Management of Key Account Relationships in SMEs

A Resource-Based View

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Business administration - Strategic Management 30hp

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Acknowledgements

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Thank you!

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Title: Management of Key Account Relationships in SMEs: A Resource-Based View

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Level: Master thesis, 30 hp

Keywords: Relationship Marketing, Key Account, Key Account Management, Customer Relationship Management, SME, High-performing firms

Background: Management of firms most valuable customers, the key accounts, are of great importance for firms in general. This is in particular true for SMEs which battles with notably constrained resources. The situation of SMEs poses careful consideration in how to manage these relationships successfully.

Research Question: What characterizes high-performing SMEs in terms of how they manage their key account relationships?

Purpose: The purpose of this study is to develop a better understanding of what characterises high-performing SMEs in terms of how they manage the relationships with their key accounts.

Method: A qualitative study with an abductive approach using a multiple-case study design was adopted. Semi-structured interviews were conducted to collect primary data on eight Swedish SMEs in the B2B-context.

Theoretical Framework: Theories about the resource-based view and relational capabilities are presented followed by theories about relationship marketing and its subsets KAM and CRM. The last part of the theory consists of theories on relationship quality.

Findings: In general, high-performing SMEs tend to have a more structured approach towards their management of their key account relationships. This is mainly shown through four characteristics: Clear categorization of key accounts, Senior responsibility for key accounts, Deep integration with key accounts and Systematic process towards their key accounts.
Sammanfattning

Titel: Hantering av nyckelkundsrelationer inom SMF: Ett resursbaserat perspektiv

Författare: David Gedda & Simon Johansson

Nivå: Uppsatsarbete, 30 hp

Nyckelord: Relationship Marketing, Key Account, Key Account Management, Customer Relationship Management, SME, High-performing firms

Bakgrund: Hantering av företags mest värdefulla kunder, nyckelkunder, är av stor vikt för företag i allmänhet. Detta gäller i synnerhet SMF, vilka kämpar med särskilt begränsade resurser. Situationen för SMF kräver särskild aktsamhet kring hur de ska hantera dessa relationer på ett framgångsrikt sätt.

Forskningsfråga: Vad karaktäriserar högpresterande SMF gällande hur de hanterar relationerna med sina nyckelkunder?

Syfte: Syftet med denna studie är att utveckla bättre förståelse kring vad som karaktäriserar högpresterande SMF gällande hur de hanterar relationerna med sina nyckelkunder.


Teoretisk ramverk: Teorier kring det resursbaserade synsättet samt relationella förmågor presenteras, efterföljt av teorier kring relationssmarknadsföring och dess underliggande koncept KAM och CRM. Den sista delen av teorin består av teorier rörande relationskvalitet.

Resultat: Generellt tenderer högpresterande SMF att ha ett mer strukturerat angreppssätt för hantering av nyckelkundsrelationer. Detta tar sig främst i uttryck genom fyra karaktäristika: Tydlig kategorisering av nyckelkund, Seniort ansvar för nyckelkunderna, Djup integration med nyckelkunderna och Systematisk process gentemot nyckelkunderna.
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1. Introduction

This section will serve as an introduction to the background of the study. Moreover, key concepts will be presented alongside a discussion of the problem area with the aim of identifying a research gap that ultimately will culminate in a research question.

1.1 Background

Trading between organisations, or Business-to-business (B2B), is not a new phenomenon but has existed since the very beginning of organisational history (Hadjikhani & LaPlaca, 2013). However, through history of academic research, most research has been focused on consumer markets (Ford et al., 1998; Wiersema, 2013). With B2Bs enormous impact on the economy, their challenging marketplace and the big structural differences from consumer markets, the B2B-specific research field does not get as much attention as it deserves (Wiersema, 2013), and significant contributions to B2B marketing theory has only been presented since the early 1980s (Hadjikhani & LaPlaca, 2013).

No firm in the growing global business marketplace exists in isolation. Interaction and relationships between firms are fundamental for business performance and in the prolongations, financial success (Morgan & Hunt, 1994). Accordingly, studies on how companies interact with each other are of huge importance (Ford et al., 1998). In B2B-markets, contrasting business-to-consumer markets (B2C), the customers are fewer and more powerful, the relationships between firms are more complex and interdependent within markets that are considered rather stable (Heide & John, 1992). A growing trend reaching over the last few decades is the tendency of making these relationships closer than before (Gil-Saura, Frasquet-Deltoro & Cervera-Taule, 2009). In many industries customers have reduced their base of suppliers due to the growing awareness of the importance of relationships (Ulaga & Eggert, 2006). Given this trend suppliers face the challenge of moving themselves into a position as main supplier and defend that position (Ulaga & Eggert, 2006).

A shift in the focus of B2B-research is starting to occur. B2B research has predominantly existed of studies on larger companies (Ndubisi & Matanda, 2011). Although, a growing field of interest in academic research is the understanding of successful small and medium sized enterprises (SMEs) and their development (Centeno, Hart & Dinnie, 2013; Andersson & Wictor, 2003). SMEs are important contributors to the national economy in countries around the world (Lindell & Karagozoglu, 1997). The contribution from SMEs is shown in growth, employment, competitiveness and innovations (Andersson & Wictor, 2003). SMEs in Sweden account for 99.8% of all enterprises, 65.7% of all employees and 59.2% of the value added from enterprises, of which the majority is conducted of B2B activities (European commission, 2015). The size differences of national economies and the increasing international competition forces SMEs to go international (European commission, 2015), and that has led to SMEs going international even earlier than before (Andersson, Gabrielsson & Wictor, 2004). Even though the new global economy has shed light on the importance of SMEs, very few empirical studies have focused on B2B relationships and management of the industrial markets of SMEs (Ndubisi & Matanda, 2011).

As previously argued by Gil-Saura et al. (2009) the connection between firms in B2B is following the trend of becoming stronger during the last couple of decades. To handle this paradigm shift, the concept of relationship marketing (RM) was introduced as a contestant to
traditional marketing in the early 1990s, even though its basics developed the decade before (Khan, 2014). RM was initially described in the macro perspective as a “culture” of doing business and in the micro realm it was described as a philosophy wherein the way of doing business is reflected in the managerial strategy closely aligned with the vision and mission on the enterprise level (El-Ansary, 2005). Since then, RM has arisen as a popular concept which, amongst other benefits, has the potential of increasing customer retention by building long-term relationships between firms through different marketing techniques (Khan, 2014). RM is in its foundation based on the widely accepted argument that it is more cost effective to keep a customer than acquiring new customers (Cosic & Djuric, 2010; Morgan & Hunt, 1994; Latusek, 2010).

Over the years, RM has been transformed into different subsets. RM has also been described as an umbrella of concepts, one of which is customer relationship management (CRM) (Mitussis, O'Malley & Patterson, 2006). CRM is a cross-functional process which aims to develop and maintain long-term customer relationships, but has mostly been managerially recognised as an enterprise supporting system (Yen & Pan, 2009). Growth of CRM has been sparked by globalisation and increasing competition (Gefen & Ridings, 2002). Today's hypercompetitive environment with a greater product range for business customers has led to a more dynamic customer behavior and increased the pressure on suppliers (Wagner & Hansen, 2004). It forces suppliers to take specific customer needs and behaviors into consideration (Ibid.). This along with the trend of customers reducing their supplier base has highlighted the importance of relationships with fewer customers for suppliers (Ulaga & Eggert, 2006). This phenomenon is in line with what is referred to as the 80/20 principle, where a small portion of the customers (20%) often are accountable for a large portion of the sales (80%) (Dubinski & Hansen, 1982; Zboja & Hartline, 2010). These strategically important customers are often labelled as key accounts (Wang & Brennan, 2014). To successfully handle these key accounts, a philosophy originating from RM, called key account management (KAM) has been developed, which is regarded as one of the most significant marketing trends over the last couple of years (Abratt & Kelly, 2002). Since its introduction, KAM has been widely adopted as a strategy aiming to reach higher revenues and growth through better handling of important customers (Davies & Ryals, 2014). It has grown to be one of the most fundamental changes in the way companies organise marketing activities (Davies & Ryals, 2013)

1.2 Problem Discussion

Previous research that the authors of this thesis deem being of relevance has been focusing on (I) the importance B2B relationships and value (II), the importance of marketing and management in SMEs (III) B2B relationship concepts as sources of competitive advantage, (IV) Managing key accounts as a connection to firm success. Ultimately, the authors will outline a summary of the research (V) and present an identified research gap.

Along with successfully managing relationships in business markets becoming more popular the importance of B2B relationships and value (I) has become an issue of concern in marketing (Corsaro & Snehota, 2010; Grönroos, 2011; Ulaga & Eggert, 2006). Business markets generally characterises of longer and closer relationships than consumer markets (Heide & John, 1992; Morgan & Hunt, 1994). B2B transactions often include larger amounts of money than B2C transactions. Further, the strength of the B2B relationships is closely correlated with organisational success, and is often described in terms of relationship quality (Rauyruen & Miller, 2007). In turn, the relationship quality is typically measured by

2
commitment, satisfaction and trust (Ulaga & Eggert, 2006). Relationship quality is closely connected with customer loyalty, which in itself is positively correlated with profitability (Rauyruen & Miller, 2007). Loyal customers result in a steady stream of revenue and reject other competitors (Ramaseshan, Rabbane & Hui, 2013). In continuing B2B relationships a lot of more or less interactive communication takes place between the supplier and the customer. The success of the business relationship is a complex matter, which amongst other factors is subject to how well the supplier provides the goods, timing of the deliveries and handling of quality problems, which all can be derived to customer value (Grönroos, 2011). The idea of value creating in business markets has had a central role in the relational perspective of marketing and management (Haas, Snehota & Corsaro, 2012; Corsaro & Snehota, 2010).

B2B research has traditionally been focusing on larger companies, but a growing field of academic research highlights the importance of marketing and management in SMEs (Ndubisi & Matanda, 2011; Reijonen & Laukkanen, 2010; Parry, Kupiec-Teahan & Rowley, 2012). Despite the fact that over 95% of enterprises across the world is SMEs, the majority of research has turned its attention towards larger companies and fewer researchers than expected have treated the SME-context as empirical base (Pérez & Fierro, 2015). Nicholas, Ledwith and Perks (2011) argue that due to differences in management, structure and policies, SMEs cannot be understood as a miniature version of larger companies. But, SMEs face the challenge of competing with firms that have more resources, power and networks (Pérez & Fierro, 2015). SMEs play a vital role as distributors and suppliers in most industries. Thus, the management and marketing capabilities of these firms have a significant impact on the performance of other firms (Ndubisi & Matanda, 2011). Another issue of importance is that due to several factors, marketing is largely a top management activity in SMEs (Parry et al., 2012). Some research has taken the step of showing the differences between large firms and SMEs, but even though a lot of SMEs have some constraints in common, they are not to be considered as a homogenous group. Therefore there is a need for more research regarding the differences between SMEs (Reijonen & Laukkanen, 2010).

The relationships SMEs have with other actors are seen to be vital assets of competitive advantage in the environment they are operating in (Westerlund & Svahn, 2008). Recent studies on SMEs in the resource-based view have mainly focused on capabilities as branding or innovation as key drivers of SME performance but Merrilees, Rundle-Thiele and Lye (2011) suggests that other capabilities should be studied more extensively. Marketing capabilities are seen as capabilities to combine marketing resources to achieve marketing objectives (Nguyen & Oyotede, 2015). Although, some studies has also been treating RM (Morgan & Hunt, 1999), CRM (Chakravorti, 2009) and KAM (Tzempelikos & Gounaris, 2015) as important sources of competitive advantage (III) in the resource-based view for performance. Morgan and Hunt (1999) argue that relationship marketing only should be implemented if it contributes to or offers a competitive advantage. Chakravorti (2009) claims CRM as a process that, when adopted correctly, can be viewed as a value creating strategy to build a competitive advantage. Tzempelikos and Gounaris (2015) suggest that KAM initiatives are implemented to increase the value of the relationship between supplier and customer. It is also recognized to be of strategic importance for the suppliers (Ibid.). With RM as an umbrella concept of these strategies (Mitussis et al., 2006) it builds up a framework of how to successfully handle relationships within the value chain.

To understand why some B2B companies are more successful than others it is very important to understand the relationship management between customers, suppliers and distributors
(Pérez & Fierro, 2015). Mumuni and O’Reilly (2014) argue that managing the buyer-seller relationship is central to achieving strategic advantage. Although, managing these relationships is often linked to high costs, which poses careful consideration of where investments should be made (Cosic & Djuric, 2010). An argument of importance is that it is five times more expensive to acquire new customers than keeping an old one, which suggests that the money is more wisely invested in retaining customers, than gaining new ones (Cosic & Djuric, 2010; Zboja & Hartline, 2010; Williams, 2012). Referring to the 80/20 principle, the most valuable customers are often few (20%) and are accountable for a large portion of the sales (80%) (Dubinski & Hansen, 1982; Zboja & Hartline, 2010). Managing these key accounts is closely related to firm success (IV) and is an area of research that deserves more attention (Abratt & Kelly, 2002; Davies & Ryals, 2013; Tzempelikos & Gounaris, 2013) and especially what differentiates successful from unsuccessful management of these key accounts (Davies & Ryals, 2014; Tzempelikos & Gounaris, 2013).

To summarize the research discussed above (V), relationships in B2B have been pointed out as an issue of importance in marketing (e.g. Grönroos, 2011). The characteristics of the relationships as closer and more complex than B2C relations makes them more important to manage successfully (e.g. Heide & John, 1992). B2B research has historically been based on larger companies, which leaves marketing and management in SMEs a relatively unexplored area of research (e.g. Ndubisi & Matanda, 2011). The huge influence these SMEs have on the global economy (Pérez & Fierro, 2015) and the concern that SMEs cannot be treated as miniature versions of larger companies (Nicholas, Ledwith & Perks, 2011) highlights that there is need for more SME-specific research in general, and research about the differences between SMEs in particular (Reijonen & Laukkanen, 2010). To study the relationships in business markets on a theoretical level, RM, CRM and KAM have been treated as organisational capabilities in the resource based perspective, in order to better understand their impact on business performance (Merrilees et al., 2011). The most important customers in business markets are referred to as key accounts, and managing these successfully are related to firm success and is a research area, which needs more attention (Davies & Ryals, 2013).

There exists a practical problem concerning that key accounts are a firm's most valuable customers and losing one of them would have severe consequences on their turnover. Also, there are still problems for firms to successfully adopt a way of managing their key accounts (Davies & Ryals, 2014; Zupancic, 2008). Moreover, there is an empirical problem in that most of the relational concepts in B2B have been abstracted from large companies (Wiersema, 2013), which presents a shortage in identifying how SMEs manage their relationships. Alongside the practical and empirical problem, the authors also identified a theoretical problem in terms of the lack of understanding of SMEs’ strategies and practices in B2B relationships (Ndubisi & Matanda, 2011). The most valuable relationships in B2B, the key accounts relationships, is an area where more attention is needed (e.g. Abratt & Kelly, 2002) and especially what differentiates successful from unsuccessful management of key accounts in B2B-markets (e.g. Davies & Ryals, 2014). These three problems constitute a knowledge gap of considerable theoretical and practical importance. Therefore, this dissertation will focus on what characterises high-performing SMEs in the Swedish B2B-market, regarding how they manage the relationships with their key accounts. In this dissertation, high-performing firms will be defined in line with Smallbone, Leigh, & North (1995), who states high performance as a function of growing turnover and also in line with Littunen and Virtanen (2009) who states that the turnover must be growing with at least 10% annually.
1.3 Research Question

- What characterises high-performing SMEs in terms of how they manage their key account relationships?

1.4 Purpose

The purpose of this study is to develop a better understanding of what characterises high-performing SMEs in terms of how they manage the relationships with their key accounts. The authors aim to identify patterns among these high-performing firms in order to build up a framework of managerial guidelines. Further, the authors want to contribute and encourage to further research within this field.

1.5 Key Concepts

**Relationship Marketing:** Establishing, developing and maintaining successful relational exchanges (Morgan & Hunt, 1994, p 20).

**Key Account:** Any customer who offers suppliers to potential of substantial turnover and/or they are of strategic importance (Lacoste & Blois, 2015, p 562).

**Key Account Management:** A systematic supplier process for managing strategically important business-to-business relationships (Millman & Wilson, 1995).

**Customer Relationship Management:** Customer relationship management is a business strategy which dynamically integrates a set of services with the purpose of creating value for the organisation and for their customers (Duque, Varajão, Vitor & Dominguez, 2013, p 878).

**Small and Medium-Sized Enterprises (SMEs):**

<table>
<thead>
<tr>
<th>Company category</th>
<th>Staff headcount</th>
<th>Turnover or</th>
<th>Balance sheet total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium-sized</td>
<td>&lt; 250</td>
<td>≤ € 50 m</td>
<td>≤ € 43 m</td>
</tr>
<tr>
<td>Small</td>
<td>&lt; 50</td>
<td>≤ € 10 m</td>
<td>≤ € 10 m</td>
</tr>
<tr>
<td>Micro</td>
<td>&lt; 10</td>
<td>≤ € 2 m</td>
<td>≤ € 2 m</td>
</tr>
</tbody>
</table>

(European Commision, 2015)

**High-performing firms:** To be categorized as a high-performing firm in this study, the firm must have growing turnover (Smallbone et al., 1995). Further, the growth rate must be at least 10% annually (Littunen & Virtanen, 2009) per year between 2012 and 2015.
1.6 Disposition

This thesis will now follow the structure outlined below.

- The next chapter presents theories about the resource-based view and relational capabilities followed by theories about relationship marketing and its subsets KAM and CRM. The last part of the theoretical framework consists of theories on relationship quality.

- The third chapter outlines and motivates the methodological choices made in order to conduct the study. An abductive, qualitative approach are presented followed by an explanation of the process step by step.

- The fourth chapter contains a presentation of the empirical interviews. The chapter is divided into eight different sections outlining the answers from each respondent.

- The fifth chapter discusses and analyses the results of the empirical interviews. With an introductory table of the identified key factors, the analytical part continues with the main findings and is concluded with a new theoretical approach.

- The sixth chapter summarises the previous two chapters and answers the research question in line with the purpose of the study. Further, implications, limitations and suggestions for further research are presented.
2. Theoretical Framework

This chapter will present relevant theories that will serve as a foundation for further examining in the upcoming empirical part and analysis. It starts out with describing the approach: outlining capabilities in the resource-based view and how a firm can achieve a competitive advantage by managing business relationships. Further, the concepts related to relationship marketing are shed light upon from both a beneficial perspective, but also when these concepts have negative outcomes. Following this, the commonly addressed relationship quality and its constructs are put into more detail. The theoretical framework will ultimately conclude with a research model for how the concepts will be addressed during the analysis.

<table>
<thead>
<tr>
<th>Resource-Based View</th>
<th>Relationship Marketing</th>
<th>Relationship Quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Relational Capabilities</td>
<td>RM</td>
<td>Customer Loyalty</td>
</tr>
<tr>
<td>Managing Business Relationships as a</td>
<td>Downside of RM</td>
<td>Communication</td>
</tr>
<tr>
<td>Competitive Advantage</td>
<td>KAM</td>
<td>Trust</td>
</tr>
<tr>
<td></td>
<td>Downside of KAM</td>
<td>Commitment</td>
</tr>
<tr>
<td></td>
<td>CRM</td>
<td>Satisfaction</td>
</tr>
<tr>
<td></td>
<td>Downside of CRM</td>
<td></td>
</tr>
</tbody>
</table>

Figure 1: Overview over the theoretical framework. Own construction.

2.1 The Resource-Based View

The resource based view (RBV) is currently the dominant theoretical framework for explaining performance differences of heterogeneous firms (Zubac, Hubbard & Johnson, 2010). As an area within strategic management, the resource based view can explain any firm as a bundle of resources (Penrose, 1959; Wernerfelt, 1984). One of the most frequently addressed definitions of resources comes from Barney (1991, p 101) who claims that resources include “all assets, capabilities, organizational processes, firm attributes, information, knowledge etc. controlled by a firm”. In a later publication, Barney (2001) suggests that resources enable a firm to develop and implement strategies to improve the firm's performance. The main contribution of the RBV has been to provide an explanation of competitive advantage (Tan, Mavondo & Worthington, 2011). According to Barney (1991, p 102) a firm have a sustained competitive advantage “when it is implementing a value creating strategy not simultaneously being implemented by any current or potential competitors and when these other firms are unable to duplicate the benefits of this strategy”. One of the resources, namely organisational capabilities is argued to be one of the most crucial resources when it comes to developing competitive advantage (Barney, 1991; Hunt & Morgan, 1996; Tan et al., 2011). This resource will further be explained below.
2.1.1 Relational Capabilities

Capabilities are a versatile concept which has been divided into different sub-concepts in academic research. Capabilities can be defined as the ability to perform a particular task or activity (Helfat et al., 2007). Capabilities are difficult to imitate and duplicate for competitors and can lead to competitive advantage and improved performance (Enz, 2008). Organisational capabilities are seen as core competencies that are based on the knowledge that provides competitive advantage (Tan et al., 2011). In Barney’s (1991) view of sustained competitive advantage, a resource is said to be a sustained competitive advantage when it is valuable, rare, inimitable and non-substitutable when the market is rather stable or predictable. One concept among the organisational capabilities is relational capabilities, which refers to what organisations in relationships can do for each other, including the functions they can conduct (Håkansson & Ford, 2002). In other terms, relational capabilities can be understood as an organisation’s ability to perform in, and benefit from inter-organisational relationships (Srivastava, Fahey & Christensen, 2001). Tzempelikos and Gounaris (2015) suggest that a firm never should adopt any systematic relational process unless the firm possesses the appropriate relational capabilities. This is to ensure that the initiative can be successful in the long term. This type of capabilities is derived from processes and values in the exchange relationship (Theoharakis, Sajtos & Hooley, 2009).

Helfat et al. (2007) claims that any capability a firm can have can be divided into two different groups:

- **Dynamic capabilities**: Firm processes that allows change of resources to meet different strategic and competitive challenges.
- **Operational capabilities**: Firm activities that enable the firm to deploy their assets to make products and services that are valuable to its customers.

While the operational capabilities enable the firm to deploy their assets successfully, the dynamic capabilities allow the firm’s managers to use and manipulate the operational capabilities (Zubac et al., 2010). In a business reality where the environment can be argued to be more dynamic than the predictable market that Barney (1991) proposes, the concept of dynamic capabilities has grown to be an important tool to understand the challenges faced by companies (Zubac et al., 2010). Dynamic capabilities tend to have specific purposes and support specific activities as building alliances or new product development that changes the way a firm can earn their profits. In contrast to this, operational capabilities can be understood as a capability that enables a firm to perform an activity using more or less the same techniques to make a living in the present (Helfat & Winter, 2011). A lot of researchers embracing the resource-based view argue that firms can reach a sustained competitive advantage in the way they are managing their relationships (e.g. Morgan & Hunt, 1999; Tzempelikos & Gounaris, 2015). This suggests that relational capabilities can take the form of both operational and dynamic capabilities.

2.1.2 Managing Business Relationships as a Competitive Advantage

A constantly changing business environment has put challenges on firms implementing strategic ways of managing business relationships over the years. Marketing thought in B2B has been shifting from a transactional focus towards a relationship focus (Gil-Saura et al., 2009; Vargo & Lusch, 2004). Due to the fact that firms have to acquire resources through production, purchases, acquisitions or through partnership with other organisations, resource-based theory can explain the nature of marketing relationships (Morgan & Hunt, 1999). In
today's complex global environment it is increasingly important to strategically assess and manage the customer and supplier relationships to provide customer value (Nyaga & Whipple, 2011). The capacity to build and manage business relationships has been identified as an important strategic capability for organisations (Morgan & Hunt, 1999; Jarrat, 2008; Lado, Paulraj & Chen, 2012). In light of this, firms seek to establish relationships that improve the performance of the business to strive for competitive advantages (Nyaga & Whipple, 2011). Further, these relation-based competitive advantages fuel the success of RM and similar concepts (Morgan & Hunt, 1999). In their paper, Morgan and Hunt (1999) argue that RM only should be implemented when it contributes to a firm’s strategy for achieving a competitive advantage. Regarding the management of key accounts, Tzempelikos and Gounaris (2015) claim that before implementing any KAM-initiative, the firm has to make sure it already has certain relational capabilities in order to succeed. Although, when the conditions are favorable, the implementation of the KAM-initiative will improve the relationship with key accounts and help the firm to achieve their strategic objectives and consequently gain a competitive advantage (Tzempelikos & Gounaris, 2014). Another way to manage relationships highlighted in the literature is CRM, which is a process of collecting and analysing information regarding customer interactions in order to enhance the customers’ value and achieve competitive advantage (Hadi, 2015). Chakravorti (2009) specifically argues that the CRM practices have to be extended to supply chain partners in order to achieve the competitive advantage.

Different factors have been shown to impact SMEs competitive advantages in recent years. Rapid changes in the business environment over the last decade has forced SMEs to revise their business strategies to focus more on organisational capabilities in order to reinforce the SMEs competitive advantages (Wingwon, 2012). Unlike large firms, SMEs tend to be constrained in their capabilities to respond to various relationship requirements, which occasionally leads to that they might be forced to develop them with other companies (Ngugi, Johnsen & Erdélyi, 2010). Researchers have often explained that SMEs tend to have bigger constraints in resources than their larger counterparts (Lommelen, Podoynitsyna, Beck & Burg, 2012). Uden (2014) suggests that integration with other companies, often bigger ones, is one of the cornerstones for SMEs towards gaining a competitive advantage strong enough to cope with larger firms. This has especially been the case of ambitious and fast-growing SMEs which have proved to show a proactive attitude towards relationship management and developing social ties (Pérez & Cambra-Fierro, 2015)

### 2.2 Relationship Marketing

Relationship marketing is a very versatile concept in the academic field. Morgan and Hunt (1999) stated that relationship marketing has become more important to the overall marketing strategy of many firms around the world. The saturation of markets and the development of information technology have enhanced customer awareness and this has forced firms to focus on long term relationships with customers to maximize customer value (Khan, 2014). Defined by Morgan and Hunt (1994) as all marketing activities involving establishment, maintenance and development of successful relational exchanges, the rise of relationship marketing is fueled by the increasingly competitive nature of modern markets where competition can be understood as a function between networks of firms rather than between single firms. The most important assumption regarding these relational exchanges is that they transpire over time. Therefore, each transaction must be treated with a historical perspective as well as a perspective of the anticipated future (Dwyer, Schurr & Oh, 1987). The primary goal of relationship marketing is to build up a collection of strong relationships and make their
customers deeply committed. On this note, it is necessary for both parties to mutually agree upon the existence of the relationship (Bowden, 2011). Barnes (1997), for example, suggests that for a business relationship to exist, it must be characterised by a feeling of closeness and attachment between the buyer and the seller. Both parties in the relationship can achieve economic benefits from marketing exchanges that are much higher than what can be expected from a basic economic benefit. El-Ansary (2005) claim that relationship marketing is designed to optimise supply chain performance in business markets. This performance is based on relations between firms and to measure the performance of these relationships researchers often undertake a view of measuring the constructs trust, commitment, communication and satisfaction as outcomes of the performance.

Relationship marketing as a way of managing close business relationships has in recent years shown to be of certain importance for SMEs. In an article by Parry et al. (2012) on SMEs in business markets, a total of 16 interviews were conducted and the frequency of every mentioned word by respondents was written down. The most cited word by far was the word relationship, with a total of 267 citations. These results highlight the huge importance of the subject amongst SMEs in a B2B setting. Reijonen and Laukkanen (2010) state that in SME-specific research, customer loyalty and long-term relationships are believed to be strongly connected to customer profitability. Further, customer profitability is a dynamic factor rather than a stable one, which poses careful consideration of gathering customer information and act according to the analysis made upon this information to meet customer needs in a satisfactorily manner. Research on SMEs by Ciszewska-Mlinaric, Oblój and Mlinaric (2012) concludes that close and cooperative relations with business partners are statistically significant predictors of corporate performance, both in terms of efficiency and profitability. Relationship marketing has through research history mainly been treated as a concept of “soft” factors on business relationships. The “harder” factors are more connected to CRM and KAM (Ulaga & Eggert, 2006). Even though relationship marketing is connected to positive organisational outcomes and often is highlighted in the literature as a solution to a lot of problems, it has some downsides (Morgan & Hunt, 1999).

**Downsides of Relationship Marketing**

According to Moorman, Zaltman & Deshpande (1992) one of the most central liabilities of long-term relationship marketing is the tendency of the buyer beginning to have higher expectations as the relationships proceeds, thus increasing the likelihood of dissatisfying outcomes. The long-term relationship to some extent also entails converging ideas of how to precede business, which might lead to that the buyer think that the seller does not have enough value to add. This tendency of the seller to become more “stale” in the way it is handling the proceeding relationship is also highlighted in the work of Grayson and Ambler (1999). They claim that as the relationship becomes a long-term relationship, it might become subject to declining positive impacts due to dampening of negative influences.

**2.2.1 Key Account Management**

B2B-firms were pioneers in realising that all customers should not be treated equally. Not all of a firm's customers are key accounts and it is important to identify the ones who are to be classified key accounts (Millman & Wilson, 1995). This identification, or categorisation, is important in order to be able to put enough efforts into the customers that bring the most value into the company (Tzempelikos & Gounaris, 2015). Lacoste and Blois (2015) defines key account as a customer that is of strategic importance to the firm. Their status as key accounts
can be justified in financial terms but also because they enable new markets and technologies (Millman & Wilson, 1995). To invest more time and effort into the relationships with key accounts has been shown to be more cost effective for the firm (LaPlaca, 2014). The firm cannot afford to lose these key accounts because of their strategic importance which further highlights the process of managing these relationships to be critical for any firm (Salojärvi, Sainio & Tarkiainen, 2010). Managing the key accounts (KAM) focuses on long term collaborative relationships rather than short-term sales relationships (Tzempelikos & Gounaris 2014). This is something that is extra important in the B2B context since the customers tend to be bigger and more powerful and the transactions involve larger sums (Anderson & Narus, 1990). The adoption of KAM is seen as one of the most dramatic changes regarding how B2B firms handle their sales and marketing issues (Homburg, Workman & Jensen, 2002). Millman & Wilson (1995) defines KAM as the systematic supplier process of managing the strategically important business-to-business relationships. KAM includes giving the key accounts a special treatment regarding additional activities, and meeting the unique demands from the key accounts to an extent that is not applicable on customers who is not classified as key accounts (Tzempelikos & Gounaris, 2014). These unique demands can force changes in structures and processes within the organisation (Homburg, Workman & Jensen, 2000). Research shows that proactively coordinating common activities with key accounts have a significant impact on how successful KAM is (Workman, Homburg & Jensen, 2003). The resources that are needed to meet the demands from key accounts are often allocated from non-key accounts (Homburg et al., 2002). It is further important for the success of the relationship that the key accounts are aware of their status (Tzempelikos & Gounaris, 2015). Millman and Wilson (1995) have developed a six-stage model of the key account relational development, which involves sources of competitive advantages and managerial behaviors. The model will be explained below:

- **Pre-KAM:** The main task in the Pre-KAM stage is identification of customers with the potential of moving towards a key account status. The stage also involves avoiding wasteful investments in the customers that does not hold the key account potential.
- **Early-KAM:** The tasks of the second stage involves exploring opportunities for closer collaboration with the key accounts by identifying concerns, motives and the culture of the key account. Further, preliminary adaptations are made in order to match buyer requirements.
- **Mid-KAM:** The range of problems and the level of trust increases as the relationship develop. The management of the key account tends to shift towards a senior management level in view of the level of resource allocation and importance of the customer.
- **Partnership KAM:** The fourth stage of the development is a maturity stage of the key account management. The supplying firm is viewed as an external resource towards the key account and there is focus on joint problem resolution.
- **Synergistic KAM:** An advanced stage of key account management where both the buyer and the seller see themselves as parts of a larger entity and creating common value in the market.
- **Uncoupling KAM:** The last declining stage of the relational development. Characterises of dissolution of the relationship.

The key account management process involves at least one key account manager (Abratt & Kelly, 2002). Davies and Ryals (2013) suggest that the success of KAM is fundamentally reliant on the key accounts managers’ capabilities. Abratt and Kelly (2002) discuss the role of the key account manager as the person to be responsible for one or several key accounts. Davies and Ryals (2013) did extensive research on what distinguish a key account manager
from senior sellers. The results showed, amongst other findings, tendencies of the key account manager to have bigger relational capabilities. The improved service and responsiveness to the key accounts has proved to be key factors in building long term relationships in B2B firms adopting KAM (Abratt & Kelly, 2002). Napolitano (1997) discuss the importance selecting the right key account manager because the voice and full capabilities of the firm are expressed through the key account manager. The main focus of the key account manager is to build a strong relationship with the key accounts through listening to their demands and attain mutually beneficial goals of improved sales and profit (Abratt & Kelly, 2002). It is also of big importance to identify the right amount of key accounts to make sure that there are enough resources to maintain and develop the relationships (Tzempelikos & Gounaris, 2015).

To implement KAM as a process, a firm has to take some things into consideration. Davies and Ryals (2014) mention higher revenue and faster growth as incentives for implementing KAM. According to Abratt and Kelly (2002) some customers prefer or even demand KAM in their supplier relationships. Customers appear to benefit substantially when KAM is implemented by suppliers (Davies & Ryals, 2014). A clear vision in the organisation and the involvement of top management is crucial when implementing KAM (Salojärvi et al., 2010). Tzempelikos and Gounaris (2015) also states that the involvement of top management is vital regarding getting the right amount of resources and guidance in the implementation. Action at organisational level during the implementation is as important for succeeding with the KAM initiative (Davies & Ryals, 2009).

**Downside of Key Account Management**

Wilson and Woodburn (2014) suggest that there often is a misunderstanding between the key account and the firm regarding what the key account can expect and how important the key account are for the firm. This can have negative effect on the relationship due to different expectations. There is need for a mutual understanding between the two parties in a B2B relationship for the relationship to be fruitful (Zupancic, 2008). Zupancic (2008) also discuss the fact that key account managers sometimes have little understanding for their role. The reason for this is that organisations fail to treat implementation of KAM as a strategic issue (Wilson & Woodburn, 2014). Zupancic (2008) highlight the fact that the firm need to treat the implementation as a part of the strategy and not as a standalone project. Insufficient knowledge about the key account can be a hinder when implementing KAM. When implementing KAM initiatives there is also need for knowledge about the key account and its preferences otherwise it is very hard to serve the needs of the key account (Salojärvi et al., 2010). This leads us into the next section describing customer relationship management.

**2.2.2 Customer Relationship Management**

Tailoring your customer relationships is a factor of growing importance in B2B. Due to the increased competition and customer awareness, the way of managing your relationships with customers has become a critical success factor for firms (Duque et al., 2013). Organisations have understood that the customer is the base for the business and have therefore changed from product-centric to customer-centric approach (Hadi, 2015). Brady and Cronin (2001) suggest that there are several studies supporting that understanding customers improve the service performance of the firm. According to Mumuni and O’Reilly (2014) a way of managing your relationships and gaining knowledge about customers is using customer relationship management (CRM). Duque et al, (2013) defines CRM as a business strategy which dynamically integrates a set of services with the purpose of creating value for the
organisation and for their customers. CRM is also about tailoring the treatment of each customer to maximize the value of every specific customer. It is about systematically gathering relevant information about the customer and use it the right way to improve the relationship (Bohling et al., 2006). Hadi (2015) discuss the information gathering to be very important when identifying your key accounts and therefore CRM can be seen as an enabler to KAM. The data that is gathered about the customers could include everything from specific information about the customer to preferences and when the data is used and transformed, it turns into information and finally to knowledge (Reijonen & Laukkanen, 2010) This data also allows the management team to better allocate resources when working with building and maintaining relationships with customers.

CRM as a relationship building process is a subject that is scattered amongst researchers. Even though CRM has been developed to an area of major relevance the last 15 years there is still doubts about how to view CRM (Duque et al., 2013). Different authors define CRM in different ways (Winer, 2001). Some consider it as software while others refer to it as an essential part of the business (Duque et al., 2013). CRM is all about practical implementation of RM strategies using information technology (Ryals & Payne, 2001; Gummesson, 2002). Hadi (2015) describe CRM as an enterprise system that enables improved customer knowledge. Duque et al. (2013) however states that CRM is to be seen as a business strategy and should be included throughout the organisation. An extensive research on Norwegian retailers by Mysen, Svensson and Høgevold (2012) concluded that a lot of the buyers’ perceptions of the relationship quality with the sellers’ were based on how good the seller managed the logistics through managerial systems, like CRM-systems.

Some research shows that CRM should not be a standalone system. Chakravorti (2009) explains the importance of intertwining your implementation of CRM with the strategy of the firm. Wang and Feng (2012) states that the whole organisation need to have a customer-centric approach to be able to improve firm performance through implementation of CRM. If a value chain partner is not included in CRM it can be difficult to create and sustain the relationship (Chakravorti, 2009). Mumuni and O’Reilly (2014) claims that if the CRM implementation is seen as a vital part of the organisation and closely connected to the strategy, the conditions are better for improving performance.

SMEs have had some troubles with implementation of CRM in the literature. Due to financial limitations that affect the information-seeking practices of SMEs, they cannot be treated on the same premise as larger enterprises (Alshawi, Missi & Irani, 2011). To survive in global markets many SMEs choose to implement CRM to gain a better understanding for the customers (Ramdani, Kawalek & Lorenzo, 2009). According to Nguyen and Waring (2013) most studies on CRM have been deployed on larger enterprises and there is little evidence on the usage of CRM in SMEs. However, SMEs lack knowledge, understanding and capabilities to implement CRM (Ibid.). These issues must be considered otherwise the implementation of CRM will not have the desired effect (Ramdani et al., 2009). Another issue that SMEs face when implementing CRM is underestimating the complexity of the implementation process regarding both time and resources (Nguyen & Waring, 2013). Despite these issues, Harrigan, Ramsey and Ibbotson (2011) suggest that SMEs can benefit in the same way as larger enterprises if the implementation process is carried out with appropriate preparations and resources.

Downside of Customer Relationship Management

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Frow, Payne and Wilkinson (2011) claims that even if CRM mainly contributes positively to business performance, there are also negative aspects with implementing CRM. Many studies show that failed implementations of CRM could even have negative effects on the relationships (Ibid.). According to Papadopoulos, Ojiako, Chipulu and Lee (2012) one of the biggest challenges with CRM is the issue regarding educating the employees in using CRM. Failure to educate and include the employees in a CRM implementation can have big consequences regarding the implementation of CRM (Frow et al., 2011). Another risk with CRM is when firms infuriate customers with binding contracts and frequent communication. The customers sometimes feel the pressure from the heavy amount of interaction (Frow et al., 2011). Lack of top management support is also a critical factor when implementing CRM (Papadopoulos et al., 2012). It is necessary to have a clear vision of where the organisation is heading with the implementation and to understand why CRM is implemented (Frow et al., 2011). Since an investment in a CRM system is a quite heavy financial investment the need for top management involvement is extra important (Papadopoulos et al., 2012). It is very important to consider all the mentioned factors when implementing CRM (Papadopoulos et al., 2012).

### 2.2.3 Relationship Marketing and its Subsets

Based on the description of relationship marketing as an umbrella concept (Mitussis et al., 2006) with the subsets CRM and KAM, they constitute ways of enhancing business relationships with key accounts. A figure of the consociation is illustrated below:

![Figure 2: Illustration of RM and its subsets CRM and KAM. Own construction.](image)

#### 2.3 Relationship Quality

As research of business relationships has bloomed, a focus on value and retaining customers has gradually been transformed into a focus on relationship quality. The concept of relationship quality has is in recent years arisen as the most acknowledged tool to understand the strength of business relationships (Ulaga & Eggert, 2006). Relationship quality can be defined as the strength of the relationship between two firms (Chumpitaz Caceres & Paparoidamis, 2007). A lot of researchers have used the concept of relationship quality in different contexts and with a reasonably wide scale of purposes. Although, they all agree that relationship quality is a higher order construct that consists of a few different constructs, of which trust, commitment and satisfaction is the most frequently addressed (Rauyruen & Miller, 2007; Morgan & Hunt, 1994). Further, it is suggested that integrating relationship quality into the RBV of the firm could be a very beneficial way for understanding the linkage between the relationship quality and firm performance (Morgan & Hunt, 1994). In order to
embracing the purpose of this study, the relational quality constructs commitment, trust and satisfaction will be chosen. Further, the authors will also add communication and complaint handling in their constructs of relationship quality, as research by Athanassopoulou (2006) concluded that it has a huge impact on relationship quality. Moreover, relationship quality has close ties with relationship marketing and its subsets, and the goal of these concepts is to enhance customer loyalty and further competitive advantage (Rauyruen & Miller, 2007; Ricard & Perrien, 1999), the concept of customer loyalty will be described below.

2.3.1 Customer Loyalty

In business markets, loyalty cannot be described only in terms of keeping customers over time, but more in terms of fostering the relationship and encourage future exchanges (Rauyruen & Miller, 2007). Loyal customers results in a steady stream of revenue and reject other competitors (Ramaseshan et al., 2013). As business markets categorises of large purchases, the firms that succeed in creating loyal customers will have a huge advantage over those firms that do not succeed (Rauyruen & Miller, 2007). Chaudhuri and Holbrook (2001) propose two different types of customer loyalty:

- **Behavioral loyalty**: The willingness of the customer to repurchase the product/service, including the willingness to stay in a relationship with the supplier.
- **Attitudinal loyalty**: A higher level of loyalty, including positive word-of-mouth, encouraging others to use the supplier etc.

Chaudhuri and Holbrook (2001) further explains that behavioral loyalty can exist due to lack of knowledge or to a conviction that the supplier is the best alternative, but the behavioral loyalty does not give the supplier any additional positive aftermath. Attitudinal loyalty on the other hand, is more emotionally based and leads to greater commitment and a willingness to do more than the ordinary customer. Attitudinal loyalty will give the supplier additional sales and profitability (Ibid.). Considering this, the best customers seen from a supplier-managerial perspective, should have high behavioral loyalty as well as high attitudinal loyalty (Rauyruen & Miller, 2007).

2.3.2 Communication

The importance of successful communication is highlighted within different relational concepts. Bergeron (2001) argues that the key to good relationship marketing is communication. Mason and Leek (2012) claims that business markets are characterized by extensive interpersonal communication, not only between buyer and seller but also between other functions involved in the business context (e.g. different departments and suppliers). According to Griffith (2002) effective communication between international business partners is critical for success. Research by Athanassopoulou (2006) show that communication is the most important factor that affect relationship quality. According to Dwyer et al. (1987) communication is about coordinating interpersonal exchanges and develop strong relationships to improve performance. Athanassopoulou (2006) further emphasise the importance of new communication technology in B2B-markets, suggesting that the intense, and continuous two-way communication it provides, enables excessive exchange of information which is the foundation of relational exchange. The two-way interpersonal communication ensures the flow of information between parties and between organisations (Mason & Leek, 2012). Blomqvist, Dahl & Haeger (2004) claims that for business communication to be effective, it should be customer oriented, relevant, continuous, personal
and easy to understand. Further, they suggest that it is essential that the seller contacts the customer on a regular in order to prevent problems and increase customer satisfaction.

There has been a shift in communication and relational research from mass-communicative focus to an interactional approach (Olkkonen, Tikkanen & Alajoutsijärvi, 2000). Interactional approach refers to the individual's episodes to develop relationships and the individual and the context affects the communication (Mason & Leek, 2012). Depending on the individual's relationship exchanges will develop differently (Olkkonen et al., 2000). Moreover, the face-to-face communication brings another perspective in form of both tangible and intangible benefits to the relationship. Tangible assets refer to for example an increase in sales performance or innovation development while intangible can be improved credibility or reduction in perceived risk (Mason & Leek, 2012).

The frequency of the communication has also shown to have impact on its success. Park, Lee and Lee (2014) mention the communication frequency as an important factor regarding developing the relationship through communication. When the communication frequency increases the flow of information between parties also increase (Park et al., 2014) which has been shown to be positively correlated to relational performance (Morgan & Hunt, 1994). It is very important to carry out the right frequency level to improve the relationship, even though the right frequency might be hard to find (Griffith, 2002).

### 2.3.3 Trust

Although trust is a construct that is considered as a fundamental component of almost every relational model, there is yet no universal definition (Rauyruen & Miller, 2007). However, Wilson (1995) argues that most definitions include one relational party’s belief in that the other party is willing to act in the best interest of them. Morgan and Hunt (1994) use trust as a key-mediating variable towards relational exchanges. Ulaga and Eggert (2006) argue that in a business market context, trust is divided in two concepts: credibility and benevolence. In other words the buyer will attempt to reduce risks by selecting a seller with high *credibility* and show the seller that they are interested in their well-being (*benevolence*). Wilson (1995) are amongst the researchers who have encountered problems with the construct trust, namely its inconsistency in terms of its dependence on time, as it could vary from time to another. Rauyruen and Miller (2007) contends that trust is positively correlated to customer loyalty in the B2B context, and highlights that customer needs to feel safe in their encounters with suppliers and further need assurance that their interaction is confidential. They further suggest that trust can be divided into trust in the supplier and trust in the employees of the supplier, which can have an impact on the relationship.

### 2.3.4 Commitment

Morgan and Hunt (1994) defines commitment as when a relationship partner is valuing a relationship so high that they are willing to warrant maximal effort to maintaining it, or in other words, an enduring desire to maintain a valued relationship. Regarding the similarities between commitment and loyalty, Dick and Basu (1994) conclude that customers that have high commitment to a product or service will buy more. Thus, commitment leads to behavioral loyalty. But, they also saw some connections from highly committed buyers towards attitudinal loyalty as positive word-of-mouth. Rauyruen and Miller (2007) argue that there are two levels of commitment: commitment to the supplier organisation and commitment to the employees of the supplier. Ulaga and Eggert (2006) convene with existing
literature that a committed relationship is worth to be maintained and further add that when a relationship partner is committed, they are unlikely to switch supplier even though their own supplier may be outperformed.

According to Dwyer et al. (1987) commitment is a late phase of a buyer-seller relationship and consists out of three criteria: Inputs, durability and consistency. Inputs refer to those relatively high levels of communicational, economical and/or emotional exchanges between the partners. Durability refers to that both partners should believe and share the belief that there is an effectiveness in the future relational exchange. Consistency can be identified by when both parties actively and purposefully engage resources to maintain the business relationship. Further, commitment can be categorised of common systems that promotes both parties shared values (Dwyer et al., 1987).

Cosic and Djuric (2010) mentions three different additional benefit approaches that selling corporations can implement in order to strengthen relationships with customers and enhance customer commitment. These three approaches will be outlined here below:

- **Financial benefits**: Refers to adding monetary benefits to the buyer as discounts, bonuses and refunds.
- **Additional social benefits**: Refers to building a strong social connection with the buyer focusing on each buyer’s wishes and needs. An example of this can be specialised products/services according to buyer's specifications.
- **Both financial and social benefits**: Refers to combining the advantages of both prior approaches. Can be manifested in customer specific systems promoting both financial and social benefits.

### 2.3.5 Satisfaction

Relationship satisfaction, seen from a relationship marketing view, is sparked from successful business relationships and is therefore closely connected to high-performing firms (Chumpitaz Caceres & Paparoidamis, 2007). According to Rauyruen and Miller (2007) satisfaction is a key to customer retention. Ulaga and Eggert (2006) discuss that satisfaction can be used as a strong predictor for behavioral variables as repurchase intentions and word of mouth. Satisfaction can be used as a construct to summarize all previous interactions with a supplier (Negi & Ketema, 2013). Ulaga and Eggert (2006) define satisfaction as a combination of perceived performance and expectations of the customer, which is in line with the disconfirmation paradigm. Even though satisfaction is vital to relationship quality it does not *per se* lead to purchase (Chumpitaz Caceres & Paparoidamis, 2007). According to Rauyuren and Miller (2007) long lasting strong relationships are a result of satisfaction from both parts in the relationship.

The concept of satisfaction is suggested to differ depending on the context. Negi and Ketema (2013) identify two types of satisfaction: overall satisfaction, which is a cumulative satisfaction of all interactions and transactions. The other one is the customer's cognitive and affective evaluation based on their personal experience of all interactions in the relationship. Gil-Saura et al. (2009) argue that the cumulative satisfaction is the more relevant perspective in the B2B context. This is due to the tendency of fewer and deeper relationships in B2B and the cumulative perspective reflects how satisfaction develops during the relationship and not just one single transaction (Chumpitaz Caceres & Paparoidamis, 2007).
Customer evaluation of relationship quality with the supplier is vital for future business exchanges. Positive evaluations lead to long term relationships which further emphasise the importance of satisfaction in improving relationship performance (Lages, Lages & Lancastre, 2008). Another factor that have strong connections to satisfaction and for long have been under the scope of scholars and managers are the way a company manages to handle complaints from customers, i.e. : Complaint handling (Orsingher, Valentini & De Angelis, 2010; Varela-Neira, Vázquez-Casielles & Iglesias, 2010)

Simon (2013) argues that one of the central incentives for firms to have a complaint handling system is to prevent customers from taking their business elsewhere. Scholars suggest that firms invest in complaint handling to improve commitment and loyalty (Tax, Brown & Chandrashekaran, 1998), satisfaction (Varela-Neira et al., 2010) and trust (Astuti, Nusantara & Dharmmesta, 2011). Cambra-Fierro, Melero and Sese (2015) describes complaint handling as the necessary process when restoring the balance in a relationship that has been destabilised due to failure in meeting the demands of the customer. Recovering successfully from an unsatisfied customer will have a positive effect on the customer evaluation process. Also an effective complaint handling can have a dramatic impact on customer retention preventing negative word of mouth (Tax et al., 1998; Khan, 2014). According to Rothenberger, Grewal and Iyer (2008) without an effective complaint handling strategy there is no point in putting heavy effort in customer relationship management since all firms sometimes have to deal with customer complaints. It is of importance to allocate the right amount of resources to the complaint handling process. The most vital parts of performing effective complaint handling is apart from allocating resources, also to decide the time for the complaint handling, determining the type of failure and choosing the appropriate communication form (Cambra-Fierro et al., 2015).
2.4 Research Model

This research model illustrates how the authors are going to use the theories presented in this chapter in order to understand the empirical findings and further analyse them to answer the research question: What characterises high-performing SMEs in terms of how they manage the relationships with their key accounts?
3. Methodology

This chapter presents the methods of this thesis. The different methodological choices will be outlined alongside the arguments to why they were made. In other words, it can be viewed as an explanation of how the authors attempts to minimise bias and maximise the trustworthiness and quality of the dissertation. By presenting the research approach, design, strategy, data analysis amongst other topics the authors hope to present a comprehensive view of the thesis process to the reader.

3.1 Research Methodology

The authors of this dissertation have carried out a qualitative study with an abductive approach using a multiple-case study design through semi-structured interviews. Below the concepts of choice will be listed alongside the rationale behind them.

3.1.1 Abductive Approach

In conjunction to prior theory, which broadly has claimed induction and deduction as the only approaches, Alvesson and Sköldberg (2008) outline another concept: the abductive approach. The abductive approach can be described as a mixture between induction and deduction, but with the possibility to add additional benefits to the research process. Dubois and Gadde (2002) suggests that the benefits of the abductive approach is outcomes of the possibility to constantly move back and forth in the research process, from theory to empirical observations and thus gaining a better comprehensive view of the whole area. Alvesson and Sköldberg (2008) argue that the abductive approach can be more dynamic than induction and deduction, and that researchers will not limit themselves when choosing the abductive approach.

![Figure 4: The abductive approach. Own construction, based on Alvesson and Sköldberg (2008)](image)

Due to the shortage of literature on managing key accounts amongst SMEs, the authors of this thesis decided to take an abductive research approach. In line with Dubois and Gadde (2002) the authors have along the research process actively been moving back and forth between empirical observations and developing the theoretical framework. This was initially decided in order to embrace eventual insufficiencies of existing theories in this specific setting. This decision, alongside with placing some interviews early in the research process has further facilitated the authors work of understanding, adapting and the ability to interpret the empirical data in a satisfying way.
3.1.2 Qualitative Approach

To be able to answer the research question of this dissertation, the authors have chosen to use a qualitative approach in this study. This decision was based on the purpose to better understand what characterises high-performing SMEs in how they manage their key account relationships and to develop a framework for future studies. Bryman and Bell (2007) suggest that a qualitative approach is suitable when clarification and explanation is a central part of the purpose. Since there is need for deeper understanding of the research area (e.g. Ndubisi & Matanda, 2011; Reijonen & Laukkanen, 2010), the authors of this thesis found the qualitative research method appropriate.

Bryman and Bell (2007) explains that a qualitative research method enables the empirical data to take other shape than just numeric and also it can be focused on fewer cases. This method is suited for this study since it, like many other studies, has deadlines. The qualitative method allows the authors to focus more on words than the amount of data that is collected. This builds a solid empirical foundation that enables the authors to analyse the data and draw conclusions to create deeper understanding (Bryman & Bell, 2007). The authors deemed that the combination of qualitative method and the abductive approach gave us the best tools possible to understand the management of key accounts in high performing SMEs.

3.1.3 Case Study Design

A case study is a strategy within research focusing on understanding the dynamics present amongst single settings, and can involve single or multiple cases and many different levels of analysis (Eisenhardt, 1989). The case study design is a common approach within management research and is suitable when the aim is to study complex situations and gather as much information as possible about a specific phenomenon (Bryman & Bell, 2007; Yin, 2014). Although qualitative approaches often suffers from subjectivity, Eisenhardt and Graebner (2007) suggests that building theories from case studies can decrease the risk of this subjectivity, and present findings that are surprisingly objective. With support from the scholars mentioned above, this thesis have been employing a multiple case study design in order to see what characterises high-performing SMEs in terms of how they manage the relationships with their key accounts by using two groups of cases: High-performing companies and a reference group of companies. This distinction was made on the premise that the authors had to make sure the findings of the high-performing firms were “high-performing-specific” to increase the validity of the findings. The distinction of the two groups of companies will be further elaborated in section 3.3.2. The decision to use a multiple case study was further supported by Yin (2014) who argues that the multiple case study approach minimises the risk of unfounded interpretations that could have come from just one single case study. Another advantage of the multiple case study is that, after the within-case study analysis after each case, a cross-case analysis can be performed in order to track patterns amongst the cases (Eisenhardt, 1989). This cross-case analysis has been embraced by the authors, which will be made evident in later sections of the thesis.

3.1.4 Qualitative Interviews

To carry out this study the authors made the choice to conduct qualitative interviews to gather descriptive information which is in line with Kvale and Brinkmann (2014). DiCicco-Bloom and Crabtree (2006) suggest that a semi-structured interview is often the sole data source for a qualitative research approach. Semi-structured interviews include a pre-determined set of
questions of broad character that can be complemented by follow up questions to further ensure that the correct information is collected (Bryman and Bell, 2007). The choice to use semi-structured interviews gave the authors the chance to both ask questions regarding specific areas of interest but it also gave the respondents a chance to develop their own answers and give their view on the subject. According to Qu and Dumay (2011) semi-structured interviews also gives the respondents a chance to give their view on the subject. This was something the authors deemed to be of importance and that further sparked their motivation to use semi-structured interviews. The interviews were conducted in Swedish since that is the native language of both the authors and the respondents.

According to Kvale and Brinkmann (2014) it is of huge importance that the researcher possesses in-depth knowledge about the subject before conducting the interviews. By reviewing relevant literature regarding the subject the authors made sure they obtained the in-depth knowledge to conduct quality interviews with the respondents. Qu and Dumay (2011) mentions three criteria for maintaining the quality of an interview:

- Maintaining the flow of the respondent’s story
- Maintaining a positive relationship with the respondent
- Avoiding interviewer bias

This was something that the authors paid close attention to in order to ensure the quality. After a few of the interviews it came to knowledge that the respondents’ were very glad of the fact that they were able to tell “their story” on the questions that were asked and that the authors did not ask any leading questions.

The interview guide was based on the theoretical framework. This is in line with Bryman and Bell (2007) to develop questions from the theoretical foundation. The interview guide is presented in both English and Swedish in Appendix 3 and 4. The interview guide was divided into different topics based on the operationalisation chart Appendix 2. In line with Bryman and Bell (2007) questions were divided into different themes from which the interview guide was constructed. Since the sub concepts of relationship quality (customer loyalty, commitment, trust, etc.) mainly have been used in quantitative studies the authors used them as themes to develop interview questions rather than abstract direct questions. In order to give a relaxed start to the interview the initial questions were formulated in an open way not necessarily connected to the research topic. Qu and Dumay (2011) argue that an interview should start with a more general question to create a relaxed atmosphere. After the interview guide was finished it was sent to the respondents on forehand to make it possible for them to identify the different subjects and also to prepare in a relaxed manner.

3.2 Literature Review

According to Bryman and Bell (2007) every study should be initiated with a study of the existing literature. Long before the active writing of the thesis had started, an extensive literature review was made on about 100 scientific articles that were found to be relevant within the area of interest. This extensive review of management of key accounts and relationship marketing literature enabled the authors to identify commonly cited scholars, articles of interest, common approaches and ultimately a research gap. The gap consisted of a lack of theories on how SMEs in business markets manages their key accounts. The existing literature was mainly focusing on larger companies, which findings arguably not could be generalised on to smaller firms.
The scientific articles and books were gathered from Scopus, Summon Supersök, Google Scholar, DiVA and Halmstad University library. The highest priority for the authors was always to choose scientific articles with a lot of citations and/or that were published in eminent journals as *Industrial Marketing Management* and other journals with similar academic standards. The reason for this was that the authors know that these publications undergo extensive peer reviews, which increase their credibility and trustworthiness. When searching the databases, keywords as *Relationship marketing, Key account management, B2B, SMEs, RBV, CRM and Relationship quality* were the most frequently used. In turn, these keywords were based on the purpose and aim of the study. Moreover, additional articles were gathered through identifying commonly cited authors within every research area through introductions and theoretical frameworks.

### 3.3 Data collection

In order to collect relevant information to fulfill the purpose of this dissertation both primary and secondary data was gathered. The primary data was retrieved from qualitative semi-structured interviews while the secondary data was collected from the studied firms’ websites in form of annual reports and other relevant documents. This is in line with Saunders, Lewis and Thornhill (2009) that there is an advantage in using both primary and secondary data because they can complement each other and make the result more valid. The authors recorded every interview with the respondents to further secure the data analysis. The decision to record the interviews was based on the following arguments by DiCicco-Bloom and Crabtree (2006) that recording an interview prevents difficulties later in the process.

#### 3.3.2 Company Selection

Equipped with a research gap that included SMEs within the B2B context, the next step was to identify a large number of candidates for the upcoming interviews. The research question and the purpose entailed further guidance which led the authors to divide the companies into two groups. One high-performing group, that has 10% annual growth over the last three years, and one reference group that did not qualify as a high-performer would clarify that the findings about the management of key accounts in the high-performing group were specific to that group. Due to time limitation, the authors decided to settle for a total of 8 companies, 4 high-performers and 4 in the reference group. But further distinctions were to be made regarding the companies.

As SMEs is a quite broad classification of firms which defines every firm between 1-250 employees as a SME, the authors deemed the eventual difference in employees might be too significant to generate any interesting findings. This was turned into another decision on the author's’ behalf, namely making another distinction of the firms into two more groups with small enterprises ranging from 20-49 employees and medium-sized enterprises ranging from 70-99 employees, still following the definition by European Commision (2015), but with closer ranges to make a cross-case analysis more fruitful. The distinctions are outlined below:
Table 1: Company selection criteria. Own construction.

Following the criteria from Figure 3.3.2a, the authors used databases like allabolag.se, foretagsfakta and bolagsfakta.se to identify candidates of each group. When an appropriate candidate was found, the authors made contact with the candidate using either phone or e-mail. The contact information was gathered from each firm’s website. The e-mail contained a short summary of the thesis purpose, main concepts and the relevance of their companies’ participation in the study. Ultimately, the following companies were selected:

<table>
<thead>
<tr>
<th>Company</th>
<th>Type of Industry</th>
<th>Group</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpha AB</td>
<td>Sports equipment</td>
<td>RM</td>
<td>65</td>
</tr>
<tr>
<td>Beta AB</td>
<td>Building equipment accessories</td>
<td>RM</td>
<td>70</td>
</tr>
<tr>
<td>Gamma AB</td>
<td>Digital key solutions</td>
<td>HM</td>
<td>70</td>
</tr>
<tr>
<td>Delta AB</td>
<td>Sports equipment</td>
<td>HM</td>
<td>75</td>
</tr>
<tr>
<td>Epsilon AB</td>
<td>Pallet trucks</td>
<td>RS</td>
<td>34</td>
</tr>
<tr>
<td>Sigma AB</td>
<td>Printing</td>
<td>RS</td>
<td>43</td>
</tr>
<tr>
<td>Zeta AB</td>
<td>Developing mobile services</td>
<td>HS</td>
<td>25</td>
</tr>
<tr>
<td>Omega AB</td>
<td>Draft equipment</td>
<td>HS</td>
<td>30</td>
</tr>
</tbody>
</table>

Table 2: Company selection. Fictional names. Own construction.

The abbreviations in the Group column stands for: **HM**: High-performing medium-sized firm, **HS**: High-performing small firm, **RM**: Reference group medium-sized firm, **RS**: Reference group small firm. All companies are listed and thus the suffixes of AB are added.

The selection of the companies is one of the decisions made in line with the purpose of the study. The authors are aware of that further limitations could have been made, but suggest that the differences in industries etc. have made it possible to draw conclusions that are not
industry-specific and thus it can be argued to be of bigger aid to the undeveloped research field amongst SMEs.

Some studies in this field of research also focus on the customer and its perceptions of the relationship with their suppliers. Although, the authors find this area to be so well researched to a point where the customers’ perceptions of a given strategy was regarded by the authors as redundant, simultaneously considering limitations in time and resources. Thus, the customer perceptions of the relationship will be treated as a strong factor built in the willingness to pay for the supplier’s services, with support from scholars (e.g. Morgan & Hunt, 1999; Tzempelikos & Gounaris, 2015).

3.3.3 Selection of Respondents

With the purpose of the study and the words of Kvale and Brinkmann (2014) in mind the authors carefully selected respondents who could provide the information needed to fulfill the purpose. The aim was to find respondents that could explain the process of managing key accounts in the organisation. Given the nature of RM, CRM and KAM it is to be seen as a managerial task to manage the key accounts. With this in mind the authors decided to examine the management of key accounts from a managerial point of view interviewing both managers and owners. It might have been preferred to interview respondents with the same position, but due to size differences and limitations regarding availability, the authors decided to interview respondents who possessed the necessary knowledge about the issues examined. The authors are aware that also interviewing respondents with different positions in every organisation could have given an even broader view but due to time limitations and the aim to get an overall managerial view this was not done. To fulfill the purpose of the study the authors deemed one qualitative interview with in depth information to be enough. The following respondents participated in the study:

<table>
<thead>
<tr>
<th>Company</th>
<th>Name (Fictive)</th>
<th>Position</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpha AB</td>
<td>Anders Andersson</td>
<td>Sales Manager</td>
<td>2016-02-22 09:00-10:00</td>
</tr>
<tr>
<td>Beta AB</td>
<td>Bengt Bengtsson</td>
<td>CEO</td>
<td>2016-04-11 10:00-11:00</td>
</tr>
<tr>
<td>Gamma AB</td>
<td>Gustaf Gustafsson</td>
<td>Sales Manager</td>
<td>2016-04-14 10:00-11:00</td>
</tr>
<tr>
<td>Delta AB</td>
<td>Didrik Didriksson</td>
<td>Key Account Manager</td>
<td>2016-04-27 09:00-10:00</td>
</tr>
<tr>
<td>Epsilon AB</td>
<td>Evert Evertsson</td>
<td>CEO</td>
<td>2016-02-22 13:00-14:00</td>
</tr>
<tr>
<td>Sigma AB</td>
<td>Sven Svensson</td>
<td>Sales Manager</td>
<td>2016-04-15 13:00-14:30</td>
</tr>
<tr>
<td>Zeta AB</td>
<td>Zara Zarasson</td>
<td>Key Account Manager</td>
<td>2016-04-13 13:30-14:30</td>
</tr>
<tr>
<td>Omega AB</td>
<td>Olof Olofsson</td>
<td>Sales Manager</td>
<td>2016-05-03 08:30-09:30</td>
</tr>
</tbody>
</table>

Table 3: Information of respondents. Fictional names. Own construction.
3.4 Data Analysis

The data analysis was based on the analytical model presented in chapter 2 and the empirical data presented in chapter 4. The data in chapter 4 is based on categorised information retrieved from the qualitative interviews. The empirical information collected from the semi-structured interviews describes how the firms manage their key accounts and how they approach the concept of relationship quality. To structure the empirical information the information from each respondent were presented separately. To highlight the important parts of the empirical information quotations were used between the different sections in the text. As the quotations had to be translated from Swedish to English the sentences were translated based on the meaning of the words rather than a direct translation.

To secure the data for the analysis all the interviews were recorded and transcribed by the authors. By doing that the information gathered from the interviews is still available. This was made due to the fact that if the respondents were to be interviewed again at a later point there is a possibility that answers would not be identical. And also by recording the interviews it makes it possible for the authors to go back and listen to the answer from the respondents at any time. The interviews were analysed based on the categories from the theoretical framework and the operationalisation chart. The categories were: Key accounts, Relationship Quality, Customer Loyalty, Communication, Trust, Commitment and Satisfaction. This is in line with Kvale and Brinkmann (2014) who describes the importance of categorising the empirical information to make the analysis easier. In the analysis chapter the empirical findings were compared to the theoretical framework. The comparison helped the authors to identify patterns among the empirical information. These patterns helped the authors to answer the research question: What characterises high performing SMEs in terms of how the manage their key account relationships.

A cross-case analysis were constructed to highlight the relevant empirical information and to help the authors fulfilling the aim of the study. The most relevant empirical findings were presented in table 5.1 key factors in order to get an overview over the findings. Based on the theoretical framework and the empirical findings four characteristics were identified in order to explain what characterises high performing SMEs in how they manage their key account relationships: Clear categorisation of key accounts, Senior responsibility for key accounts, Deep integration with key account and Systematic process towards key accounts. These characteristics were described based on the empirical findings together with an explanation of the drivers and effects of the characteristics. The analysis part also includes an own developed model explaining benefits in the B2B context since prior research has focused on benefits in a B2C context.

3.5 Generalisation

As this study uses a qualitative approach, a statistical generalisation is neither possible nor an objective of the approach. This study’s purpose is rather to contribute to existing research by introducing new knowledge regarding the specific context and situation. Four characteristics were identified among the empirical findings: Clear categorisation of key accounts, Senior Responsibility for key accounts, Deep integration with key account and Systematic process towards key accounts. These characteristics enables analytical generalisation since they are applicable in other situations and contexts. This is in line with Yin (2014) that case studies enables analytical generalisation. The authors have conducted a multiple case study through
eight semi-structured interviews building the empirical foundation. This was done with the aim to compare the results to find similarities and patterns between them and relate them to existing theories. A multiple case study rather than a single case study improves the validity and reliability (Yin, 2014).

3.6 Validity and Reliability

According to Bryman and Bell (2007) there is a danger of subjectivity in qualitative studies and there is a possibility that the result is affected by the personal values and the subjectivity of the authors. To minimise the risk of this the authors made sure to always have a critical view during the research process. According to Saunders et al., (2009) it is in line with good research ethics to describe validity and reliability to ensure the quality of the study. Based on previous statements, the authors described validity and reliability in this study in the following text.

Internal Validity refers to if the researcher is measuring what he or she aims to and that the observations made by the researcher is connected to the theoretical framework (Bryman & Bell, 2007). To ensure internal validity the authors have constantly improved the theoretical framework as new knowledge was developed. Before the interviews the authors explained the purpose of the study to the respondents to prevent misunderstandings. Also after the interviews the respondents were contacted if needed for follow up questions that occurred along with the improved theoretical framework.

External Validity refers to the ability to generalize the results (Bryman & Bell, 2007). The purpose of qualitative case studies is to expand theory, i.e. analytical generalisation (Yin, 2014). This analytical generalisation has been embraced by the authors of this thesis. The authors have used existing theory to develop an understanding of the research so far, as well as developed interview questions on this theoretical framework. Based on these broad steps, the findings that this thesis provides, has its foundation in already existing theory and will also be related back to this theory.

Internal Reliability refers to a way for the researcher to avoid being biased (Bryman & Bell, 2007). The fact the this study has two authors ensures the internal reliability since both authors have to either agree or not regarding the interpretation of the data collected and that prevents subjectivity that could be an issue in qualitative research. To avoid being subjective the authors always kept an objective view of the information collected from the interviews.

External Reliability refers to the trustworthiness of the study and the possibilities to reconstruct the results from a study by using the same methods (Bryman & Bell, 2007). If another researcher follows the same methods to conduct a study and the results are the same the reliability is high (Bryman & Bell, 2007). To further increase the reliability the authors clearly described the research process and argued and motivated all choices. That is in line with Kvale and Brinkmann (2014) to clearly motivate and describe all methodological choices. To further increase the reliability all the interviews were recorded and transcribed. Recording the interviews and doing the transcriptions enhanced the possibilities to replicate the research and protected it from bias.
3.7 Ethical Considerations

In order to perform the research according to scientific ethics the authors argued and motivated their choices throughout the process. By clarifying how the study have been carried out the authors increased the quality of the paper and made it possible to confirm and verify the validity and reliability of the research.

Bryman and Bell (2007) argue that respondents may perceive interference on their personal sphere when interviewed. Therefore it is important to consider the compliance and privacy of the respondents when conducting the interviews. To prevent this, the authors contacted the respondents on forehand to explain the purpose of the study. Also due to a request early in the research process all the companies and respondents were given randomly chosen fictive names to ensure their privacy. According to Kvale and Brinkmann (2014) this is in line with good research ethics. Further, to give the respondents the chance to be anonymous could increase the quality of the answers and lead to deeper discussions (Qu and Dumay, 2011). To prevent misinterpretations the authors contacted the respondents afterwards to approve on the interpretations made by the authors. Also as mentioned earlier the respondents were contacted after the interviews for follow up questions and to clarify eventual ambiguities. All these choices made by the authors were made in their pursuit to conduct the research according to good research ethics.
4. Empirical Findings

This chapter aims to present the result from the conducted qualitative interviews. Below, the respondents’ answers on the authors’ questions in eight separate cases will be outlined. This chapter’s main objective is to explain how the respondents’ and their companies work to manage their key accounts.

4.1 Alpha AB

Alpha AB is a company operating in the manufacturing industry with 65 employees and thus qualifies as a medium-sized firm. The company was started in 1926 and is today, among many other things, selling sports equipment, gymnasium interiors and gymnasium stands. Their turnover was 160 million SEK last year of which 6-7 % came from exporting, making the domestic market the biggest one. Alpha AB growth over the last three years has been lower than 10% per year, which qualifies them into the reference group. Alpha AB’s main customers are counties but they are also targeting entrepreneurs and sport associations. The company is operating in a market that is stable and mainly constitutes of long relations between sellers and buyers. The respondent Anders Andersson is the sales manager of Alpha AB.

4.1.1 Management of Key Account Relationships

Alpha AB does not have a clear categorisation of key accounts, but Anders emphasises that they have a clear view of that business deals are made through interactions with people. Anders highlights this by distinguishing people from the ones who are paying the bills. The customers are not the counties themselves, but the people who interact with the company’s sellers.

“The companies are the ones who pay the bills, but somewhere in the company there is a customer which is the one of importance”

Alpha AB does not have any key account managers, but every seller works with its own network. These sellers use their networks to provide unique e-mails wishing the key accounts’ pleasant holidays, a merry Christmas and paying them ongoing visits. Although, Anders does not have a number on how many these key accounts are.

A definition of what Anders finds to be their key accounts is a regular faithful customer of which Alpha AB have a lot of good examples. But potential customers that currently are doing business with competitors can also be transformed into key accounts by building new relationships. What distinguishes these key accounts further towards other customers is that they want to have, and have: one contact in the company, which they always keep in touch with. Anders approves that this is one of the biggest points of distinction. The one contact in the company does not even have to be a seller, but it is just an assurance that they won’t get transferred when calling to Alpha AB. Further, Anders says that when the key account have had their concern presented to this contact, the concern will be handled in an efficient way even if the contact does not have the right competence for this specific issue.
“This relationship between the one contact in-house and the key account is the relationship that matters and it is the one we always try to nurture. This contact is also the one who often pays visits to the key account.”

These key account relationships emerge through customer contact when there is intent on the key account's behalf to develop the relationship. It often builds on that you are on the same wavelength and share some common ground or beliefs. From that on, it is up to us in Alpha AB to nurture and enhance this in different ways.

“It can range from unique discounts, make the key accounts feel a bit like a ‘VIP’ without us having any declared special arrangements for these customers.”

Some key accounts are taken to see football games, some get cinema tickets as a thank you around Christmas time. Due to the fact that a lot of Alpha AB’s customers are counties it can be hard to provide additional benefits, but cinema tickets are often a possibility. Anders argues that you get additional sales through these relationships, but you also build trust and commitment. Even though the key accounts get special treatment to some extent, Anders does not think that they are aware of their nature as key accounts due to best practice within the branch of industry that more or less requires this course of actions. Still there is no declared systematic process that lies behind their actions towards the key accounts. However, Anders assure that it has been some interest shown from the sellers to receive a key account manager position, but he is still convinced that the company is not big enough and he does not see the need for it in their present business environment.

**Relational Capabilities**

The biggest challenge for Alpha AB in managing their relationships with key accounts is according to Anders to maintain their relationships. The biggest strength of Alpha AB in how they manage their key accounts relationships is their focus on the relationships. According to Anders they always focus on having a strong relationship with their key accounts. Anders strongly believes that the way they are managing their key accounts can be a competitive advantage. Even though Alpha AB does not have such a big marketing function in the present, people know about them and that they put relationships as a premium. Anders elaborates that they, in line with their business plan are trying to combine the best personal treatment, the best product, the best solution and the best price for their accounts. Further, expected quality and delivery time are also deemed to be of importance by Anders.

**4.1.2 Relationship Quality**

Anders comments that a good key account relationship categorises of listening and perception of the key account needs and wants.

“It is important to know what the customer wants from us and from that on there is the mission on our behalf to be solution-driven towards the customer.”

**Customer Loyalty**

Regarding loyalty within business, Anders points out that it is something that can go both ways. But for the key accounts towards Alpha AB, he believes that it is very important to keep their promise and delivers in line with expected quality and within the time frame expected. Anders is of the opinion that that is how you get a loyal key account. The other way around, it is important to be perceptive:
“I think that it is a reason that you have two ears and one mouth. To have a supplier that really listens to what you have to say and answers your questions is stronger than one might think in contrast to some ‘world class salesmen’ who just promotes their product to much”

Anders also highlights strong knowledge of products as a factor that builds loyalty in the long-term. Anders argues that everyone within the company knows that they are not the cheapest ones in the marketplace, but through a loyal approach, knowing what you talk about without being cocky and being there for the key accounts you build long-term relationships. Anders points out delivery dependability and accessibility as two factors of importance on why key accounts choose Alpha AB instead of other suppliers. Anders also assures that they engage deeply in contrast to competitors. Alpha AB tend to provide the key accounts with some free services as drawing up designs on their behalf, which sometimes can be wasted efforts but other times that is what makes them get the deal in the end. Key accounts stay with Alpha AB because they are a stable supplier who delivers quality in line with price, the expected quality correlates with the service/product that is delivered.

Communications
Communication goes both ways. Since 2006 Alpha AB has had a CRM-system where every seller has their own tab with their customers, which have been further developed over the last three years. Every customer is included in this system and it contains all contact information alongside the tasks performed. Also, notes like supports Hammarby and loves to sail can be included in every customer’s tab.

“So you can point out that it is for example going well for their football team next time they meet”

Anders experiences with the system has been very good, especially highlighting that it has become easier to feedback and keep track of the customers with the technology. Further, they have a newsletter function called Apsis where you can send your own newsletters that are uniquely addressed. Anders comments that this can have both upsides and downsides, where e.g. “Best Bengt Bengtsson” included in the letter requires the relationship to be very close in order to avoid the advertising feeling about it. Alpha AB sends out around 4-6 emails to key accounts per year, although the face-to-face meeting is pointed out as the best alternative by Anders. Skype has also come to play a bigger role in the business and as time goes by new technology provide opportunities to handle the growing and different demands of key accounts, according to Anders.

Trust
According to Anders, you create trust by keeping your promises.

“If you say you are going to send a price suggestion by Friday, because the customer says that he/she is going to have a meeting on Monday morning, the suggestion must be there by Friday”.

Trust takes some time to build up, but only a moment to destroy. Alpha AB tries to build this trust by acting professional: exploit moderately and not using situations to your advantage to much. One or two meetings per year might be enough for particular key accounts. This approach has been built up by bad experiences where you have been fed a lot of information.
and everything has turned for the worse, according to Anders. To build credibility Alpha AB always acts professional and honest.

**Commitment**
Alpha AB motivates their key accounts to stay mainly through affirmation of future mutual benefits in the relationships. Anders is of the opinion that if you have a good relationship with a key account it is often enough motivation to stay in the relationship within the line of work Alpha AB is operating in.

“You cannot bring them on luxury cruisers, haha, because a lot of them are counties and public utilities”

According to Anders the key accounts accept their invitations and show that they trust Alpha AB in order to maintain the relationship. Alpha AB tries to promote being nice in the personal meeting instead of using other benefits might make them end up in the wrong shade of grey in the grey area. However, Alpha AB tries to give benefits through social indulgences and discounts to some extent.

**Satisfaction**
The most important parts in how Alpha AB creates customer satisfaction is to always be generous and give the best possible service towards the key accounts. To ensure customer satisfaction Alpha AB work with Apsis, an email marketing service. The company sends out about 20 questions with four possible options on each question. Anders comments that they don’t use the normal Lickert-scale with five possible answers due to assumptions and experiences on Swedish people:

“If we were to send out five possible options, the general Swedish person would choose the alternative in the middle”

These questions are meant to track how well the company manages to fulfill their main objectives regarding the best personal treatment, the best product, the best solution and the best price for their customers. Alpha AB has something called customer satisfaction guarantee, which in practice translates that they never have declined a complaint. Anders says that they might be very nice towards the customers in that sense, but also present it as a way of strengthening the customer’s satisfaction. Generosity in this sense is a foundation in the company. However, they tend to note if some customers have shown a pattern of complaints on very expensive products. But Anders assures that he does not think that their key accounts are willing to commit any frauds.

“The customer is always right does not always work. But we try to put ourselves in the customer’s position and try to understand their point of view”

In a certain situation, Alpha AB can have a risk of losing a key account, but also the possibility of securing it depending on how they behave. Anders says that you have to compromise and find a deal, which is something that all sellers have free rein to do. Anders concludes by highlighting that even they do not have key accounts defined the way it is generally meant, neither they do not put any prestige in who has which contact person in what firm.

“It can make work a bit more fun, when you work with different target groups”
This, according to Anders, might make them quite unique.

4.2 Beta AB

Beta AB is a company operating in the manufacturing industry with 70 employees and thus qualifies as a medium-sized firm. The company started producing and selling clips in 1944 and today they offer a selection of building equipment accessories. 95% of all their products are produced on site while only 5% is import. Apart from being a big actor on the Swedish market they also export to Norway and Finland. Their turnover was 226 million SEK in 2015. Beta AB’s growth over the last three years has been lower than 10% per year which qualifies them into the reference group. They operate in a fairly stable market though it fluctuates along with the overall economy. They have a wide range of customers including big operators as well as small entrepreneurs. The respondent is Bengt Bengtsson who is the CEO of Beta AB.

4.2.1 Management of Key Account Relationships

Beta AB does not have a clear categorisation of key accounts.

“We do not categorize our customers into different groups depending on their importance like others do by naming them A, B, C-customers and so on, because even smaller customers can grow big”

Although Bengt admit that some customers are seen as key accounts due to their financial contribution.

“We have developed a strong relationship with these key accounts over the years”

The key accounts do get some benefits through more frequent visits, exhibitions and education for employees. This is due to time limitations since nobody have the time to come and visit them they opt for visiting their key accounts instead.

Beta AB does not have any key account managers. Instead, to manage their relationships with the customers and especially with their key accounts they have two employees acting as sales managers.

“Almost all of your business relations are developed through personal relations”

These two sellers are responsible for managing and developing relationships with their key accounts. By travelling and visiting the key accounts on a relatively frequent basis the sales managers maintains the relationships with the key accounts.

“They are stationed here but spend almost all of their working hours on the field visiting key accounts”

According to Bengt their focus is not to sell but rather to develop the business relationships and also it is of big importance to be present among the customers otherwise somebody else will be there. According to Bengt the deal itself is often made through mail or by telephone
rather than during the visits. The two sales managers is also important when it comes to keeping the key accounts.

“When an existing customer all of a sudden decides to buy from China instead, it is important that we have our guys there to argue for us and motivate them to stay with us”

According to Bengt the key accounts are aware of their status as an important customer.

“It’s not something we say but it’s mutually understood between the parties in the relationship that they are important for us and vice versa”.

Beta AB does not have any systematic process for managing their relationships with their key accounts.

**Relational Capabilities**

The biggest challenge for Beta AB regarding managing their relationships is according to Bengt the fact that they work together with their key accounts in developing new products. This is done to both exploit their expertise and at the same time specialise the product according to the demands from the key accounts. Their biggest strength in their relationships with key accounts is their high delivery dependability.

“Our biggest strength is our delivery dependability”

Beta AB has a competitive advantage towards others in the business regarding the speed they can supply special orders. Their competitors are also pretty fast, but Beta AB has one employee in the warehouse dealing with special orders every day. The warehouse also contains a lot of products and every different sub-group of product which distinguish Beta AB from a lot of their competitors.

4.2.2 Relationship Quality

According to Bengt, in a continuous relationship, it is easy to notice if the key accounts are satisfied with their service and that is often the case.

“If they are not satisfied with the services, we will find out, in one way or another”

Beta AB has quite a good reputation regarding their delivery dependability, ranging from 98-99%.

**Customer Loyalty**

Bengt describes loyalty within their field of work, as trust and being nice to each other in every way possible.

“If the key accounts have paid a bill twice, you tell them”

Bengt thinks that this is something that works by itself and works good. Key accounts tend to choose Beta AB in the beginning because of the price, but as time goes by more variables come into the context. A few years ago, Beta AB sold to one of the two biggest retailers in the business. Because of some rules, suppliers were not allowed to sell to both of them, which Beta AB followed. But one day they got a call from a purchaser from the other retailer telling
them to start selling to them as well and take the problems when they arise. So today, Beta AB sells to both of the retailers. Bengt points out that:

“...they can get a little whiny about it sometimes, but it is always forgotten as fast again”.

Bengt believes that key accounts stay with them because of their delivery dependability and price. The risk is always that the key accounts decide to import from China instead but as long as Beta AB have a good contact as a purchaser within the customer's company, that person can argue for Beta AB.

“A harder issue to handle is when the key accounts change the purchaser, which already has a good relation with another company. Then you are out... and those things can happen fast, unfortunately”.

Communication
Contact via phone has decreased over the last few years, and almost everything goes through email, according to Bengt.

“It might be a phone call when there is something urgent, like a problem that must be handled swiftly”

One main tool used to conduct business except from email and phones, is a system where all Beta AB’s products are listed alongside the prices of them. Bengt thinks that the system works pretty well when the customers have gotten to know it. Beta AB does not have a CRM-system, but relies on standard business contact and personal visits. Although, they have made investments on their website to in order to make the process neater for the customers. The website also contains all necessary eco-labelling of the products. The personal visits does not contain any guidelines but are made by the sales managers themselves. The two sellers have divided Sweden and the international key accounts in between them.

Trust
Sometimes, Beta AB has contracts between the different parties. Then, everything that is agreed upon is stipulated in the contract. According to Bengt, this is often the case when it is a special order, of which cannot be sold to any other customer. The goal of these special transactions, which is exclusive to key accounts, is that the customer will buy them out of stock. Beta AB builds trust through fast deliveries, delivery dependability and tries to be a stable supplier. Bengt also adds that they have to some extent have sent out surveys that have mainly have shown satisfying results. To build credibility Bengt mentions that Beta AB always tries to be perceptive towards the key accounts. The level of confidentiality of the interaction is stipulated within the contracts.

Commitment
Bengt is not sure about how they motivate their key accounts in general, but Beta AB is trying to have a good relationship with their key accounts, where they sometimes develop products together. Bengt adds:

“The problem with these relationships is that when a new party is introduced in the relationship and the prior relationship and its commitment and trust gets redundant. Then the relationship might fall apart”
Although, right now Bengt assures that the present relationships with key accounts are looking good. According to Bengt the thing that the key accounts do to maintain the relationship is to show their trust towards Beta AB. It happens that key accounts get benefits, but in this sense it can be big investments from Beta AB’s side, which poses careful consideration and a strong need of “know-how”. Bengt further adds that the purchasers of the bigger key accounts know what they are doing and do well on price pressuring on big quantities. Beta AB tries to support their key accounts in advantageous sales so far they are able to.

**Satisfaction**

The most important parts in how Beta AB creates customer satisfaction is that they always try to give quick answers to their key accounts and give them product samples and price suggestions. Beta AB has through its history done a couple of surveys in order to ensure customer satisfaction. Further, Bengt has been out with the sellers of the company and many key accounts seem to be satisfied in general.

“When a customer is dissatisfied, we try to solve it as fast as we can and as good as we can. That it is very important and unless we do so, the customer will be dissatisfied”

However, Bengt also adds that if you manage to solve the problem in a good way it usually gets better. Beta AB does not have any special routines on customer complaints, other than trying to solve it as fast as they possibly can. If the error is on Beta AB’s behalf, they try to solve it even faster. If not, the customers would be able to demand money from them. Even when the error is on the customer’s behalf, they try to solve the problem. A couple of years ago, Beta AB had a consultant that helped the company to systematise this process, so they are now able to keep track of it.

### 4.3 Gamma AB

Gamma AB is since 2002 working with developing different solutions to optimise the nursing of elderly and retired people. Above all the have developed a system where you can access locks on doors by using your cellphone instead of using a key. Today they are 70 employees which qualify them as a medium-sized firm. The employees are spread out all over Sweden but there are also a few salesmen in Denmark, Finland and Norway. They are market leaders in a European perspective when it comes to digital keys. Gamma AB has had a heavy growth annually over the last three years with an average annual growth on 20.31% which qualifies them into a high-performing firm. Since the start in 2002 they have acquired several smaller companies and they now offer a wide range of solutions not only connected to digital keys, but also when it comes to handling the medical records. The respondent Gustaf Gustafsson is a sales manager responsible for sales and also involved in some customer relationships.

#### 4.3.1 Management of Key Account Relationships

Gamma AB categorises around 10 of their customers as key accounts. The categorisation is based on the size of the customer, how many of Gamma AB’s products they are using and which system they are using. If all these requirements are fulfilled they are classified as key accounts. A big difference between the key accounts and the other customers is the more intense communication and more frequent administration meetings. These meetings are arranged in order to develop the relationship by discussing common future goals. Another
aspect that Gustaf mentioned in classifying their key accounts is the fact that the key accounts work side by side with Gamma AB in developing new systems and products.

“Some smaller customers do not strive for developing our relationship in the same way as the key accounts who work together with us when it comes to developing new systems and programs”

The closer relationships and the administration meetings to develop the relationships and agree on future goals are initiatives from Gamma AB.

“In these so called workshops we look at the future and involve developers and business managers.

The key accounts are seen as more innovative and more willing to participate in development projects. They build a future plan for the relationships which makes it more attractive for both Gamma AB and their key accounts.

“It is our idea to involve the key accounts by integrating our products and systems with theirs”

By having a wide product portfolio Gamma AB can enhance the relationship by providing several products to support their work. Also it is a win-win situation for both Gamma AB and their key accounts to work together with developing future products that will be user friendly and also guarantee future profits for Gamma AB.

“We do not work with key account managers, instead we have senior salesmen who is responsible for each one of the key accounts”

The key accounts are divided geographically among the responsible salesmen. Gamma AB also has a few specialised salesmen that are responsible for key accounts based on their high level of technical knowledge. Gustaf as sales manager is also involved in the contact with key accounts sometimes. The key accounts are well aware of their status because of their size and the close relationship. Even if they do not work with key account managers they still have a systematic, structured process and frequent contact with their key accounts.

**Relational Capabilities**

Gamma AB’s biggest challenge today is to develop more contact surfaces with their key accounts. They have long-term relationships, but with too few contact persons. Their biggest strength, according to Gustaf, is their long-term relationships which have built up trust in their key accounts towards them as a supplier. Gustaf is sure that they have a strong competitive advantage to have such a relationship with their key accounts. He also believes that it will be very hard for competitors to take over one of their key accounts because of their deeply rooted common processes.

**4.3.2 Relationship Quality**

To Gamma AB, a good relationship contains dialogue and many contact surfaces. To Gustaf, it is important to have contact with an executive able to make decisions, strong relations with experts on the particular area as well as a relation with stakeholders of Gamma AB’s solutions, which amongst others can involve system administrators and the users. For smaller
customers, Gamma AB has fewer contact surfaces. But regarding the bigger customers, they have a broader contact surface in order to not be vulnerable if someone quits.

**Customer Loyalty**
Beyond the ongoing work with products with the key accounts, Gamma AB has other activities as activity-meetings, customer seminars and educations. Also, the key accounts are prioritised in customer support in different errands. Gamma AB is very much guided by procurements. Public procurements take place before the choice of supplier. But if Gamma AB has a good contact, they can write their tender documents so they can be adjusted after us. This is something that can lead to that Gamma AB gets chosen as a supplier after the procurement. Further, on what makes the key accounts stay with Gamma AB, Gustaf highlights their wide choice of products and their dialogue with key accounts. Also, the fact that Gamma AB is a Swedish company with Swedish owners plays a part.

**Communication**
The communication between Gamma AB and key accounts mostly takes place on the phone, emails and meetings, but in recent year’s video meetings has started to play a bigger role. Administration meetings take place on site and they have video meetings every other or third month. It depends on what the key accounts requests or demands. The sellers have phone contact with the key accounts about one time per month. Gamma AB has a CRM-system where they collect and keep information about their customers. It was switched to a new one last autumn which has resulted in that the information on it still not is fully complete. By now it contains basic data about the customer regarding activities, agreements, upcoming business opportunities and contact information. Gamma AB is currently looking on possibilities to improve the communication with their key accounts. A great increase in video meetings has been the new reality, but some meetings have to take place in direct physical contact due to adjustments and calibrations of the systems.

**Trust**
For Gustaf, trust is rooted in the personal relationship you have with the key accounts. In addition to this, Gamma AB as a small player amongst bigger competitors are trying to build trust by being fast and flexible as well as delivering what they promise. To build confidence towards their key accounts they try to take responsibility and communicate as much as they possibly can. Everything does not have to be regulated in contracts or agreements. Gamma AB builds trust by delivering according to what they have promised and they try to excel the expectations. A lot of their success, according to Gustaf, lies in the interaction with Gamma AB as a company and the trust is built in the personal interaction. Confidentiality can be quite hard when dealing with public companies and counties. Almost everything is public documents. In some cases, non-disclosure agreements can come in handy. But this is no big problem on the market, as it is the same procedure for everyone.

**Commitment**
To build commitment Gamma AB puts a lot of emphasis on being innovative and finding new solutions.

“*Our effective solutions make it easier for the customers in a more and more hectic branch of industry*”

According to Gustaf it is important for the customers not to have a complicated IT situation but rather to connect the product to the same system to make it user friendly. Gustaf also
mentions the importance of developing a system that actually works when it is time for implementation. The administration meetings and the workshops prevents mistakes in the development process and also enhances the possibilities of developing a user friendly product that will be well received by the users. Gamma AB’s key accounts commits to the relationships by participating in their events, wanting processes for structured communication and wants to be references for new customers.

For Gamma AB it is very complicated regarding benefits. Since many of their key accounts are counties run by the state it is almost impossible to give any particular benefits. Everything has to be official due to legislation. Gamma AB sometimes invites key accounts for activities but they have to pay everything by themselves. They can although to a certain extent give lower prices for key accounts that buy larger amounts. Gamma AB does prioritise the key accounts when time limitations regarding development and problem handling occurs. According to Gustaf there are often high levels of service level agreement in the contracts and sometimes they have to prioritise a key account which can result in penalty payment to the smaller customer, even though this is something Gamma AB is aware of.

“Sometimes when there are time limitations we have to choose between the options, and then you have to stick with your choice”

Neither is it possible for Gamma AB to get in contact with some persons that could be seen as key persons in the business relationship with their key accounts. The fact that a lot of the key accounts are counties results in key persons often being politicians. Even if politicians often are the ones taking the final decisions they are never involved in the actual buying process.

“We are restricted by the fact that we do business with counties so we cannot give a lot of benefits”.

**Satisfaction**
The most important components in how Gamma AB tries to build satisfaction in their key accounts are innovation, responsibility, responsiveness and being trustworthy. What Gamma AB does to check the satisfaction of their key accounts is that they conduct customer satisfaction measures. It contains of every contact surface from sellers, support to consultants. Every fifth errand, the customers get a question about how the interaction with us was perceived. Every new project is evaluated through customers grading the bits and pieces of the project. One of Gamma AB’s strengths is that their customers are patient with new technology not working perfectly. Thus, they can continue with releasing new solutions without being overly scared of not succeeding.

Regarding customer complaints, the handling can differ a lot depending on the situation. But all complaints have in common that they are registered in a non-conformance report through ISO 9000.

“The one who handles the complaints can range from me to the CEO, depending on what area the complaint is coming from. This results in an action plan on how we are going to make things right again”

A discontented customer is a question that Gamma AB takes seriously. But they are sure of that a good handled complaint strengthens the relationship with the customer.
“If the cooperation just floats on without problems in indefinite duration, we never get to show that we take their problems seriously. Sometimes it might even be a good thing with complaints.”

4.4 Delta AB

Delta AB is a company operating in the sports equipment industry. They specialise in weight lifting equipment, which has been their core business since the founding back in 1957. Delta AB’s market right now basically constitutes the whole world, and they have offices in Sweden, Norway, Finland and Germany to manage the local markets. Their main customers include gyms and fitness centers. Delta AB has 75 employees which qualifies them as a medium-sized firm. Their annual growth over the last three years exceeds 10% which qualifies them as a high-performing firm with an average annual growth of 137%. The respondent Didrik Didriksson is a Product Manager/Key Account Manager which is a position that amongst other tasks, entails managing sales and the relationships towards their biggest customers.

4.4.1 Management of Key Account Relationships

Delta AB has six key accounts in northern Europe which are accountable for around 50-60% of the total sales. The key accounts are categorised according to potential volume of turnover as well as the size of the gyms and fitness centers. Although, the relationship does not differ from the relationship towards their other customers that much:

“The company has grown to be strong because it is treating small customers as small key accounts.”

The main differences between the key accounts and other customers are their bargaining power regarding price and benefits. The key accounts always have one single contact person within Delta AB that handles everything for them. Didrik also adds:

“We try to involve and integrate the key accounts in creating and enhancing common goals”

Delta AB’s key accounts have quite extensive supply agreements which amongst other things entail pricing where everything is negotiated. The smaller customers which aren’t classified as key accounts might have ongoing contact with sellers, but not the unique contact you get through a key account manager with price lists and negotiation each 12th or 24th month.

“Some smaller customers can also turn into key accounts. These prospects can be firms that are growing extensively and want closer contact in general and one contact person in particular who can serve them with these things. In that case, it is not the volumes that is crucial, but the growth.”

Delta AB often has only one person responsible for each key account. They have had low employee turnover over the years, so the contacts within the firm have had the opportunity to develop the relationships over time which strengthens the long-term cooperation. The competitiveness in the industry is quite high which makes the relationships notably important, according to Didrik.
“...It gets a bit complex in this industry, but it is always important to put professionality before the private”

The contact with the key accounts is dealt with by specifically designated people. Didrik work as a key account manager with the two biggest key accounts and two other senior sellers have dedicated contact with the other key accounts. Further, Didrik is sure about that the key accounts know about their status.

“Yes, they aware of their status. It is that primary special treatment of being like a VIP-customer. They have a very straightforward and simple contact surface against one person and one price list”

Even though Delta AB works with key account management, the process is related to whom it is that manages the key account. To make sure that every key account is treated the same way in terms of benefits they sync within the corporation, but it can differ in terms of how contact is established and how the deals are made. The rationale behind this is rooted in the fact that the sellers within Delta AB are different as persons as well as sellers. Didrik argues that KAM is hard to streamline or unite as a process.

“We have a framework, but the process is shaped depending on who the customer is and who the responsible seller is.”

Relational Capabilities
The biggest challenge that Delta AB faces in the relationships with their key accounts is to get them to not take the brand for granted, but that Delta AB continues to prove in development to retain the pricing and margins. The better the relationship gets in terms of privacy, the harder it gets to motivate increasing prices. The challenge lies in the ability to mediate the strength of the brand that they supply.

“Customers can get a bit comfortable when everything just flows, and that is when they have to listen to the story once again to be reminded.”

Didrik regards the quality of their products as one of their two biggest strengths in building their key account relationships. The other strength lies in the capacity to build relationships, which has been an advantage Delta AB has had over the years. Didrik is convinced that this relational capability, through trust and quality, is a competitive advantage. It is one of the biggest reasons that Delta AB succeeds and getting their key accounts to continue working with them.

4.4.2 Relationship Quality
Didrik believes that a good B2B-relationship is about giving and taking. He argues that every supplier, regardless of industry, can have problems delivering sometimes. A good relationship is when you create an understanding of these problems and try to be solution driven. The good key accounts have an understanding and insight in that Delta AB will find a solution somehow. Delta AB engages their customers in training and co-operation by integrating their educational organisation with the key accounts operations. This raises the quality on the key accounts employees because they are operating in the same line of business. The integration and education is a big part of Delta AB’s operations today.
**Customer Loyalty**

Didrik is convinced that loyalty comes through good relationships. He adds:

> “Of course, you have to deliver and satisfy the customers’ needs, but the key accounts choose us because of the relationship, who we are, who works in our company and the products we produce.”

The relationships are argued by Didrik to be the most important reason why their key accounts stay with them. But on the other hand, if Delta AB would have delivered bad quality, the key accounts would not have stayed. Didrik regards a harmony between relationships and quality is how you create loyalty. Delta AB develops along with the market but mainly with their key accounts.

**Communication**

The communication is different depending on where it is. Every seller or key account manager has their key accounts geographically close. Telephone calls and mails are used of course, but Didrik highlights the personal face-to-face meeting.

> “Face-to-face meetings are conducted around one time per month. It can take form of some reconciliation, lunch or something else, the important part is that it happens. Because that is where the relationships are built.”

The ongoing communication takes place many times each week up to on a daily basis during certain common projects. Delta AB has developed an own CRM-tool online which includes a complete online portal, where they can find all the customer information and reports on current status. The communication towards the key accounts can also differ depending on what phase the customer currently is in. Sometimes, the key account wants to evaluate a period of time (e.g. a month) which brings the communication down to a minimum. It is of huge importance that the personalities correspond:

> “We have been lucky enough to find positive synergies between our sellers and the key accounts and based on how these synergies take form can in turn have an impact on how the communication is organised.”

**Trust**

To Didrik, trust in a business relationship constitutes of honesty that goes both ways. It is important to keep your promises and deliver according to what has been agreed upon. When the trust between the parties break and if the seller wants to sell more the trust suffers, which manifests itself in that you cannot keep your promises. A key account is also in great need of concrete notifications to plan their operations. Didrik has always tried to be conservative and realistic in not promising something he cannot deliver, which has made the relationships stronger over time.

> “That way, you never have to have a discontented customer unless something out of the ordinary happens”

To be trustworthy, Didrik highlights that it is important to deliver, in all ways always. He suggests that when you cannot deliver the trustworthiness suffers. The biggest customers, i.e. the key accounts always have confidential agreements with prices and for Delta AB’s sake
that the prices do not expose on market. There is written agreements on every part of the deals.

**Commitment**
Delta AB motivates their key accounts by sharing their goals.

“We want to take them on a journey and develop with us, we want to integrate them to some extent and make them feel like they are participating and give us feedback on areas where we can improve ourselves and even see the improvements”

It is important for Delta AB to always deliver, being realistic and humble. By delivering high-quality products to their key accounts, they can in turn deliver quality and get satisfied customers. The key accounts push for Delta AB’s products and the message spreads by word-of-mouth to other players in the industry. Other than the benefits regarding price, one contact person and special agreements the key accounts get, the benefits for all customers is about the same.

“We value every customer equally. For example, if we have problems delivery complications when a key account have order 10 units alongside a small customer that also have ordered 10 units, we do not prioritise our key accounts.”

**Satisfaction**
Didrik argues that Delta AB get satisfied customers through quality, keep their promises and delivery dependability. Didrik believes that as key account manager, you can sense customer satisfaction. If that is not the case, the key accounts are normally good at telling them that they are discontented and the reason behind it. Delta AB has developed new goals to deal with discontented customers. In their case, the dissatisfaction has never been connected to any specific individual or sellers, but sometimes smaller issues as deliveries that do not work. In these cases it is important to make sure it never happens again and become more conservative in what promises they keep making. Delta AB does not have any certain routines to handle complaints or dissatisfied customers. Didrik think that Delta AB has an advantage in that they work in a line of business that is very positive and easy going.

“...if we were to have a discontented customer, it usually is because we have sold a product that does not correspond with what has been promised. In these cases, the CEO or the Area Sales Manager is involved to handle it together with the person who has been responsible with the contact, to make sure it does not happen again.”

4.5 Epsilon AB

Epsilon AB is a company operating in the manufacturing industry. They construct transport devices that are to be included in the production line and specialise on pallet trucks. Epsilon AB was started in 1989 and today the turnover is 75 million SEK. Scandinavia, together with Germany, Austria, Switzerland, Belgium and the Netherlands are their biggest markets but they also export to some other countries in and outside of Europe. They have 34 employees which qualifies them a **small-sized firm**. The production is located in south of Sweden and they have a sales office in Oslo. Their average annual growth over the last three years does not reach 10%, which qualifies them into the **reference group**. There is a heavy competition on the market both from pallet truck constructors but also from robot companies. The
respondent Evert Evertsson is CEO and owner since 2000. He is also involved in marketing and sales.

4.5.1 Management of Key Account Relationships

Epsilon AB do not have categorised key accounts but they have 20-30 customers that they deem to fill the characteristics of key accounts. This is based on their involvement in sales projects. According to Evert this branch of industry is categorised by long running time regarding the sales interaction.

“From the first contact to the last adjustments on the products the project could be running for a year to a year and a half”

First a budget is to be made and then the product have to be developed and built, after that the engineers visit the key account and build up the pallet truck. Therefore it is often a tight relationship with the key accounts during the project time. Also many of the key accounts are returning customers. Evert also mentions service contracts as a big part of the relationship.

“We have service contracts with the customers so they have a guarantee of service for our product”

Although Evert discusses that the key accounts change rapidly in line with project and different business opportunities.

“We had a very tight relationship with a particular customer between 2004 and 2008 and now that has changed”

This is because the project takes a lot of time and you work side by side for more than a year. According to Evert it also changes geographically where the business opportunities are. For example Russia was a very attractive market up until 2008 but now it has changed completely. To build strong relationships with the key accounts Evert argues that you have to do a good job and show your key accounts that you are trustworthy.

“If you screw up with a customer in this industry you have to wait a couple of generations before you can do business with that account again”

For Epsilon AB it is very important to have a well-structured process for delivery to deliver on time, to have a high technical knowledge and to always make sure that the projects proceed as planned. According to Evert all this leads to a good word of mouth for Epsilon AB.

“For us word of mouth is extremely important”

Epsilon AB participates in exhibitions around once a year. But according to Evert this is not as effective as the word of mouth.

Epsilon AB does not employ key account managers. This, according to Evert is because he has not felt the need for it when considering their size and industry. The contact with the key accounts is managed by the salesmen. Although Evert mentions that the salesmen working at Epsilon AB is more focused on technical development than selling.
“Our salesforce do not have the classical salesmen approach but rather a technical approach”

The relationship is also affected by this since the communication during the project period is more about solving issues than selling. However the sellers are responsible for the contact with the key accounts and it is divided geographically.

“Two sellers work towards Scandinavia, one against Norway, one against Europe and another towards other export”

Another factor that Evert mentions as important is that the contact person from the key accounts is often an engineer working with production rather than a person working with purchase. And this also affects the relationship according to Evert.

“They are more interested in the functions than the price, since somebody else is taking the buying decisions”

They key accounts are aware of their status as key accounts.

“We tell them that we do extra effort because they are our key account”

Epsilon AB does not have a systematic process to handle the key accounts but according to Evert this is not necessary.

“Everybody know the situation since we are 34 people working under the same roof, also I do not have to account for my decisions to anybody since I am the CEO”.

**Relational Capabilities**

The biggest challenge for Epsilon AB in their relationships with their key accounts is according to Evert to keep an active contact with them continuously. Their biggest strength in their relationships with their key accounts on the other hand is according to Evert the fact that they always complete their projects with high quality even if it sometimes requires a heavy effort financially. This gives the key accounts a high degree of trust towards Epsilon AB.

“Our key accounts trust us to complete projects in a good way, even if it sometimes cost us financially”

Evert definitely thinks that their relationship with their key accounts is a competitive advantage.

“You can do as much advertising and marketing you like but without strong relationships with key accounts it is impossible to keep up with your competitors”.

**4.5.2 Relationship Quality**

Evert discuss that he thinks of relationship quality the traditional way and argues that you build a personal relationship without necessarily associate privately. According to Evert a strong relationship is built on long-term relationships where you meet and get to know each other and build mutual respect towards each other. Evert personally meets a lot of the key
accounts to give them a face and enlighten them of the fact that they always can contact him in case of trouble.

“If something is goes wrong in a project it is very important that the customers can call me and I will deal with it”.

It is a must to build a strong relationship to be able to work together with such complicated and important projects. Evert discuss that it is important for them to know when something changes for the key accounts, for example if a certain person quit their job in a middle of a project.

**Customer loyalty**
To build customer loyalty Epsilon AB always strive to have a well-structured way of delivery. Evert believes that loyalty is related to how well you perform when you get the chance to deliver to a customer. Epsilon AB makes sure to meet the demands of the key accounts when it comes to changing and improving the product during the project.

“If the customers takes notice that we always work to do our best and help them the best way we can that builds loyalty, to build loyalty in another way is difficult”

To never leave something behind and always fix every problem that occurs during the process is other factors Evert mentions to be of importance when building loyalty. Epsilon AB also makes sure to have enough finances to be able to adjust and improve the product when needed. When discussing reasons why key accounts chose Epsilon AB Evert mentions these three: to have the right solution, have a strong relationship and to have the right level of technical expertise.

**Communication**
Epsilon AB does not have any particular process or guidelines on how to handle the communication with key accounts. As earlier mentioned the sellers are responsible for a couple of key accounts each. According to Evert the smaller size of Epsilon AB makes it possible for them to handle the communication with the key accounts without any systematic approach. Epsilon AB does not work with CRM systems to collect information about the customers. However, it is about to be implemented together with a change of their ERP system.

“We want to implement to make it easier for the salesmen, when you change ERP system you look at different possibilities”

The change is not of vital importance according to Evert since every salesman work with a maximum of 15 customers each.

“If you have 15 customers to be responsible for, it is not very difficult to handle every one of them professionally”.

The choice to implement a CRM system goes along with the decision to change the ERP system and the timing is well suited for Epsilon AB.

**Trust**
According to Evert trust is extremely important in their situation.
“Everything we deliver is connected to production and if we fail to deliver what we promise that can have severe consequences for the customer”

Evert mentions that if you fail once it will be very difficult to regain that trust and you have to wait at least one generation. To give a trustworthy impression towards their key accounts Epsilon AB always works hard to complete all their projects with high quality without leaving something undone. Epsilon AB do not work with a lot of confidentiality since the relationships they have built up over the years is enough.

“If you been working with somebody before and you have a good relationship you do not need to handle the confidentiality issue”

Although there is mentioned in certain contracts etc. that the products belong to Epsilon AB and the information is confidential.

**Commitment**

To motivate their key accounts to stay with them, Epsilon AB work with a high level of delivery dependability and they also tries to be flexible towards the key accounts. Epsilon AB’s key accounts put less focus on the price in some situations in order to maintain the relationship. The reason for this is according to Evert that they have been buying regularly for some time and since they have been satisfied they know that the products are of good quality. Regarding the benefits there do exist some benefits due to the service agreements that they agree upon the start of the project. According to Evert they do not work on any discounts for key accounts. One benefit they do give the key accounts is that they are prioritised when there is time limitations.

“If there is a lot do before the vacations during the summer we prioritise our key accounts”

Evert also mentions that they always tell the key accounts that they prioritise them due to the fact that they are seen as a key accounts. Another thing in this branch of industry that creates trust is the fact that Epsilon AB sometimes recommends projects to competitors.

“Sometimes we do not have the possibility to do a particular project and then we recommend a competitor to this possibility, by doing this they will do the same thing for us next time around”

**Satisfaction**

To enhance satisfaction Epsilon AB tries to be flexible in order to handle the demands from the customer in neat way. According to Evert this is very appreciated by the customer because it simplifies the projects. Epsilon AB does not work with any customer surveys to ensure satisfaction. They do work with service agreements to make sure that necessary service is given through the process. When there is a discontented customer it is very important for Epsilon AB to act quickly and correct.

“If somebody calls and have a complaint we always make sure to send people to the customer to identify the problem and fix it as quickly as possible”

According to Evert it is extra important in this kind of industry where it is easy to miscalculate on capacity etc. for the product.
“By acting direct and correct we minimise the damage and keep the customer satisfied”.

4.6 Sigma AB

Sigma AB is a company operating within the manufacturing printing industry with a production divided into three categories: Sheets, reels and post-processing. With 43 employees and a growth that does not reach the 10%-margin per year, they qualify as a small-sized firm in the reference group. Sigma AB was started in 1989 and today has a turnover of 60 million SEK, of which about 25% comes from exports mainly to countries like the US, Germany, Poland and Malaysia. The company is currently owned by a big international group. They regard their delivery dependability, which fluctuates between 95-98.5%, as a very important part of their business. Sigma AB has their sales divided into five regions: North, Stockholm, East, West and South. Every seller manages a set of international customers beyond its national customers. The respondent Sven Svensson works as a sales manager in Sigma AB, which is a position that amongst other commitments includes responsibility for sales and relationship building.

4.6.1 Management of Key Account Relationships

Sigma AB categorises their customer on account of their turnover into three different groups: A-, B- and C-customers. They follow their A-customer, or key accounts, in a different way than the other customers.

“We follow our top 15-20 customers all the time and make monthly and quarterly reads on them. We also work with a lot of contracts and forecasts on these customers. The level of service, contact and contact surfaces differ from our A-, to C-customers”

For their bigger customers, Sigma AB has sellers that are responsible for visits and closing deals. In the key account firm, the contact goes through a strategic purchaser and then is transmitted out to the organisation. What differ the key accounts from the other customers is the level of service and delivery time. Raw materials are kept in stock to be able to speed up the delivery time for the key accounts. Sigma AB works with outreach programs, they contact the customers and provide them with their USP, pointing out what makes Sigma AB unique, what they can do and a bit of story-telling of prior successes. They attend at exhibitions and when a customer is interested, the selling process continues with providing samples. They also bring the customer to the company to meet people they are going to work with in order to get a feeling for the firm.

“We try to pass on the feeling that it is well-managed and that everything is in order. That helps a lot.”

The sellers manage the contact with the key accounts, which is divided into geographical areas. Some big customers operate on several of these geographical areas and this call for some coordination. In these cases, no seller has the ultimate responsibility for the customer, but the sellers have reconciliation on Monday morning.

Sigma AB tries to visit key accounts regularly to see if the relationship can be developed further. The seller's works almost as consultants or advisors, due to that many deals can reach
over one year-cycles. They are often in meetings with people on different positions in the key accounts firm to promote upcoming products. Sigma AB does not use a systematic process to manage their key accounts, but it is something they consider implementing in the future. The key accounts of Sigma AB are aware of their status, because of their close contact. Some key accounts are kept in contact with every day. But Sven deems that they are a bit too small to use key account management yet.

“We only have a few customers that are big enough to be suitable for key account management”

Sven adds:

“I have worked as and with other key accounts managers in other industries before, which to some extent has colored the way we are managing key accounts in Sigma AB. But we are still working on improving a lot of processes and we still have a long way to go”

**Relational Capabilities**

The biggest challenge for Sigma AB right now is to find a more standardised internal procedure to work towards their key accounts. Sigma AB’s products are often inexpensive in relation to other purchases of the customers which pose a challenge on increasing the key accounts’ priority of the products. Sigma AB’s biggest strength is their service, according to Sven. In many cases, Sigma AB knows more than the key accounts about the products and their development and regular customer demands than the customer itself. In terms of competitive advantages, Sven regards the service level, being flexible and fast deliveries as strong sources. Digitally, Sigma AB is able to produce quickly unless the requests are too extensive.

**4.6.2 Relationship Quality**

To Sven, a good B2B relationship categorises of that both parties want it. Both parties should be willing to invest in it as well as providing access for information. If only one party is willing, Sven believes that it would be going to slow. Sigma AB has one customer where they have put up goals on a three year note, where they are going to drive the relationship to the next level.

**Customer Loyalty**

Sigma AB does not use any special strategy or working procedure to promote loyalty among customers, but they try to support their key accounts as long as it does not cost them too much. They try to be easy-going through simple systems and being personal in their relationships. They perform customer activities as hockey games, round tours in the company’s production facilities and seminars on materials. The competition in their line of business is very tough. If anyone misconducts or can’t keep their promises toward their customers it is very hard to repair. Sigma AB also has some special materials which are not currently owned by competitors which constitute an advantage.

**Communication**

A lot of Sigma AB’s communication is carried out through email communication. Some customers have quarterly meetings in order to monitor and see that everything is functioning. Sometimes they perform visits where it is important to meet more people within the business than just the purchaser. These visits are also conducted in order to get feedback from
production. Sigma AB uses Jeeves CRM-system which is the central tool used throughout the company. This CRM-system gathers information about what has been discussed, offers, samples and materials that have been sent to the customers. The system has been used for a long time and is open for every employee to see. Even the production is included in the system.

“When someone is absent or quits, we should be able to find the information anyway. We are good at promoting that culture here, in other cases it is very hard to utilise CRM’”

The way they are communicating now has grown to the point it is today. Their owners at the international group put some pressure on Sigma AB on modernising, which is a pending process.

“We do not work in a modern way enough to cope with the future. Amongst the goals are plans on developing processes and new working procedures towards the biggest customers. We have been bad at monitoring in the past. We haven’t been visiting as many international customers’ as we would like to”.

Trust
To Sigma AB, trust is about keeping your promises. Since they have a lot of manufacturing customers, these customers must be able to trust that they are delivering according to what is agreed upon.

“...otherwise the production will stand still. A lot of our customers work with Just-in-time deliveries and that is why we have to deliver in time to them”

To build credibility towards their key accounts, Sigma AB is planning on developing their cooperation in a more structured manner regarding monitoring and common processes. They also try to get the key accounts to understand their processes by inviting them to their factory, and meet their employees to enhance the communication and the relationship. Regarding contracts, it is a commonly adopted way of action with their key accounts. With some customers they write confidentiality contracts where it is not allowed to notify the end customer etc. Sometimes it is very few employees within the company that knows what is going on. Sigma AB is also subject to a code of conduct with guidelines on how to act, which is issued by their owners. Their owners even have a special email for whistleblowing if someone acts in the wrong manner. Sigma AB has a meeting every Friday where they sometimes discuss confidentiality. Further, once every year they have a meeting where they bring up the code of conduct.

Commitment
Sigma AB’s key accounts maintain the relationship by trusting them with access to information on projects early in the process to enable continuing cooperation. Further, the key accounts put high demands on Sigma AB to make them a better supplier. Business contracts with Sigma AB sometimes contain benefits like a decreasing price after four or five years of time. They have some projects that are on-going where goals like price cuts a few percent or regarding eco-friendly materials with a time frame. Sven also think there is some motivation in them being flexible. Sigma AB has set aside hours for production of products to key accounts. Sometimes their production is allocated priority.
Satisfaction
To enhance satisfaction, it is important for Sigma AB to be easy to deal with, keep their promises and have a high quality service. To find out if key accounts are satisfied with their business, Sigma AB asks around a lot during their company visits. They have a satisfied customer index (SCI) that they send out to a couple of hundred customers. This is a part where they hope to find additional information to build new and better key account relationships. The results of the index later generate an action plan. Sigma AB has a certain procedure on complaints wherein the additional information found through the SCI plays an important role.

“However, for discontented customers it differs from time to time. It depends on what you are dissatisfied with: the quality, communication or contact. It starts with an internal meeting which is followed by a customer visit to create a deeper understanding of the problem. This is often complicated processes. Glue, which is a central part of our products, has a tendency to be hard to handle as well as sticking to everything”

Sven adds that it is important that they act upon discontented customers and inform about the next step after their internal meeting. Some customers even demand that they should write reports on the process.

4.7 Zeta AB

Zeta AB is a company working with developing and promoting smart mobile services, and has done for around 10 years. They have 25 employees which qualifies them as a small-sized firm. Their main customers are mobile phone operators, banks and information services. Zeta AB is specialising in security in a branch of industry that is very competitive, both on the national and on the international market. Their average annual growth over the last three years is 69.4% which qualifies them into the category of high-performing firms. The respondent Zara Zarasson is a key account manager and has responsibility for a couple of key accounts. The work is characterised by planning and nourishing the relationship with the customers, of which is mostly existing customers.

4.7.1 Management of Key Account Relationships

Zeta AB categorise almost every customer as a key account, which is derived from their small size and few customers. The company has three key account managers and each one is managing a few key accounts. Although they in general categorise every customer as a key account they have a few small customers with lower volumes where the development of the relationship are not aimed at to the same extent to the bigger accounts. The key accounts are divided into different groups depending on their area of business, and Zara work towards the key accounts within banks and information services. The smaller accounts that has no interest in developing the relationship further, does not get the same time or attention as the bigger ones. Although, according to Zara, every customer would get the same attention if the CEO was to choose, but right now the focus lies on the accounts with the biggest turnover. The distinction between the key accounts and other accounts lies in the closeness of the contact. Zeta AB has some kind of contact with the key accounts on a daily basis. This daily contact can, amongst other things, include meetings, new development or maintenance of the present services. Zara highlights:
“It is more like a fluid cooperation, almost like you are working side by side in the same place”.

These key account relationships often start with word-of-mouth which can come from networking between customers or that the word spreads from different departments. The following meeting takes place through a loose discussion about ideas and conditions.

“When the initial agreements are settled, we specify an ordering contact, technical contact and task forces are formed”

After this, coordination takes place according to the agreement, either weekly or monthly. Zeta AB has been working with key account managers since the beginning 10 years ago, but they have expanded it from one key account manager to three. The key accounts are very aware of that they are classified as key accounts through attendance and close continuous contact.

Further, Zeta AB believes in solving issues without the key accounts having brought them up yet, everything to make worry-free for the customers. Zeta AB has a systematic process for handling their relationships with their key accounts. The key account management process is something that Zeta AB work to continuously improve. They are planning to further introduce Road-maps for goals with the key accounts during the year. In this way, they are convinced that they will be able to work without encountering any problems and focus on building the relationship. There is also a strong focus on determining as many things as possible far ahead in time to facilitate for the key accounts.

**Relational Capabilities**

Zeta AB’s biggest challenge is to maintain the good relationships with their key accounts. They are never able to relax, but they have to continue working towards being an innovative problem-solver where the key account should feel safe and well taken care of. Zeta AB’s challenges are closely connected to their biggest strengths: being fast-moving and innovative, which according to Zara is very important in their line of business.

Zeta AB is trying to be non-bureaucratic and flexible in an otherwise slow branch of industry.

“It is easy to work with us, we are so small that we can be fast-moving, make fast decisions and not be subject to complications due to changes along the way”

Zara would like to think that the way they are conducting key account management creates a competitive advantage. With focus on the customer rather than technology, makes it easier for Zeta AB to expand.

**4.7.2 Relationship Quality**

What clearly marks out a good relationship to Zara is that the customer feels secure and comfortable.

“The relationship should be close. It should feel like you work like you work in the same place, even though you work at two different firms”
**Customer Loyalty**

To enhance customer loyalty, Zeta AB use planning in the long-term. Together with their key accounts, they come up with ideas to develop services. These mutually created innovations makes key accounts loyal and makes them come back again and again, according to Zara. They create common plans by meeting the key accounts and providing own ideas as well as listening to their input. By being fast-moving, innovative and using the platform the key accounts choose Zeta AB. By engaging and integrating their key accounts, Zeta AB also creates a quite big obstacle for companies to leave due to the relative costs it would involve. The common value creating process is a true key in the relationships.

**Communication**

As a key account manager, Zara have contact with her key accounts at least once a week. When in a project, the contact is even closer and more often. Personal visits occur at least once every other month. Requests from superiors, volumes and needs might affect this in one way or another but that is the general guidelines for personal visits. Zara points out that it is very important to meet the key accounts now and then to have meetings regarding innovations etc. Zara’s role as a key account manager in Zeta AB is broad, maintaining and developing relationships with key accounts are often mixed with small everyday tasks. Zara make calls to her key accounts every other week and keep contact with them on email on a daily basis. Zeta AB does not have a CRM-system to systemise their contact with their key accounts.

> “Although, we have something similar where general information and contact information about our customers are gathered, but no system where all correspondence is collected. In that way, interaction is strongly linked to me”

Zara misses some kind of system where the key accounts and everything connected in terms of emails, decisions, contact person and affiliates is gathered. Zeta AB is still a small company but Zara think that it might be something to take into consideration as they continue to grow and expand. A further reason for the close communication for the key accounts is according to Zara that they provide solutions that are running 24 hours a day. A lot of end customers tend to use their services and there is always the risk of emerging problems.

**Trust**

In Zeta AB, trust is something that is highly regarded. Zara points out that they handle a lot of money and sensitive information and that trust is a key variable. Zeta AB has certificates on security errands and is assertive to use contracts that are very clear for the key accounts to understand. Further, Zara highlights that it is very important to keep your promises and keep clarity in the communication. Zeta AB has confidential contracts. When it is a very confidential interaction for any reason, it is mandatory to keep it a secret and not tell a third party. This is something that Zeta AB is aware of and thus divides potential competitors amongst the key accounts on different employees within the organisation. Zara argues that Zeta AB is trying to build credibility towards its key accounts by delivering what is expected - and a bit more.

**Commitment**

Zara is certain that delivering the best and stable services with the latest technology makes the key accounts want to stay with Zeta AB.

> “From a customer point of view, it is all about having a sense of the customer. How much the customer wants us to push, and know when to back off. My work is also about representing..."
the customer and I’m supposed to fix the problems when they arise. It is also very important that the customer do not notice any internal problems, everything should be perceived as smooth”.

Further, Zara suggests that the key accounts commit in the way that they give Zeta AB continuing confidence to deliver them with products and services. Benefits are generally granted in big purchases, which are negotiated considering the volumes and other variables. Internally it could be a bit of a negotiation on which key account is the most important out of their three key account managers’ portfolios. In these circumstances, it is the CEO that has the last word.

**Satisfaction**

Zara argues that the most important components of how they get satisfied customers’ lies in their close contact with their key accounts as well as delivering good products and services. Zeta AB has done some minor investigations on customer satisfaction, but no surveys have been conducted. There have been some selective measures through an app with common numbers of sales and assessments on them. Zara assures that this is something that Zeta AB will further develop because they can see the need for it.

“It is dangerous to go around thinking that the customer is satisfied with our services when the reality is that it is a discontented customer”

Zara has a lot of contacts within her key accounts but the key accounts only have her. When the work is handed over to their project department, the project leaders handle the contact with the customers. Zara, as a key account manager is only eager that the process is proceeding as smooth as possible and everything is delivered in time. For Zara, it is important to notice and solve problems with complaints as fast as possible. This, according to Zara, makes a customer a faithful customer.

“Everybody can make mistakes, but it is about assuming the responsibility and solve it quickly that makes the difference. In these cases I rather pick up the phone than using email. If it is possible to meet up, I would rather do that too, but you still have to make it easy for the customer”

Zeta AB does not have routines regarding complaints but makes sure that everyone involved gets informed and relies on that anyone is experienced enough to solve it. Zara believes that managing relationships with customers and especially key accounts is something you have to be a certain person to handle. You have to be interested in other people and a way of speaking to different types of individuals in an efficient way.

**4.8 Omega AB**

Omega AB is a company operating in manufacturing draft equipment. They have three core products in draft equipment that they manufacture themselves. Omega AB has 30 employees and has an annual growth rate of more than 10% over the last three years, with an average annual growth on 29.5%. These factors qualify Omega AB into a **high-performing small-sized firm.** Apart from their core products, Omega AB has service centers where they sell their own manufactured products alongside products that are developed with partners. These service centers are further spread to USA, Asia and Europe. Their main customers are breweries and beer handling firms. In the market that Omega AB is operating in, they have
competitors that manufacture identical products which makes the market very competitive. The respondent Olof Olofsson is Sales Manager and is responsible for a couple of customers in Sweden.

4.8.1 Management of Key Account Relationships

Omega AB categorises the biggest breweries in the Nordic countries as key accounts, which in Sweden is 3 firms. The criterion that lies behind this categorisation is basically sales turnover. These key accounts have more or less daily and very interactive contact. The smallest customers, as opposed to the key accounts, only buy from Omega AB’s shop and pays with credit cards.

“So big is the difference, the small customers do not get any more treatment than that we add them as customers and give them login information to our web-shop, and that is how they get their information.”

Omega AB operates in the brewery market which is a very narrow niche market. Many people drink beer, but there are not so many actors. The big breweries are few, so it came pretty natural for Omega AB to get the contact that they needed. Omega AB’s parent company is one of the biggest actors in the world market, which has helped them a lot. Olof highlights that the fact they sell whole concepts instead of just products towards their key accounts, where they supply a lot of products and service down the line.

“We are their [the key accounts] logistics partner and manages everything they buy.”

Every key account has particular senior sellers that are responsible for them. The dividing of the key accounts is based on networks rather than on geographical terms, which has been developed naturally. Olof are sure that the key accounts are aware of their status as key accounts due to their close contact.

“Even though we do not have key account managers they [senior salesmen] rather perceive themselves as key account managers than sellers because their core objective is to manage and nurture the key account relationship rather than selling”

Olof would like to say that they have a systematic process in the way they are managing their key accounts:

“We know how we want to work and in what way we want to approach these key accounts, so you can say that we have an explicit systematic process. However, the market is very narrow so there are not that many key accounts.”

Relational Capabilities
The biggest challenge that Omega AB faces constitutes of maintaining its relationship with their key accounts.

“The key accounts are so big that there exists a threat that they might turn and look in the worldwide market to find other suppliers for the products. They [the key accounts] also have contact with other suppliers.”
Although, Omega AB has a relationship with these key accounts that is very old, who further have taught them what is important. Omega AB’s biggest strengths lie in quality monitoring, integrating key accounts and different key performance indicators on delivery dependability and warehouse status. Omega AB tries to nurture the relationship with their key accounts in order to get continuous meetings where different opinions can be shed light on as Omega AB tries to fulfill their trusted assignment.

“One key account has erased their warehouse completely which is now located on our premises.”

This integration has been enabled partly through their success with continuous quality monitoring, which is a factor that Omega AB deems to be of huge importance. The collective force of the strengths is something Olof deems as a competitive advantage which has generated a market leading supply of draft equipment in Sweden.

4.8.2 Relationship Quality

The thing that distinguishes a good B2B relationship for Omega AB is to be mutually transparent and honest in a relationship.

“If we have an open dialog it makes it easier to cooperate.”

According to Olof it is important to feel that the other part in the relationship do not have a hidden agenda but instead acts honestly and is transparent.

Customer Loyalty

Customer loyalty is a very important parameter for Omega AB. According to Olof they create loyalty with their key accounts by always referring to the quality monitoring.

“For us there is no problem to show our delivery dependability or how much of their product we have in our warehouse.”

Omega AB also builds loyalty by being as transparent as possible to encourage honesty in the relationship. The reason why the key accounts chose Omega AB is according to Olof their experience from the branch of industry.

“Everybody working here at Omega AB has a long experience from this branch of industry and that has created trust and belief in us as a company.”

Olof discuss that many people who enters this particular branch of industry do not stay very long while pretty much everyone at Omega AB have a long experience from this business. And this has enhanced the belief and trust towards Omega AB as a company. Also the fact that they have been doing business together for many years has enhanced loyalty. Olof also mentioned the honesty and transparency as reasons for why the key accounts chose to stay with Omega AB.

“We try to be honest and open and always refer to our KPI numbers to meet their expectations and to make them stay with us.”
Communication

Olof as a Sales manager has weekly contact with the key accounts. The contact is not focused to one management level but instead Olof has a lot of contacts in each key account:

“I think the fact that we have a lot of contact surfaces makes us less vulnerable. I have contact with both the country manager in Sweden the manger under the country manager and also the regional managers.”

The contact with the country manager is according to Olof focused to personal meetings four times a year to go through the KPI:s and discuss relevant issues and questions. The communication with the manager under the country manager is on a weekly and sometimes even daily basis. The communication is exercised through emails and telephone.

“I have contact with the manager under the country managers on a weekly and sometimes daily basis where we discuss issues and questions to coordinate, as an example I got an email just now where a key account wanted to develop a special product.”

According to Olof it is often the case that the key accounts contact Omega AB with questions about development of a new product or about solutions to different issues. Olof also mentioned the structure of the branch of industry as a reason for the design of the communication.

“Since there are few actors and the breweries need solutions to everyday problems in their business, the communication and relationship get tighter”.

Omega AB does have a CRM system but they do not use it as a tool. The idea for using it was to collect information about the customers and collect all the communication in one place.

“We decided to use it more a year ago and we have tried but so far it has not been established as a tool”

Olof thinks that the time issue could be one reason why they have not started to use it more frequent. The problem could be when somebody else needs to deal with a key account and the information is not accessible.

“It is special for us since we have few key accounts but when I am missing and somebody else need to handle my key accounts they do not have the information about offers etc.”

According to Olof the reason for the design of the communication with the key accounts is based on the demands from the key accounts.

Trust

Olof believes that trust in a business relationship has to do with confidence in each other and to have transparency so the one party does not believe that the other party has hidden agendas.

“This happens sometimes and that creates frictions right away. I believe in transparency and honesty. That works best in the long run”

Omega AB builds trust proactively by having understanding of that the customer has to do its analysis on competitors, how they work and what equipment they deliver. Olof also believes
that the ability to show their success in data instead of people's' words is something that builds trust in a supplier.

“We have an employee that almost exclusively works with providing different alternatives of data towards the customer.”

Some deals are confidential, which often is the case when Omega AB is mutually developing products with key accounts. The role of this confidentiality is to prevent the competitors from getting to know about the project.

Commitment
Omega AB motivates their key accounts to stay with them by delicate processing and the close contact. A problem for Omega AB is that their key accounts works a lot towards the stock exchange, which puts a lot of pressure on the key accounts and in turn Omega AB to show good numbers. This can result in that people in key positions within the key accounts firm can be replaced back and forth. In order to manage this risk, Omega AB tries to have a lot of good contact surfaces with people on different positions within the key account firm. This involvement has been of importance over the years. Olof elaborates on benefits:

“The key accounts have special agreements, so the smaller customers do not come close in prices, but this is due to the enormous difference in volumes. Further, the key accounts get better service in general”

Satisfaction
To ensure customer satisfaction Omega AB always act quickly when there is a problem for a customer. They also strive for having an open dialog where the customers can contact Omega AB at any time for help.

“It is important for us that the customers trust us to contact us with any issues or problems that can occur, and we try deal with it as quickly as possible.”

According to Olof it is important for every customer to feel important. If something is wrong Omega AB will solve the problem the best way possible. They do not use any surveys to control customer satisfaction. This is due to the relatively few key accounts.

“We do not use any customer satisfactions surveys since we do not have that many key accounts it is easy for us to use our antennas to feel if something is wrong.”

Omega AB tries to identify and solve problems at an early stage if there is something wrong. It could be both the product that fails to meet the expectations but also personal frictions between individuals.

“It is easier for us to fix a problem if there is something wrong with the problem itself than personal frictions but we always try to be open and honest to prevent problems.”

If there is something wrong with the product Omega AB usually finds out straight away. It is extra important to fix the problem early if there is a production error on the product. To prevent this Omega AB use a guarantee form that the customers can fill in online. By using that Omega AB get quick notifications if something is wrong.
5. Analysis

This chapter will provide a cross-case analysis of the theoretical and empirical data. The analysis will follow the research model presented in the theoretical framework. The focus, according to the purpose of the study, will be the analysis of what characterises high-performing SMEs in terms of how they manage their key accounts. Moreover, with its findings, this chapter will provide a base for the concluding chapter.

5.1 Management of Key Account Relationships in SMEs

The following table will present the key factors identified from the empirical part on how SMEs manage their key account relationships. The purpose of the table is to function as an overview of the key factors and will serve as a basis for the analysis. The rest of the factors identified can be found in Appendix 1.

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<th>Small-Sized Firms</th>
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<td>Faithful customer</td>
<td>Sales turnover</td>
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<td>One contact surface in-house</td>
<td>Visits &amp; education</td>
<td>Integration, involvement &amp; many external contact surfaces</td>
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<th>Main differences of management</th>
<th>Medium-Sized Firms</th>
<th>Small-Sized Firms</th>
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<td>Reference Group</td>
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<td>Sellers</td>
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<th>Responsibility for key accounts</th>
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<th>Systematic process</th>
<th>Medium-Sized Firms</th>
<th>Small-Sized Firms</th>
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<td>High-Performing</td>
<td>Reference Group</td>
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<tr>
<td>Alpha</td>
<td>Beta</td>
<td>Gamma</td>
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<tr>
<td>Strong relationships</td>
<td>Delivery dependability</td>
<td>Long term relations</td>
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<th>Biggest Challenges</th>
<th>Medium-Sized Firms</th>
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<td>Reference Group</td>
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<tr>
<td>Alpha</td>
<td>Beta</td>
<td>Gamma</td>
</tr>
<tr>
<td>Maintaining good relations with key accounts</td>
<td>Common development of products</td>
<td>Develop more contact surfaces</td>
</tr>
</tbody>
</table>

Table 4: Key factors identified from the empirical part. Own construction.
5.2 Characteristics of High-Performing SMEs

In this section we will present the main findings regarding how high-performing SMEs manage the relationships with their key accounts. In general, the high-performing firms tended to be more controlling over the relationships with their key accounts compared to firms within the reference group. The authors of this thesis have identified four different characteristics that highlight this tendency of high-performing SMEs regarding how they manage their key account relationships: Clear categorisation of key accounts, Senior responsibility for key accounts, Deep integration with key accounts and Systematic process towards key accounts. These characteristics will be analysed below.

5.2.1 Clear Categorisation of Key Accounts

The authors refers the clear categorisation of key accounts characteristic to what extent firms categorise their key accounts different from their other customers in order to treat them differently. All of the high-performing firms have identified, categorised and treated their key accounts different from their other customers. Gamma AB categorises around 10 of their customers as key accounts. Delta AB has six key accounts in northern Europe which are accountable for around 50-60% of the total sales. Zeta AB treats a lot of their big customers as key accounts, but those with lower volumes do not get the same attention. Omega AB categorises three customers as key accounts due to their huge relative sales turnover. Consequently, the criteria in which they categorise their key accounts differ. The most important criteria for the small high-performing firms are sales turnover, as opposed to the medium-sized firms. Gamma AB’s most important criteria are the size of the customer and how many of their products and systems they are using, while Delta AB’s most important criteria are the size alongside the potential volume of turnover. Theory fails to explain the discrepancy between the small-sized firms and medium-sized firms’ criteria, but the empirical findings suggest that some medium-sized firms, high-performing or not, have realised that key accounts turnover might be insufficient:

“Some smaller customers can also turn into key accounts. These prospects can be firms that are growing extensively and want closer contact in general and one contact person in particular who can serve them with these things. In that case, it is not the volumes that is crucial, but the growth.” (Didrik Didriksson, Delta AB)

“We do not categorize our customers into different groups depending on their importance like others do by naming them A, B, C-customers and so on, because even smaller customers can grow big” (Bengt Bengtsson, Beta AB)

Millman and Wilson (1995) claimed that it is important to identify the customers who are to be classified as key accounts. The importance of the categorisation is further highlighted by Tzempelikos and Gounaris (2015) who argues that it is important in order to be able to put enough efforts into the customers that brings the most value into the company. As SMEs situations often involves serious constraints in resources (Lommelen et al., 2012), it can be suggested that it is even more important for SMEs than larger enterprises to allocate their resources to where the resources contributes the most.
Even though the criteria differ a bit, they all fit in line with Lacoste and Blois (2015) definition of a key account as a customer that is of strategic importance to the firm. Three out of four firms in the reference group do not have a clear categorisation of key accounts. Alpha AB does not have a number on how many the key accounts are. Beta AB does not categorise the firms because of the possibility of small firms to grow bigger. Epsilon AB does not have a clear categorisation because the key account status is subject to which firms participate in projects, which in turn differs from time to time. The situation of these three firms within the reference group can be referred to as the first stage of the relational development model by Millman and Wilson (1995): Identification of customers with the potential of moving towards a key account status, to avoid wasteful investments on customers without key account potential. However, in table 5.1 it is shown that one firm in the reference group, Sigma AB, has a clear categorisation of their key accounts. The reason for this could be that the respondent Sven Svensson has had a previous career as key account manager and that Sigma AB are still trying to develop their internal processes in order to improve:

“I have worked as and with other key accounts managers in other industries before, which to some extent has colored the way we are managing key accounts in Sigma AB. But we are still working on improving a lot of processes and we still have a long way to go” (Sven Svensson, Sigma AB)

The clear categorisation of key accounts has been argued to help the process of allocating resources where they bring the most value into the company (Tzempelikos & Gounaris, 2015). To invest more time and effort into the key account relationships has further been proved to be more cost-effective for firms (LaPlaca, 2014). Based on the discussion about high-performing SMEs above and these theories, the authors find strong support for the following proposition:

**P1:** A clear categorising of key accounts in order to treat them different from other customers is a driver for high performance among SMEs.

### 5.2.2 Senior Responsibility for Key Accounts

The authors define the *senior responsibility for key accounts* as to what extent the employees managing the relationship with the key accounts are senior sellers or key account managers. In conjunction to the firms in the reference group, all of the high-performing firms had either key account managers or senior sellers as responsible employees for the key accounts. Zeta AB has been working with key account managers since the beginning 10 years ago and they have expanded it from one key account managers to three. Delta AB works with KAM as the respondent himself is a key account manager, but apart from him they use senior sellers for the other key accounts. Gamma AB and Omega AB do not work with KAM, but highlights that:

“We do not work with key account managers, instead we have senior salesmen who are responsible for each one of the key accounts” (Gustaf Gustafsson, Gamma AB).

“Even though we do not have key account managers they [senior salesmen] rather perceive themselves as key account managers than sellers because their core objective is to manage and nurture the key account relationship rather than selling” (Olof Olofsson, Omega AB).
The stage of making the management of key accounts shift from a low level seller's task towards a senior management level can be referred to as the third stage of KAM: Mid-KAM (Millman & Wilson, 1995). This stage entails of resource allocation and recognition of the importance of the customer. Even though not all the high-performing firms are pursuing KAM as a process, the stages can give a hint of where the relationship is going. In this perspective, high-performing firms can be viewed as firms that have engaged more deeply in the process of managing key accounts.

Firms in the reference group on the other hand does not use key account managers or senior sellers for their key accounts. The main reasons for this are that they consider themselves to be too small. Anders in Alpha AB assured that it has been some interest shown from the sellers to receive a key account manager position, but he is still convinced that the company is not big enough and he does not see the need for it in their present business environment. Epsilon AB does not employ key account managers. This, according to Evert is because he has not felt the need for it when considering their size and industry. Sigma AB, with Sven Svensson who has had experiences as key account manager in other firms have considered the opportunity of getting key account managers but thinks that Sigma AB still is too small, and adds:

“We only have a few customers that are big enough to be suitable for key account management” (Sven Svensson, Sigma AB).

Research by Davies and Ryals (2013) has shown that key account managers differ in some ways to senior sales managers. Their main finding suggested that key account managers possess stronger relational capabilities, partly through their specialised focus in creating long-term relationships. However, this study suggests that senior sales managers also have strong capabilities closely related to the key account managers’ capabilities. Since a firm’s most valuable customers are key accounts (e.g. Lacoste & Blois, 2015), the selling firms most capable sellers (i.e. key account managers or senior sellers) should be allocated to manage them.

The discussion of the theory and empirical findings above implies the following proposition:

P2: Having senior sellers or key account managers improves the relationships by their relational capabilities and is in turn a driver for high performance among SMEs.

Many of the firms in the reference group do not think they are big enough, but could consider adopting key account managers (not senior sellers) as they grow bigger. The systematic process KAM involves at least on key account manager (Abratt & Kelly, 2002). SMEs tend to be constrained by their resources (Lommelen et al., 2012), and tend to be more willing to adopt different practices as they grow. The fact that high performance or monetary growth largely constitutes of a bigger customer base also implies another proposition:

P3: The adoption of key account managers is an effect of high performance as the company gets a bigger customer base.
5.2.3 Deep Integration with Key Accounts

The characteristic *deep integration* refers to what extent the selling firm has integrated processes with their key accounts. All of the high-performing firms, as opposed to firms within the reference group, had a strong focus on integration with their key accounts. By engaging and integrating their key accounts, Zeta AB creates a quite big obstacle for companies to leave due to the relative costs it would involve. Zeta AB regarded the common value creating process as a true key in the relationships. Gustaf Gustafsson in Gamma AB believes it will be very hard for competitors to take over one of their key accounts because of their deeply rooted common processes.

“It is more like a fluid cooperation, almost like you are working side by side in the same place” (Zeta AB, Zara Zarasson)

“It is our idea to involve the key accounts by integrating our products and systems with theirs” (Gamma AB, Gustaf Gustafsson)

One of Omega AB’s biggest strengths lies in their integration with their big key accounts:

“One key account has erased their warehouse completely which is now located on our premises.” (Omega AB, Olof Olofsson)

Delta AB engages their customers in training and co-operation by integrating their educational organisation with the key accounts operations. This raises the quality on the key accounts employees because they are operating in the same line of business.

“We try to involve and integrate the key accounts in creating and enhancing common goals” (Delta AB, Didrik Didriksson)

Key account-specific research has, to the authors’ knowledge, failed to identify the integration of processes as a factor of importance in management of the key accounts. Some research have claimed other closely related factors as additional activities towards key accounts (Tzempelikos & Gounaris, 2014) and proactively coordinating activities (Workman et al., 2003) to have a positive impact on organisational performance. However, broader research on SMEs and their competitive advantages suggests that integrating with other companies, often bigger ones, is one of the cornerstones for SMEs towards gaining competitive advantages strong enough to cope with larger firms (Uden, 2014). The empirical findings above support the integration of processes as an important factor for their success. Both Zeta AB and Gamma AB highlighted this as a strong lock-in effect on their key accounts because their integrated processes will be relatively costly to abandon. Moreover, all the high-performing firms explicitly work with key accounts that are much larger than themselves. This is in line with what Uden (2014) implied about trying to integrate with bigger firms in order to reach a competitive advantage.

The firms in the reference group do not have integrated processes to the extent that the high-performing firms have with their key accounts. This finding can have several explanations, but in Epsilon AB’s case Evert regarded their specific market to be fluctuating too much to deeply integrate in relationships. However, Sigma AB has understood the strength of the integration and is planning on further develop their cooperation in a more structured manner.
regarding monitoring and common processes. This empirical finding can, as the previous finding, have an explanation in Sven’s background in other companies using KAM.

Uden (2014) claimed that SMEs can build strong competitive advantages by integrating processes with bigger firms as well as Pérez and Cambra-Fierro (2015) who claimed that ambitious fast-growing firms tend to focus on this to a larger extent. The empirical findings of this study have also suggested positive lock-in effects on and closer cooperation with key accounts as effects of deeper integration that enhances the future flow of sales. Therefore, the analytical discussion between empirical findings and theory above implies the following proposition:

**P4:** Deep integration with the big key account firms is a driver for high performance.

### 5.2.4 Systematic Process towards Key Accounts

The *systematic process* characteristic refers to the extent the firms’ explicitly uses a systematic process in how they manage their key accounts. Three out of four high-performing firms explicitly claim that they work in a structured and systematic manner towards their key accounts. Zeta AB uses KAM as a systematic process for handling their key account relationships. The process is something Zeta AB is continuously is trying to improve proactively in order to facilitate for their key accounts. In Gamma AB’s case, they do not work with key account management but they still have a systematic, structured process and frequent contact with their key accounts. In Omega AB’s case Olof replied:

“We know how we want to work and in what way we want to approach these key accounts, so you can say that we have an explicit systematic process. However, the market is very narrow so there are not that many key accounts.” (Omega AB, Olof Olofsson)

Delta AB is the only high-performing firm claims to not have an explicit systematic process in how they work towards their key accounts. Even though Delta AB works with key account management, the process is related to whom it is that manages the key account. To make sure that every key account is treated the same way in terms of benefits they synchronise within the corporation, but it can differ in terms of how contact is established and how the deals are made. The rationale behind, according to Didrik, is that this is rooted in the fact that the sellers within Delta AB are different as individuals as well as sellers. Didrik argues that KAM is hard to streamline or unite as a process:

“We have a framework, but the process is shaped depending on who the customer is and who the responsible seller is.” (Delta AB, Didrik Didriksson)

Among the companies in the reference group, no firm claimed to have an explicit systematic process in how they work towards their key accounts. In Alpha AB’s case, Anders is convinced that the company is not big enough and he does not see the need for it in their present business environment. Bengt in Beta AB, as well as Sven in Sigma AB provided the same argument as Alpha AB for not using a systematic process: they regard themselves to be too small. However, a systematic process is something that Sigma AB might be willing to implement in the future. In Epsilon AB’s case, Evert does not find it to be necessary:
“Everybody know the situation since we are 34 people working under the same roof, also I do not have to account for my decisions to anybody since I am the CEO.” (Epsilon AB, Evert Evertsson).

Theory fails to cover the topic of systematic processes in an analytically satisfying way, because the process of managing the key accounts can be adopted systematically without necessarily being linked to the use of CRM, RM or KAM. However, the topic is covered within the relational concepts. Bohling et al. (2006) claimed CRM as a process of systematically gathering relevant information about the customer and use it the right way to improve the relationship. Millman and Wilson (1995) defined KAM as the systematic supplier process of managing the strategically important B2B relationships. In the resource-based view, a firm can allocate their resource systematically in order to be more effective (Barney, 1991) in their management of their key account relationships. On another note, empirical findings from the reference group suggested that even though they regard themselves to be too small in the present, it could be considerable to implement a systematic process as they grow bigger.

The analytical discussion between empirical findings and theory above suggests the following two propositions:

**P5:** Using a systematic process for managing the key accounts is a driver of high performance.

**P6:** Using a systematic process for managing the key accounts is an effect of high growth.

**Summary**

The analytical discussion and its propositions above will here be summarized in a figure. With the resource based view as an approach, which describes a firm as a bundle of resources that can be arranged in a certain way to improve a firm’s performance (Barney, 1991, 2001), the authors illustrate the interdependence of management of key account relationships and high performance below.

Figure 5: The interdependence between management of key account relationships and high performance. Own construction.
5.3 Key Account Benefits

Three different additional benefit approaches developed by Cosic and Djuric (2010) that selling corporations can implement in order to strengthen relationships with customers and enhance customer commitment: Financial benefits, Additional social benefits and Both financial and social benefits. This benefit-theory has been developed mainly to illustrate possible benefits in B2C and is described in section 2.3.4 Commitment in the theoretical framework. Through the analytical section of the thesis, the authors have found the theory of these benefits to be insufficient to describe the benefits adopted on B2B markets. Due to these shortcomings, the authors have developed a new theoretical approach, which in a better way can highlight additional benefits B2B key account benefits. This new theory will be outlined below.

5.3.1 Three Approaches to Key Account Benefits in B2B

Based on the three-approach theory abstracted from B2C-firms by Cosic and Djuric (2010) the authors will now present their own three-approach theory abstracted from SMEs in business markets. Below the table, each benefit will be elaborated and put into context with added extracts from a few of the cases.

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Criterias</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial Benefits</td>
<td>• Monetary benefits; discounts, bonuses</td>
</tr>
<tr>
<td>Production Priority</td>
<td>• Prioritised production for key accounts</td>
</tr>
<tr>
<td>Social Benefits</td>
<td>• Additional social activities</td>
</tr>
</tbody>
</table>

*Table 5: Tree-approach to key accounts benefits in B2B. Own construction.*

The Financial Benefits refers to that firm's provide their key accounts with certain monetary benefits like discounts and bonuses. Zeta AB grants financial benefits in big purchases which are negotiated through volumes and other variables. Beta AB tries to support their key accounts in advantageous sales as far as they can with financial benefits. Sigma AB uses business contracts which sometimes contain benefits like a decreasing price after four or five years of time. Omega AB highlights the reality of dealing with both small and big customers:

“The key accounts have special agreements, so the smaller customers do not come close in prices, but this is due to the enormous difference in volumes...” (Omega AB, Olof Olofsson)

The Production Priority benefits refers to that firm’s prioritise key accounts when there are certain constraints. Sigma AB set aside hours for production of products to key accounts.
Sometimes their production is allocated priority. Epsilon AB tends to prioritise their key accounts in some cases. Gamma AB prioritises the key accounts when there are time limitations, even though it sometimes ends up in penalty payments towards their smaller customers when they fail fulfill their agreements. Epsilon AB also grants their key accounts production priority:

“If there is a lot do before the vacations during the summer we prioritise our key accounts”

(Epsilon AB, Evert Evertsson)

The Social Benefits refers to that firm’s grant additional social activities to their key accounts in order to enhance their commitment. Alpha AB takes some key accounts to see football games and some get cinema tickets. Anders in Alpha AB believes that this builds trust and commitment in the long run. Gamma AB sometimes invites key accounts for activities and events, but because of their branch of industry and its legislations, the key accounts have to pay for themselves.

<table>
<thead>
<tr>
<th>Benefits</th>
<th>Medium-Sized Firms</th>
<th>Small-Sized Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alpha</td>
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<td>Financial, Social</td>
</tr>
<tr>
<td>Beta</td>
<td>Financial, Production Priority</td>
<td>Financial, Production Priority</td>
</tr>
<tr>
<td>Gamma</td>
<td>Financial, Social, Production Priority</td>
<td>Financial, Production Priority</td>
</tr>
<tr>
<td>Delta</td>
<td>Financial</td>
<td>Financial, Social, Social</td>
</tr>
<tr>
<td>Epsilon</td>
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<td>Financial, Production Priority</td>
</tr>
<tr>
<td>Sigma</td>
<td>Financial, Production Priority</td>
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</tr>
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<td>Financial</td>
</tr>
<tr>
<td>Omega</td>
<td>Financial</td>
<td>Financial</td>
</tr>
</tbody>
</table>

Table 6: Benefits identified from the empirical part. Own construction.
6. Conclusion

This section is based on the discussion presented in the Analysis section. This discussion’s findings will be presented as conclusions below in order to fulfill this study’s purpose and answer the research question. Further, contributions in terms of theoretical and practical implications will be presented followed by limitations and recommendations for further studies.

6.1 Findings

Previous studies have highlighted the lack of B2B research (e.g. Wiersema, 2013) and the limited empirical focus on SMEs and their business relationships (e.g. Ndubisi & Matanda, 2011). The most important customers in business markets are key accounts and managing these successfully are closely related to firm performance, which is an area that needs more academic interest (e.g. Davies & Ryals, 2013). To the authors’ knowledge, this thesis is the first qualitative study focusing on SMEs and their way of managing key account relationships. Further, it is to date, the first comparison between firms that not necessarily have the same type of approach (e.g. KAM) to their management of the key account relationships. In light of research gap presented, the following research question was developed:

What characterises high-performing SMEs in terms of how they manage their key account relationships?

The purpose of this study was to develop a better understanding of what characterises high-performing SMEs in terms of how they manage the relationships with their key accounts. In order to identify the characteristics that were specific to the high-performing firms, the authors used a group of firms that not classified as high-performing firms to have as reference. The authors identified the following characteristics:

- **Clear categorisation of key accounts**: in order to be able to treat them differently
- **Senior responsibility for key accounts**: key account managers or senior sellers
- **Deep integration with key accounts**: deeper integrated processes, often with larger firms.
- **Systematic process towards key accounts**: a structured and systematic process to manage the key accounts

The results of this study demonstrate that high-performing firms in general have a more structured approach on their management towards their key accounts than the firms within the reference group. The high-performing firms tend to show patterns to control the key account relationships to a larger extent than the firms within the reference group who tend to let the key account relationships control them. These patterns manifests itself in the findings presented in bullet points above. Previous research have failed to identify these characteristics or patterns in the key account setting, mainly due to prior research’s different focuses on larger firms and quantitative approach. This further highlights the important contribution of this study.

The study’s purpose also included development of managerial guidelines. In order to develop these managerial guidelines, the authors carried out an analysis of the underlying driving factors of the identified characteristics. The analysis of what drives high performance and
what it affects was based on prior theory and empirical findings on high-performing firms and suggested the following results: **clear categorisation of key accounts**, in order to treat them differently can be seen as driver of high performance. **Senior responsibility for key accounts** can be seen as a driver as well as an effect of high performance. **Deep integration with key accounts** can be seen as a driver for high performance. This is in line with theory from Uden (2014) who claimed that SMEs can build strong competitive advantages by integrating processes with bigger firms as well as Pérez and Cambra-Fierro (2015) who claimed that ambitious fast-growing firms tend to focus on this to a larger extent. Adopting a **systematic process towards key accounts** can be seen as a driver of high performance as well as an effect of high performance. These managerial guidelines will be further elaborated in the section practical implications.

Along the writing process, the authors identified the need for theory that shed light on the benefits that selling firms can adopt in order to enhance their relationships with their key accounts. The existing theory on this from Cosic and Djuric (2010) was initially adopted by the authors, but due to its B2C-origin the authors found it to be insufficient. This encouraged the authors to develop an own three-approach theory on benefits on business markets. Due to the relatively unexplored area of research on management of key accounts among SMEs, the authors would like to encourage further studies within this field to break new theoretical ground.

### 6.2 Theoretical Implications

Researchers have emphasised the lack of theories describing of SMEs strategies and practices in B2B relationships. Further, the most valuable relationships, the key account relationships, and what differentiates successful from unsuccessful management have been portrayed as an area where more attention is needed. This study contributes to the SME-specific field of research on B2B key account relationships in general and contributes to what differentiates successful management from unsuccessful management of the key account relationships in particular. The authors deem the theoretical gap to be partly filled by embracing theories from the aforementioned areas and providing new knowledge on the subjects. The study contributes to the research gap with two (out of four) characteristics among high-performing firms (**Senior responsibility for key accounts** & **Systematic process towards key accounts**) that have not been highlighted in previous research. Further the authors have, based on B2C-benefit theory, developed a new theory shedding light on benefits in key account relationships in business markets which can be used for further studies.

### 6.3 Practical Implications

The practical relevance of the subject highlighted in the literature concerns the key accounts’ impact on the selling firm's turnover, the severe consequences of losing a key account and maybe most importantly, the reality of firms still struggling with managing their key account relationships successfully. The characteristic driving findings of this study can be transformed into guidelines for management of key account relationships. In turn, the guidelines can reduce the risk of the severe consequences that losing a key account would entail. Guided by the aim of the study, the authors present the following guidelines for SMEs:

- **Categorise the key accounts clearly**: In order to be able to identify them and allocate resources to where they provide the most value.
• **Make management of key accounts a senior managerial task**: Put the sellers with highest capabilities to enhance the key account relationships.

• **Integrate processes with larger key accounts**: By integrating processes with key accounts, the likeliness of losing them reduces. Further, it can be a strong competitive advantage.

• **Systematise the process of managing the key accounts**: Streamline the management of key accounts in order to assure that the process is effective.

These managerial guidelines could be of considerable importance as drivers for SMEs in their pursuit of bigger market shares. During the study the authors have experienced a certain amount of skepticism towards different relational concepts. This skepticism might be well-grounded in some conservative industries. However, the findings indicate that by embracing some of these concepts and guidelines, firms will perform better.

### 6.4 Limitations

The study’s purpose was to develop a better understanding of what characterises high-performing firms in terms of how they manage their key account relationships. However, the choices made in order to fulfill the purpose have brought about some limitations. The study could have involved the key accounts point of view on different subjects as a complement. But regarding the limited time frame, the authors deemed the inclusion of additional respondents from key account firms would be too time-consuming. This study also have a basis on that high performance of firms have a positive correlation with management of their most important customers: the key accounts. The high performance-status is likely to be subject of other variables beyond the way they manage their key accounts. However, due to its highlighted importance in the literature and the resource based approach with emphasis on performance, the authors deemed it to be satisfying. Another limitation is that the authors chose to include firms operating in different industries which might influence the results somewhat. Even though the firms operated in different branches of industries, their common grounds on managing key accounts were larger than expected. Further, the comparison beyond industries would give more fruitful results in line with the purpose

### 6.5 Recommendations for Future Research

Studies on key account relationships are very uncommon in the SME-context. Therefore, the authors encourage to further research within the area. It would be interesting to see more extensive qualitative studies including more sellers within the selling firm as well as employees within the key account firm. This would give a more comprehensive view of the area and possibly identify more characteristics and accurate conclusions by triangulating the data. This study provided results that can be of huge importance for SMEs that wants to improve their way of managing their key account relationships. The authors would further like to encourage a quantitative study on high-performing firms in this sense on a larger sample. This would give a more generalisable view of the subject and present findings in a bigger scale.

This study provided, in line with other literature, support for the correlation between management of key accounts and performance. However, more studies on the subject could be made in order to clarify the connection between different relational concepts and high performance.
Based on a limitation of this study, it would be interesting to see research on firms operating in the same competitive-intensive industry. That would shed light on more industry-specific performance factors that would be of certain importance for the actors operating within the industry.
7. References


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### Appendix 1. Other Empirical Findings

<table>
<thead>
<tr>
<th>Medium-Sized Firms</th>
<th>Small-Sized Firms</th>
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<tbody>
<tr>
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<td><strong>High-Performing</strong></td>
</tr>
<tr>
<td><strong>Alpha</strong></td>
<td><strong>Beta</strong></td>
</tr>
<tr>
<td>Customer Satisfaction Tool</td>
<td>Survey</td>
</tr>
<tr>
<td>Hallmarks of relationship quality</td>
<td>Responsiveness to each other’s needs and wants</td>
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<tr>
<td>Building customer loyalty through</td>
<td>Knowledge of product, being perceptive &amp; engagement</td>
</tr>
<tr>
<td>CRM-system</td>
<td>Yes</td>
</tr>
<tr>
<td>CRM content</td>
<td>Customer info, performed tasks, notes</td>
</tr>
<tr>
<td>Being trustworthy</td>
<td>Keeping promises, acting professional</td>
</tr>
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</table>
## Appendix 2. Operationalisation Chart

<table>
<thead>
<tr>
<th>Themes</th>
<th>Description</th>
<th>Sources</th>
<th>Questions</th>
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</thead>
<tbody>
<tr>
<td><strong>Management of Key Accounts</strong></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Classification/Categorisation</td>
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<td>Q1, Q2</td>
<td></td>
</tr>
<tr>
<td>Relationship Development</td>
<td>La Placa, 2014; Morgan &amp; Hunt, 1994; Tzempelikos &amp; Gounaris, 2014.</td>
<td>Q3, Q4, Q5</td>
<td></td>
</tr>
<tr>
<td>Responsibility</td>
<td>Abratt &amp; Kelly, 2002; Napolitano, 1997.</td>
<td>Q6</td>
<td></td>
</tr>
<tr>
<td>Status as key account</td>
<td>Tzempelikos &amp; Gounaris, 2015.</td>
<td>Q7</td>
<td></td>
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<tr>
<td>Systematic process</td>
<td>Bohling et al., 2006; Millman &amp; Wilson, 1995.</td>
<td>Q8</td>
<td></td>
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<tr>
<td><strong>RBV</strong></td>
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<tr>
<td>Relational capabilities</td>
<td>Sristava, Fahey &amp; Christiansen, 2010; Zubac et al., 2010.</td>
<td>Q9, Q10</td>
<td></td>
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<tr>
<td>Competitive advantage</td>
<td>Nyaga &amp; Whipple, 2011.</td>
<td>Q11</td>
<td></td>
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<td><strong>Relationship quality</strong></td>
<td></td>
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<tr>
<td>Relationship with key account</td>
<td>Morgan &amp; Hunt, 1994.</td>
<td>Q12</td>
<td></td>
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<tr>
<td><strong>Customer Loyalty</strong></td>
<td></td>
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<tr>
<td>Create loyalty</td>
<td>Rauyruen &amp; Miller, 2007.</td>
<td>Q13</td>
<td></td>
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<tr>
<td>Attracting key accounts</td>
<td>Chaudhuri &amp; Holbrook, 2001.</td>
<td>Q14</td>
<td></td>
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<td>Retention of key accounts</td>
<td>Rauyruen &amp; Miller, 2007; Chaudhuri &amp; Holbrook, 2001.</td>
<td>Q15</td>
<td></td>
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<tr>
<td><strong>Communication</strong></td>
<td></td>
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<td>CRM system</td>
<td>Mysen, Svensson &amp; Högevold, 2012.</td>
<td>Q17</td>
<td></td>
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<td>Reasons for design</td>
<td>Athanassopoulou, 2006.</td>
<td>Q18</td>
<td></td>
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<td><strong>Trust</strong></td>
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<td>Building trust</td>
<td>Ulaga &amp; Eggert, 2006.</td>
<td>Q20</td>
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<td>Trustworthy</td>
<td>Rauyruen &amp; Miller, 2007; Ulaga &amp; Eggert, 2006.</td>
<td>Q21, Q22</td>
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<td>Customer effort</td>
<td>Mason &amp; Leek, 2012.</td>
<td></td>
<td>Q24</td>
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<td>Benefits</td>
<td>Cosic &amp; Djuric, 2010.</td>
<td></td>
<td>Q25</td>
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<td>Satisfaction</td>
<td>Components</td>
<td>Negi &amp; Ketema, 2013.</td>
<td>Q26</td>
</tr>
<tr>
<td>Ensure customer satisfaction</td>
<td>Lages, Lages &amp; Lancastre, 2008.</td>
<td></td>
<td>Q27</td>
</tr>
<tr>
<td>Complaint handling</td>
<td>Orsingher, Valentini &amp; De Angelis, 2010.</td>
<td></td>
<td>Q28</td>
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</table>
Appendix 3. Interview Guide in English

Introduction
- Tell us briefly about your firm and the market you operate in?
- What is your position in the firm and how long have you been in that position?
- What is your mission statement?

Key Accounts
- How many of your customers do you classify as key accounts?
- Based on what criteria do you categorise them as key accounts?
- How does the relationship with key accounts differ from the relationship with other customers?
- How are the relationships with key accounts created and how do they emerge?
- How are the relationships with the key accounts developed?
- Who or whom are responsible for the communication with the key accounts?
- Are your key accounts aware of their status as key accounts?
- Do you have a systematic process to manage your key account relationships?

Relational capabilities
- What is your biggest challenge right now regarding the relationships with your key accounts?
- What is your biggest strength in how you manage the relationships with your key accounts?
- Do you think that your way of managing your key account relationships could be a competitive advantage?

Relationship Quality
- In your opinion, what characterises a good key account relationship?

Customer Loyalty
- How do you create loyalty in your key account relationships?
- What do you think is the reason that your key accounts chose you?
- What do you think is the reason why the key accounts stay with your firm?

Communication
- How is the communication with the key accounts designed?
- Do you use any CRM-system to gather information?
- What is the reason for the communication design?

Trust
- What is trust according to you in a B2B relationship?
- How do you work to build trust?
- How do you work to be trustworthy?
- How do you assure your key accounts that your interaction is confidential?

Commitment
- How do you motivate your key accounts to stay with you?
- What does your key accounts do to maintain the relationship with you?
- Do you give any benefits for your key accounts?

Satisfaction
- What are the most important components on how you create customer satisfaction?
- How do you ensure customer satisfaction?
- How do you handle dissatisfied customers?


Appendix 4. Interview Guide in Swedish

Introduktion

- Berätta kortfattat om ert företag och den marknad ni agerar på.
- Vilken position har du på företaget och hur länge har du haft den?
- Hur lyder er affärsidé?

Nyckelkunder

- Har många av era kunder klassificerar ni som nyckelkunder?
- Enligt vilka kriterier kategoriseras dessa som nyckelkunder?
- Hur skiljer sig relationen med nyckelkunder till relationen med andra kunder?
- Hur skapas/uppkommer dessa nyckelkundsrelationer?
- Hur utvecklas nyckelkundsrelationerna?
- Vem eller vilka sköter kontakten med dessa nyckelkunder?
- År era nyckelkunder medvetna om sin status som nyckelkund?
- Har ni en uttalad systematisk process för att hantera nyckelkunderna?

Relationella förmågor

- Vilken är er nuvarande största utmaning vad gäller relationen med era nyckelkunder?
- Vilken är er nuvarande största styrka vad gäller relationen med era nyckelkunder?
- Tycker ni att era relationer med nyckelkunder kan vara en konkurrensfördel?

Relationskvalitet

- Vad utmärker en bra nyckelkundsrelation för er?

Kundlojalitet

- Har skapar ni lojalitet hos era nyckelkunder?
- Vad tror ni att era nyckelkunder väljer er?
- Vad tror ni det är som får nyckelkunderna att stanna kvar?

Kommunikation

- Har ser kontakten med nyckelkunderna ut?
- Använder ni er av CRM-system för att samla information?
- Vad är anledningen till att kommunikationen med nyckelkunder ser ut som den gör?

Tillit

- Vad innebär tillit för er i en B2B relation?
- Har arbetat ni för att bygga tillit?
- Har arbetat ni för att verka trovärdiga?
- Hur försäkrar ni era nyckelkunder att er interaktion är konfidentiell?

Förbindelse

- Hur motiverar ni era nyckelkunder till att stanna hos er?
- Vad märker ni att era nyckelkunder gör för att bibehålla relationen?
- Har era nyckelkunder några speciella förmåner?

Nöjdhet

- Vilka är de viktigaste beståndsdelar i hur ni skapar nöjda kunder?
- Hur säkerhetsställer ni kundnöjdhet?
- Hur hanterar ni en missnöjd kund?