicals, forestry/lumber, beauty and cosmetics, paper packaging, telecommunications, winemaking, automotive, and advertising. The general purpose of these interviews was to understand why and how top executives get involved in the business and relationship with strategic customers. The insights obtained from this phase, together with a thorough revision of the academic and managerial literature on KAM, were used to identify the dimensions of TMI, obtain information on how to measure them, and provide arguments to support the hypotheses that were tested in the second phase of the study.

Some of the questions we asked KAM executives were the following: “How do senior managers in your company participate in the business and/or relationship with key accounts?”; “How can top managers contribute most to the performance with key accounts?”; “What are the specific requests that key account managers in your company do to senior executives, and why?”; “Are there any instances where you feel top managers’ involvement (or intervention) with key customers is detrimental? Can you describe them? In what respect is it detrimental?”; “What should be the role of senior managers within the company to support KAM? And directly with customers?”; “In which circumstances TMI with key accounts is more important, and why?”

5.1.2. Quantitative phase

A cross-sectional sample of U.S. and Chilean supplier companies was used to test the conceptual model. Primary data was collected using survey methodology; key account managers were selected as key informants because they are the most knowledgeable to answer the questions of the study. Still, respondents were asked at the end of the survey to rate their knowledge (using a Likert-type scale with 1 = “hardly knowledgeable” and 7 = “very knowledgeable”) about the topics being asked (Jap, 1999). Participants with average scores less than 4.0 were removed from the sample.

The sample frame was built from the following sources: U.S. companies from the Institute for the Study of Business Markets’ (ISBM) company member directory, the SAMA’s peer directory, and the Goizueta Business School’s Alumni database, and Chilean companies from the Chilean advertising association (ANDA), and the Pontificia Universidad Católica de Chile’s company network. We invited the head of the sales department in each company to participate, by providing access to key account managers and identifying the accounts that should be included in the sample. We asked them to consider in their selection of key accounts a variety of criteria, such as dollar sales, profitability, growth potential, access to specific segments, reputation in the industry, and cultural fit; these are the aspects that have been identified in the KAM literature as most relevant (Davis & Simmons, 2002; Sharma, 1997).

We obtained a sample of 261 respondents, with a response rate of 68%. These are usable responses after eliminating 19 questionnaires with extensive missing data. From the total sample, 52% of the participants worked for U.S. companies and 48% for Chilean companies. In terms of industry type, 42% of the participants worked for manufacturing firms of industrial products, 38% for manufacturing firms of consumer products, and 20% for service provider companies.

The questionnaire was available in English and Spanish. To make sure that the two instruments were consistent, one person translated the questionnaire from English to Spanish, and then a second person translated the Spanish version back to English; only a few differences were found in the translations, which were discussed by the translators until they reached an agreement. The questionnaire was pre-tested with six key account managers (three for the English version and three for the Spanish version) from different industries and backgrounds. The final questionnaire was sent to participants along with a cover letter explaining the purpose of the study, the confidentiality of the individual responses, and the reports that they would receive in appreciation for participating in the study. A key aspect in this study was to clearly communicate to participants who should be considered the relevant top manager when completing the survey. Based on insights from the upper echelon literature and the interviews with managers involved in KAM, respondents were directed to identify one person, two levels above their position in the organization, who is most likely to be involved in the relationship with the customer.

5.2. Measurement of the constructs

A complete list of the scales used for the variables, the Cronbach’s alphas, and the items’ loadings (for the reflective variables) is included in Table 1.

The measurement model shows a good fit. The chi-square is 1102.22 ($p < .00$, with 574 degrees of freedom). The comparative fit index (CFI) is .98, the incremental fit index (IFI) is .98, the non-normed fit index (NNFI) is .97, and the Root Mean Square Error of Approximation (RMSEA) is .058. Collectively, these fit indices show a good fit for the model (Hu & Bentler, 1999; Schumacker & Lomax, 2004). Convergent and discriminant validity were checked, following the procedure suggested by Fornell and Larcker (1981).

Most of the variables were measured using a Likert-type scale of statements where the respondents indicated their level of agreement, on a scale from 1 = “strongly disagree” to 7 = “strongly agree.” Scales were adopted or adapted from previous studies for the dependent and moderating variables. In particular, KAM performance was measured as a formative index, including growth in dollar sales, profitability, and share of customer’s purchases. New scales were developed for the dimensions of TMI in KAM.

5.3. Model estimation

The model was tested using seemingly unrelated regression analysis. This approach improves the efficiency of the estimation by incorporating the possible correlation of the disturbance terms in both regression equations (Kmenta, 1997). This is likely to happen given that either non-observable variables or unanticipated shocks (e.g., the entrance of new competitors) will probably impact both KAM performance and relationship quality. Thus, we address this simultaneity effect by allowing the errors of the two equations to co-vary, and by adding this information to the model, there is gain in the efficiency of the estimators.

To test for potential non-linear effects between the dimensions of TMI and KAM outcomes, we incorporated in the model the squared terms of each TMI dimension. By doing this we are able to test two of the hypotheses (the inverted-U effects of social customer contact and organizational alignment), improve model specification and the robustness of the analysis, and explore other potential non-linear effects that are not explicitly proposed as hypotheses.

Following the recommendations by Aiken and West (1991) and Jaccard and Turrisi (2003), the predictor variables involved in the quadratic terms were mean-centered; this transformation does not affect the square multiple correlation of the equations or the significance tests of the coefficients, and it reduces possible computational problems due to potential high collinearity among the variables and their quadratic terms.

The model specification is the following:

$$\begin{aligned} \text{KAM performance} = & \beta_0 + \beta_1 \text{Strat.CusCon} + \beta_2 (\text{Strat.CusCon})^2 \\ & + \beta_3 \text{Tac.CusCon} + \beta_4 (\text{Tac.CusCon})^2 + \beta_5 \text{Soc.CusCon} \\ & + \beta_6 (\text{Soc.CusCon})^2 + \beta_7 \text{Strat.DecMak} \\ & + \beta_8 (\text{Strat.DecMak})^2 + \beta_9 \text{Tac.DecMak} + \beta_{10} (\text{Tac.DecMak})^2 \\ & + \beta_{11} \text{Org.Align} + \beta_{12} (\text{Org.Align})^2 + \beta_{13} \text{Sales.Team.Size} \\ & + \beta_{14} \text{Relat.Age} + \beta_{15} \text{Compet.Int.} + \beta_{16} \text{Country} + e \end{aligned}$$

$$\begin{aligned} \text{Relationship quality} = & \beta_0 + \beta_1 \text{Strat.CusCon} + \beta_2 (\text{Strat.CusCon})^2 \\ & + \beta_3 \text{Tac.CusCon} + \beta_4 (\text{Tac.CusCon})^2 + \beta_5 \text{Soc.CusCon} \\ & + \beta_6 (\text{Soc.CusCon})^2 + \beta_7 \text{Strat.DecMak} \\ & + \beta_8 (\text{Strat.DecMak})^2 + \beta_9 \text{Tac.DecMak} + \beta_{10} (\text{Tac.DecMak})^2 \\ & + \beta_{11} \text{Org.Align} + \beta_{12} (\text{Org.Align})^2 + \beta_{13} \text{Sales.Team.Size} \\ & + \beta_{14} \text{Relat.Age} + \beta_{15} \text{Compet.Int.} + \beta_{16} \text{Country} + e \end{aligned}$$

We conducted a Chow test (Chow, 1960) to test whether it was reasonable to pool the U.S. and the Chilean samples for the regression analysis. For both dependent variables (KAM performance and relationship quality), the test fails to reject the null hypothesis that there is no significant difference between the regression coefficients in both subsamples. The analysis is, then, based on the pooled U.S. and Chilean data.

Table 1

Measures for the constructs, coefficient alpha, and item loadings.

<i>This top executive that you have identified...</i>		
Strategic customer contact (new scales); alpha = .95		Loading
1. Is active in discussing with this customer issues that are strategic for our firm.		.84
2. Talks to this customer about how the two firms can grow together in the long-term.		.93
3. Discusses with this customer how to expand the business into new product categories or market segments.		.85
4. Participates in negotiations that can have a big impact on our company's welfare.		.70
Tactical customer contact (new scales); alpha = .91		Loading
1. Chats directly with this customer when problems with the delivery of products or post-sale service arise.		.88
2. Often discusses with this customer issues related to the day-to-day interaction between the two firms.		.80
Social customer contact (new scales); alpha = .93		Loading
1. Socializes with people from this account.		.87
2. Has developed a personal relationship with executives from this account.		.89
3. Interacts with people from this account at social, religious, or sports-related activities.		.69
Strategic decision-making (new scales); alpha = .93		Loading
1. Is involved in any major decision about this customer that has a strategic impact for our firm.		.76
2. Has an important role in deciding whether the relationship with this customer should be altered in a meaningful way.		.77
3. Is active in establishing the long-term investments that need to be made with this customer.		.83
4. Is involved in determining the appropriate organizational structure to serve this customer.		.69
Tactical decision-making (new scales); alpha = .91		Loading
1. Is involved in deciding the marketing actions that need to be implemented with this customer.		.77
2. Participates in determining the prices we should charge this customer.		.69
3. Decides what to do when this customer complains about the service received.		.84
Organizational alignment (new scales); alpha = .95		Loading
1. Is active in aligning the goals of the different functional areas to serve this customer better.		.78
2. Influences the way people from different functional areas interact to serve this customer.		.88
3. Encourages the people involved in servicing this customer to collaborate with each other.		.81
4. Tries to foster high levels of information sharing among people from different functional areas.		.77
5. Is active in creating a customer-oriented culture within the company.		.74
KAM performance (formative scale, adapted from Menon et al., 1999; Workman et al., 2003)		
1. Our dollar sales to this customer have grown more than sales to other key customers during the past 12 months.		
2. This customer's contribution to our company's net profits is higher than the average contribution of all our customers.		
3. Approximately what percentage of this customer's purchases does your company capture? (for the product category)		
<i>Relationship quality</i>		
Satisfaction (adapted from Jap, 2001; Kumar et al., 1992); alpha = .94		Loading
1. Our relationship with this customer has been a successful one.		.85
2. This customer is very pleased with their working relationship with our company.		.90
3. Overall, the quality of the relationship with this customer has fallen far short of our expectations. (R)		.79
Trust (adapted from Ganesan, 1994; Kumar et al., 1995); alpha = .95		Loading
1. This customer believes that we are very concerned about their welfare.		.87
2. This customer trusts our capabilities to perform effectively.		.83
3. This customer believes that we care a lot about their needs.		.88
Commitment (adapted from Anderson & Weitz, 1992); alpha = .94		Loading
1. This customer is willing to make a long-term investment to help us.		.61
2. This customer is very committed to us.		.92
3. This customer sees our relationship as a long-term alliance.		.80
4. This customer has a strong sense of loyalty to us.		.88
Competitive intensity (Adapted from Homburg et al., 2002a; Jaworski & Kohli, 1993); alpha = .72		Loading
1. We face intense competition for this customer's business.		.79
2. Anything we can offer to this customer, our competitors can match readily.		.30
3. Price competition is a hallmark of our industry.		.28
Sales team size (new scales)		
How many people in the sales department (including you) are involved in servicing or working with this customer? _____ people		
Relationship age		
For how long has your firm done business with this customer? _____ years.		

To check the robustness of the results, we also conducted simple linear regressions for each of the dependent variables, and the results remained the same, with only minor changes in the p-values, but without changing any significance of the variables of interest (even control variables) and the hypotheses.

To check whether multicollinearity was present, we computed the variance inflation factors (VIF) for all the predictors in each equation. In both equations, the maximum VIF among the predictors is 4.91 (with an average of 2.32); these values are well below the cutoff of 10, over which multicollinearity may be unduly influencing the least squares estimates (Kutner, Nachtsheim, Neter, & Li, 2004). This result suggests that multicollinearity is not a problem.

Because some of the respondents belonged to the same company, we checked whether there was a “company effect” that could potentially affect the significance of the results. To account for this situation in the analysis, we conducted a regression with robust standard errors, clustering the observations into companies. We compared the

significance tests, with and without clustering the observations, to check if there was any hypothesis that, being supported without clustering, was not using the cluster option. All the supported hypotheses remained supported.

6. Results

Table 2 shows the descriptive statistics, and Table 3 the results of the seemingly unrelated regression analysis. The model has a good fit ($p < .00$ for both equations), explaining 30.77% of the variation in KAM performance, and 45.43% of the variation in relationship quality, as indicated by the coefficients of determination (R^2).

6.1. Dimensions of TMI

Hypothesis 1, which anticipated a positive association between TMI in *strategic customer contact* and both performance and relationship

Table 2

Descriptive statistics: Means, standard deviations, and correlations.

Variable	M	SD	1	2	3	4	5	6	7	8	9	10
1. Strategic cust. contact	4.78	1.75	1.00									
2. Tactical cust. contact	3.14	1.80	.41	1.00								
3. Social cust. contact	3.85	1.82	.72	.40	1.00							
4. Strategic dec. making	5.18	1.49	.77	.28	.56	1.00						
5. Tactical dec. making	4.38	1.71	.38	.66	.27	.34	1.00					
6. Org. alignment	4.88	1.54	.72	.29	.65	.73	.31	1.00				
7. Competitive intensity	5.38	0.86	−.01	.09	−.09	−.00	.12	−.04	1.00			
8. Relationship age	16	14.69	.10	.04	.13	.13	−.07	.12	−.02	1.00		
9. Size of sales team	5.61	6.75	.04	.05	.05	.12	−.05	.11	−.08	.29	1.00	
10. KAM performance	59.7	21.61	.31	−.06	.40	.32	−.05	.38	−.23	.04	−.03	1.00
11. Relationship quality	5.33	1.23	.39	−.09	.46	.35	−.04	.51	−.15	.01	−.11	.68

Note: Correlations greater than .15 are significant at a 95% level of confidence.

quality, is not supported ($\beta_1 = -0.65$, n.s. and $\beta_1 = .011$, n.s., respectively). Hypothesis 2, which anticipated a negative relationship between TMI in *tactical customer contact* and both performance and relationship quality, is supported ($\beta_3 = -2.43$, $p < .05$ and $\beta_3 = -.17$, $p < .01$, respectively). We also find a marginally significant ($p < .10$) non-linear effect between *tactical customer contact* and KAM performance, suggesting that the negative main effect has an increasing impact at higher levels of TMI in this dimension. Hypothesis 3, which predicted an inverted-U association between TMI in *social customer contact* and both performance and relationship quality, is partially supported. The main linear effect is positive and significant for both KAM performance and relationship quality ($\beta_5 = 3.77$, $p < .01$ and $\beta_5 = .21$, $p < .01$, respectively); however, the quadratic effect is significant and negative only with relationship quality ($\beta_6 = -0.04$, $p < .05$). Therefore, *social customer contact* is positively related to performance and has an inverted-U relationship with relationship quality. Hypothesis 4, which predicted a positive association between TMI in *strategic decision-making* and both performance and relationship quality, is partially and only marginally supported ($\beta_7 = 2.78$, $p < .10$, and $\beta_7 = .07$, n.s. respectively). Interestingly, there is a significant and positive non-linear relationship between TMI in *strategic decision-making* and relationship quality ($\beta_8 = .07$, $p < .05$). An F-test indicates that the total effect of strategic decision-making on relationship

quality is marginally significant ($F = 2.90$; $p = .0572$). Hypothesis 5, which anticipated a negative relationship between TMI in *tactical decision-making* and both performance and relationship quality, is not supported ($\beta_9 = -0.62$, n.s., and $\beta_9 = -0.01$, n.s., respectively). Finally, Hypothesis 6, which predicted an inverted-U relationship between TMI in *organizational alignment* and both performance and relationship quality, is supported. For KAM performance, the main linear effect is not significant ($\beta_{11} = .84$, n.s.) and the quadratic effect is marginally significant and negative ($\beta_{12} = -1.08$, $p < .10$). An F-test shows that the total effect of organizational alignment on performance is significant ($F = 3.19$; $p = .0429$). For relationship quality, the linear effect is significant and positive ($\beta_{11} = .19$, $p = .01$), whereas the quadratic effect is significant and negative ($\beta_{12} = -0.10$, $p < .01$).

Control variables. *Sales team size* is not significantly related with performance ($\beta_{13} = -0.14$, n.s.), but it is negatively associated with relationship quality ($\beta_{13} = -0.01$, $p < .05$). *Relationship age* is not significantly related to neither performance ($\beta_{14} = -0.05$, n.s.) nor relationship quality ($\beta_{14} = -0.00$, n.s.). *Competitive intensity* is significantly related with performance ($\beta_{15} = -4.02$, $p < .01$) but not with relationship quality ($\beta_{15} = -0.10$, n.s.). Finally, *country* is marginally related with performance ($\beta_{16} = 4.12$, $p < 1.00$), but not related with relationship quality ($\beta_{16} = .02$, n.s.).

Table 3

Seemingly unrelated regression (SUR).

Equation	Obs	Parms	RMSE	R-sq	Chi-sq	P-value
KAM performance	261	16	11.94	.3077	116.01	.000
Relationship quality	261	16	0.91	.4543	217.32	.000
Predictors	KAM performance			Relationship quality		
	Coef.	SE	P-value	Coef.	SE	P-value
Intercept	80,596	7.86	.000	6045	0.40	.000
<i>TMI dimensions</i>						
Strategic customer contact	−0.65	1.41	.644	.01	0.07	.873
Strategic customer contact-SQ	.20	.49	.692	.03	.02	.292
Tactical customer contact	−2.43	1.01	.016	−0.17	.05	.001
Tactical customer contact-SQ	.81	.45	.075	.03	.02	.273
Social customer contact	3.77	.97	.000	.21	.05	.000
Social customer contact-SQ	−0.43	.45	.339	−0.04	.02	.048
Strategic decision-making	2.78	1.52	.068	.07	.08	.381
Strategic decision-making-SQ	.53	.54	.334	.07	.03	.014
Tactical decision-making	−0.62	.96	.518	−0.01	.05	.803
Tactical decision-making-SQ	.26	.45	.561	.04	.02	.117
Organizational alignment	.84	1.47	.566	.19	.07	.010
Organizational alignment-SQ	−1.08	.59	.068	−0.10	.03	.001
<i>Control variables</i>						
Size of sales team	−0.14	.10	.165	−0.01	.01	.014
Relationship age	−0.05	.08	.577	−0.00	.00	.429
Competitive intensity	−4.02	1.35	.003	−0.10	.07	.146
Country	4.12	2.42	.089	.00	.12	.982

7. Discussion

This study proposes a new conceptualization of *TMI in KAM*, with its dimensions grouped in two types: direct involvement (through customer contact) and indirect involvement (through decision-making and organizational alignment). Therefore, we contribute to the literature in KAM that has looked at this relevant construct (e.g., Gounaris & Tzempelikos, 2013; Homburg et al., 2002b; Salojärvi et al., 2010), by proposing a multi-faceted definition of TMI, and analyzing how it relates to KAM performance and the quality of the relationship with customers.

This research also contributes to the organization theory literature on upper echelons by examining how the actions of top managers – rather than their demographic characteristics – affect organizational performance. Several authors recognize that more research is needed to understand the intervening processes by which senior executives contribute to strategy making and firm performance (Priem et al., 1999; Smith et al., 1994).

A major finding of this study is that senior managers can best contribute to KAM by having social contact with customers, rather than business-related contact, even if the latter is focused on strategic issues. However, we find that there is an inverted-U relationship between TMI in social customer contact and relationship quality, which indicates that moderate levels of involvement in this dimension are best. We also find that top managers play a critical role in securing organizational alignment with key accounts, which helps in achieving higher KAM performance and relationship quality with the customers. Nevertheless, this type of involvement need not be too intense, because after a certain point its impact on KAM outcomes declines: it is possible that too much participation of top managers in aligning the different functional areas in the company may frustrate middle-level executives and confuse customers, with negative consequences in terms of performance and the quality of the relationship with key accounts. We also find that TMI in KAM is not always beneficial: it can actually harm the performance and the relationship with key accounts when senior executives intervene in tactical issues, through customer contact. This result is consistent with the notion that top managers are selective in scanning only limited portions of the external environment (Thomas & Simerly, 1995); therefore, they may be uninformed about the specifics of the customers, and this can frustrate both key account managers and customers. Instead, senior executives should support decision-making with key accounts on aspects that are strategic for the company and the future of the relationships with customers.

This research has several managerial implications. First, senior executives in supplier firms should engage in social contact with key customers as part of their agendas; they must be aware that instead of spending too much time participating in business meetings, they should favor social interaction with customers, to generate trust and loyalty and to contribute to KAM performance. Still, and specially because top managers' time is a valuable resource for most companies, they do not have to spend too much time in social activities with customers: an excess on this may deviate top managers attention from activities that support KAM performance, and may also reach a point where customers feel that more social interaction is worthless.

A second key managerial implication for senior executives is that they should avoid interventions in business meetings with customers on issues that are more tactical, such as post-sale service, product delivery, or day-to-day coordination; these are matters that key account managers should take care of. The results of this study are consistent with the bad experiences of some companies, where senior executives make comments and decisions on tactical aspects in front of a customer without being properly informed about the business scenario; these types of interventions may contradict some actions or decisions of the key account manager and possibly confuse customers and signal a lack of confidence in the key account manager.

In addition, senior managers must be active in aligning the goals of the different functional areas and motivate people in the organization to collaborate and share information, to support key account initiatives. This is especially relevant in companies where key account managers do not have formal authority over executives from other areas that are critical in providing good service to key customers. However, senior managers should be aware that too much involvement in this aspect may be detrimental if, for example, middle-level managers feel over-monitored or customers interpret this participation as a lack of competencies in the key account manager or other executives in the supplier company.

Likewise, key account managers should ask top managers to contribute by developing interpersonal relationships with customers, and securing organizational support to effectively manage the relationship with key accounts. They should also expect that senior executives will probably not add much in KAM planning, and in meetings with customers; therefore, key account managers should take full responsibility for managing the business relationship with key accounts themselves, of course with the support of the entire organization, but not being too dependent on senior management. Overall, both senior executives and key account managers need to recognize that TMI in KAM is not always beneficial to the supplier company.

A limitation of this study is that it only captures the perspective of the key account manager. Therefore, some common source bias (Podsakoff, MacKenzie, & Lee, 2003) may exist, driven by a consistency motif (propensity to try to maintain consistency in the responses), or implicit theories (respondents' beliefs about the co-variation among variables). Several actions were taken to reduce the chances of this type of bias. They include: assuring respondents total confidentiality of the individual responses, and that there are no right or wrong answers; designing a questionnaire with different sections for the independent and dependent variables; using different scales for the performance measures; and pre-testing the survey to check that respondents could not guess the theory behind the study. In addition, we conducted the Harman's one-factor test and examined the unrotated solution of an exploratory factor analysis: there was not a single factor that emerged as capturing the variance of the variables included in the study, and the first factor accounted for less than 30% of the variance, and in total there were six factors with eigenvalues greater than 1.0. Still, future research could assess this issue, either by having a different respondent for the dependent variables (e.g., the sales manager or the customer's purchasing manager) or by having top managers' perspective on how they can contribute more to KAM success.

Also, it would be interesting to investigate what are the antecedents of TMI; in other words, what triggers their actions with key customers. In addition, future research may look at some factors that moderate the effect of TMI dimensions on KAM outcomes. Moreover, it would be interesting to find out under what circumstances would be appropriate to formally assign a top manager as the main responsible for a key account. This seems a relevant area, because, as one executive mentioned in the interviews, the trend is to empower key account managers with additional formal authority within the organization. We have even changed the title of these executives from "key account managers" to "customer business developers."

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Appendix A. Table 1

Measures for the constructs, coefficient alpha, and item loadings.

Strategic customer contact (new scales); alpha = .95		Loading
1. Is active in discussing with this customer issues that are strategic for our firm.		.84
2. Talks to this customer about how the two firms can grow together in the long-term.		.93
3. Discusses with this customer how to expand the business into new product categories or market segments.		.85
4. Participates in negotiations that can have a big impact on our company's welfare.		.70
Tactical customer contact (new scales); alpha = .91		Loading
1. Chats directly with this customer when problems with the delivery of products or post-sale service arise.		.88
2. Often discusses with this customer issues related to the day-to-day interaction between the two firms.		.80
Social customer contact (new scales); alpha = .93		Loading
1. Socializes with people from this account.		.87
2. Has developed a personal relationship with executives from this account.		.89
3. Interacts with people from this account at social, religious, or sports-related activities.		.69
Strategic decision-making (new scales); alpha = .93		Loading
1. Is involved in any major decision about this customer that has a strategic impact for our firm.		.76
2. Has an important role in deciding whether the relationship with this customer should be altered in a meaningful way.		.77
3. Is active in establishing the long-term investments that need to be made with this customer.		.83
4. Is involved in determining the appropriate organizational structure to serve this customer.		.69
Tactical decision-making (new scales); alpha = .91		Loading
1. Is involved in deciding the marketing actions that need to be implemented with this customer.		.77
2. Participates in determining the prices we should charge this customer.		.69
3. Decides what to do when this customer complains about the service received.		.84
Organizational alignment (new scales); alpha = .95		Loading
1. Is active in aligning the goals of the different functional areas to serve this customer better.		.78
2. Influences the way people from different functional areas interact to serve this customer.		.88
3. Encourages the people involved in servicing this customer to collaborate with each other.		.81
4. Tries to foster high levels of information sharing among people from different functional areas.		.77
5. Is active in creating a customer-oriented culture within the company.		.74
KAM performance (formative scale, adapted from Menon, Bharadwaj, Adidam, & Edion, 1999; Workman et al., 2003)		
1. Our dollar sales to this customer have grown more than sales to other key customers during the past 12 months.		
2. This customer's contribution to our company's net profits is higher than the average contribution of all our customers.		
3. Approximately what percentage of this customer's purchases does your company capture? (for the product category)		
Relationship quality		
Satisfaction (adapted from Jap, 2001; Kumar, Stern, & Achrol, 1992); alpha = .94		Loading
1. Our relationship with this customer has been a successful one.		.85
2. This customer is very pleased with their working relationship with our company.		.90
3. Overall, the quality of the relationship with this customer has fallen far short of our expectations. (R)		.79
Trust (adapted from Ganesan, 1994; Kumar, Scheer, & Steenkamp, 1995); alpha = .95		Loading
1. This customer believes that we are very concerned about their welfare.		.87
2. This customer trusts our capabilities to perform effectively.		.83
3. This customer believes that we care a lot about their needs.		.88
Commitment (adapted from Anderson & Weitz, 1992); alpha = .94		Loading
1. This customer is willing to make a long-term investment to help us.		.61
2. This customer is very committed to us.		.92
3. This customer sees our relationship as a long-term alliance.		.80
4. This customer has a strong sense of loyalty to us.		.88
Competitive intensity (Adapted from Homburg, Hoyer, & Fassnacht, 2002a; Jaworski & Kohli, 1993); alpha = .72		Loading
1. We face intense competition for this customer's business.		.79
2. Anything we can offer to this customer, our competitors can match readily.		.30
3. Price competition is a hallmark of our industry.		.28
Sales team size (new scales)		
How many people in the sales department (including you) are involved in servicing or working with this customer? _____ people		
Relationship age		
For how long has your firm done business with this customer? _____ years.		

Appendix B. Table 2

Descriptive statistics: means, standard deviations, and correlations.

Variable	M	SD	1	2	3	4	5	6	7	8	9	10
1 Strategic cust. contact	4.78	1.75	1.00									
2 Tactical cust. contact	3.14	1.80	.41	1.00								
3 Social cust. contact	3.85	1.82	.72	.40	1.00							
4 Strategic dec. making	5.18	1.49	.77	.28	.56	1.00						
5 Tactical dec. making	4.38	1.71	.38	.66	.27	.34	1.00					
6 Org. alignment	4.88	1.54	.72	.29	.65	.73	.31	1.00				
7 Competitive intensity	5.38	0.86	-.01	.09	-.09	-.00	.12	-.04	1.00			
8 Relationship age	16	14.69	.10	.04	.13	.13	-.07	.12	-.02	1.00		
9 Size of sales team	5.61	6.75	.04	.05	.05	.12	-.05	.11	-.08	.29	1.00	
10 KAM performance	59.7	21.61	.31	-.06	.40	.32	-.05	.38	-.23	.04	-.03	1.00
11 Relationship quality	5.33	1.23	.39	-.09	.46	.35	-.04	.51	-.15	.01	-.11	.68

Note: Correlations greater than .15 are significant at a 95% level of confidence.

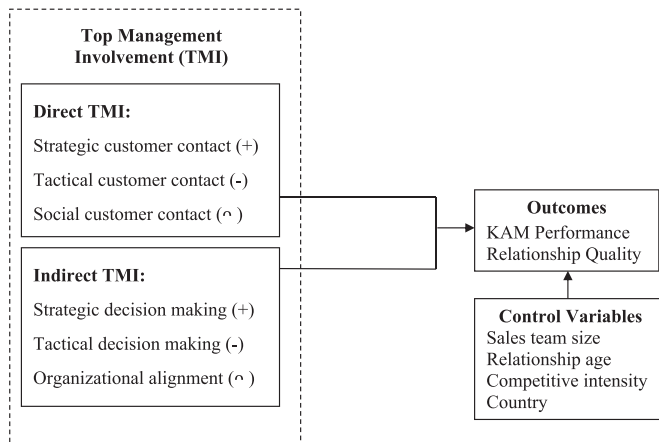
Appendix C. Table 3

Seemingly unrelated regression (SUR).

Equation	Obs	Parms	RMSE	R-sq	Chi-sq	P-value
KAM performance	261	16	11.94	.3077	116.01	.000
Relationship quality	261	16	0.91	.4543	217.32	.000
KAM performance						
Predictors	Coef.	SE	P-value	Relationship quality		
Intercept	80.596	7.86	.000	6.045	0.40	.000
<i>TMI dimensions</i>						
Strategic customer contact	−0.65	1.41	.644	.01	0.07	.873
Strategic customer contact-SQ	.20	.49	.692	.03	.02	.292
Tactical customer contact	−2.43	1.01	.016	−0.17	.05	.001
Tactical customer contact-SQ	.81	.45	.075	.03	.02	.273
Social customer contact	3.77	.97	.000	.21	.05	.000
Social customer contact-SQ	−0.43	.45	.339	−0.04	.02	.048
Strategic decision-making	2.78	1.52	.068	.07	.08	.381
Strategic decision-making-SQ	.53	.54	.334	.07	.03	.014
Tactical decision-making	−0.62	.96	.518	−0.01	.05	.803
Tactical decision-making-SQ	.26	.45	.561	.04	.02	.117
Organizational alignment	.84	1.47	.566	.19	.07	.010
Organizational alignment-SQ	−1.08	.59	.068	−0.10	.03	.001
<i>Control variables</i>						
Size of sales team	−0.14	.10	.165	−0.01	.01	.014
Relationship age	−0.05	.08	.577	−0.00	.00	.429
Competitive intensity	−4.02	1.35	.003	−0.10	.07	.146
Country	4.12	2.42	.089	.00	.12	.982

Appendix D. Fig. 1

Conceptual model.



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