



## Global customer team design: Dimensions, determinants, and performance outcomes

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### ABSTRACT

Designing and implementing global customer teams (GCTs) represents a key task for suppliers that are expanding the scope of their customer relationships. However, research has not provided an explanation of how these teams function and what determines their performance. Using an interdisciplinary combination of concepts from customer management and organizational behavior research streams, we develop an integrative framework of GCT design and performance. The framework is conceptualized with qualitative interview data and validated with survey data from 273 members of 113 GCTs in six multinational companies. Our results indicate that team performance is influenced directly by three team processes: communication and collaboration, conflict management, and proactiveness. Team design in terms of goal and role definition, customer coverage, empowerment, heterogeneity, skills adequacy, and leadership indirectly influences performance, mediated by team processes. In addition, three factors of the organizational environment—top management support, rewards and incentives, and training—have similar indirect effects.

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Driven by the search for both new business opportunities and competitive advantages, companies in business-to-business markets increasingly have moved away from transactional forms of exchange (Dyer, 1997) to look for closer, more collaborative relationships with their customers (Cannon & Perreault, 1999; Heide & John, 1990; Narayandas & Rangan, 2004). A common approach to exploiting the potential of long-term supplier–customer relationships (Anderson & Weitz, 1992) has been to adopt various customer management techniques, such as relationship management (Subramani & Venkatraman, 2003), relationship marketing (Grönroos, 1994; Morgan & Hunt, 1994; Webster, 1992), or national and key account management (McDonald, Millman, & Rogers, 1997; Shapiro & Moriarty, 1984; Weilbaker & Weeks, 1997).

However, these approaches often become more challenging as customers become more global and powerful. With global expansion, customers establish a direct presence in more and more countries and simultaneously expect the supplier to provide consistent, coordinated service worldwide, which entails moving away from traditional relationships with local subsidiaries and toward uniform prices, terms, and service in markets in which the supplier may lack operations (Montgomery & Yip, 2000). Furthermore, these customers recognize the strategic value-adding potential of global procurement (Cohen & Huchzermeier, 1999; Ellram & Carr, 1994) and therefore adopt integrated centralized purchasing practices (Olsen & Ellram,

1997; Sheth & Sharma, 1997) to reduce their supplier base (Capon, 2001). The resulting shift of power to the customer increases through industry consolidation (Birkinshaw, Toulan, & Arnold, 2001) and advances in information and communication technologies, which enable customers to track suppliers' quality and prices globally (Narayandas, Quelch, & Swartz, 2000). These factors have heightened the challenges facing suppliers and made international approaches, such as global customer management (GCM) (Birkinshaw et al., 2001; Harvey, Myers, & Novicevic, 2003; Shi, Zou, & Cavusgil, 2004; Shi, Zou, White, McNally, & Cavusgil, 2005), the new frontier in customer management (Yip & Madsen, 1996).

Defined as “an organizational form and process in multinational companies by which the worldwide activities serving one or more multinational customers are coordinated centrally by one person or team within the supplier company” (Montgomery & Yip, 2000, p. 24), GCM represents a key organizational design issue for suppliers (Homburg, Workman, & Jensen, 2002). Meeting global customer demands requires a coordinated cross-functional effort, including establishing a customer dimension that crosses existing product, country, or functional units and mobilizes organization-wide resources to deliver on customer expectations (Galbraith, 2001). In its simplest form, this dimension might be a specialized global customer manager who plays a pivotal boundary-spanning role to manage external and internal relationships and coordinate dispersed value-adding activities (Millman, 1996). As the relationship with the customer develops, the number of contacts between companies and the need for dedicated resources and relationship-specific adaptations increases (Dwyer, Schurr, & Oh, 1987), as does the number of people involved in the relationship. A dedicated team, possibly composed of

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sales representatives from various product lines and countries or with a cross-functional composition including manufacturing, distribution, finance, R&D, and other functional units, works to present an integrated presence to the customer (Galbraith, 2001). Ultimately, in an overall GCM organization, all customer managers and teams are integrated to reconcile external alignment requirements by the customer with the organization's existing configuration of activities.

Consequently, three main levels of analysis emerge in the context of GCM organizational solutions: the individual global customer manager, the global customer team (GCT), and the overall GCM program. Whereas prior work addresses the role of global customer managers (Harvey, Novicevic, Hensch, & Myers, 2003; Millman, 1996; Wilson & Millman, 2003) and structural aspects on the program level (Birkinshaw et al., 2001; Homburg et al., 2002; Kempeners & van der Hart, 1999; Shapiro & Moriarty, 1984), no GCM research considers the design and functioning of the team in detail. As a result, we suffer a lack of understanding about when teams should be formed, how they should be structured and managed, and, most important, what determines their performance. Following the call of Workman, Homburg, and Jensen (2003) for more research that examines how team type influences effectiveness, we develop and test a framework of GCT design and performance that draws on relevant literature from the fields of GCM, team selling (Moon & Armstrong, 1994; Moon & Gupta, 1997; Smith & Barclay, 1993), and small groups within the organization (e.g., Ancona & Caldwell, 1992a; Cohen & Bailey, 1997; Gladstein, 1984).

Specifically, this article aims to fill the research gap identified above by clearly delineating key GCT performance determinants. It identifies domains of GCM team functioning with their specific dimensions and tests their impact on team performance with a relatively large and truly global data sample. It contributes to the international marketing literature by narrowing the traditional focus on the overall GCM approach to concentrate on one of its less researched building blocks—the team. Moreover, it complements prior suggestions regarding the key decisions involved in designing a customer team (Kempeners & van der Hart, 1999) by proposing additional design dimensions and linking them to outcomes. Finally, the novel interdisciplinary approach of combining concepts from customer management and organizational behavior research allowed us to identify and employ team-related variables that, although used in the context of smaller teams, have never been empirically tested in the more complex, dynamic and boundary-transcending context of GCM.

## 1. Literature review

### 1.1. Teams in the organization

The extensive body of small group research provides valuable insights into how teams work. The broad use of teams in organizations has provoked classical team effectiveness models rooted in social psychology (McGrath, 1964; Steiner, 1972), socio-technical theory (Cummings, 1978; Pasmore, Francis, & Haldeman, 1982), and organizational psychology (Gladstein, 1984; Hackman, 1987), as well as a myriad of empirical studies in diverse organizational settings. Reviews of team research in general (Cohen & Bailey, 1997; Gist, Locke, & Taylor, 1987) and team diversity in particular (Milliken & Martins, 1996; Williams & O'Reilly, 1998) demonstrate the bewildering range of identified constructs and relationships and provide some organizing frameworks. Although these findings can help explain some aspects of GCT interaction and performance, the special characteristics of GCTs prevent a direct transfer of the frameworks and results from small group contexts.

For example, the responsibilities of GCTs include complex interactions with groups external to both the team and the organization, whereas most small group research uses bounded or isolated groups as the unit of analysis. One exception is the stream of

research that focuses on cross-functional teams, particularly in new product development contexts (Ancona & Caldwell, 1992a,b; Denison, Hart, & Kahn, 1996; Pelled, Eisenhardt, & Xin, 1999), which recognizes the importance of external activities. However, its concentration remains on task-focused, limited-duration groups, which run counter to the long-term commitment expected from GCTs. Furthermore, general models of team effectiveness assume that teams exist to perform a well-defined task and have clear goals, whereas in a dynamic GCM context, tasks are likely to be unstructured, customer specific, and evolving, which means they pose different challenges. This blurring of tasks and responsibilities gets exacerbated further in GCTs by the involvement of people from different units and the complicated work matrix that may require GCM members to report to different managers (Birkinshaw et al., 2001). Therefore, small group literature cannot provide a complete answer to the question about what determines the performance of teams in more dynamic and high-velocity environments, such as GCM.

### 1.2. Team selling

Another body of literature tries to enhance understanding of teamwork in a more specific selling context. In response to the industrial buying center approach (Johnston & Bonoma, 1981), it follows the shift of focus away from the individual salesperson toward the collective selling effort (Weitz & Bradford, 1999). Recognizing the increasing role of functions other than sales in servicing customers (Spekman & Johnston, 1986), suppliers began to form selling centers to facilitate cross-functional interactions in the communication, coordination, and exchange of resources and assistance (Ruekert & Walker, 1987). These centers usually consist of a permanent core selling team and members of other functional groups that participate on an ad hoc basis (Moon & Gupta, 1997).

Several studies examine the roles of selling center members (Hutt, Johnston, & Ronchetto, 1985; Moon & Armstrong, 1994) and develop frameworks to incorporate the linkages among team composition, processes, and effectiveness (Moon & Gupta, 1997; Perry, Pearce, & Sims, 1999; Smith & Barclay, 1993). These frameworks enhance understanding of how the sales division cooperates with other functions, as well as how various group and environmental factors influence team interactions and effectiveness. However, these studies contain two major limitations. First, existing models remain at a conceptual level, with no empirical support for their hypothesized relations. Second, they focus on a broader customer base that does not explicitly reflect the increased organizational complexity, cultural diversity, and complexity of the solutions associated with global customers (Millman, 1999). Therefore, team selling stops short of providing an explanation of the performance determinants in a GCT context.

### 1.3. The global customer team

Although teams facilitate the complex task of coordinating efforts by individuals across functional, product, and geographic units to serve customer needs (Shapiro & Moriarty, 1984) and form an integral part of many GCM programs (Homburg et al., 2002), existing literature does not offer a precise definition of what constitutes a GCT. We might deduce that such a team comprises all persons involved in developing and maintaining relationships with one or several related key customers on a global basis and that its responsibilities include developing a customer strategy and account plan, creating innovative solutions, and coordinating various networks (Galbraith, 2001). Therefore, a GCT must operate in multi-actor structures with different tasks and levels of authority, and its success depends on its ability to secure continuous support and manage the various technical, legal, economic, and political dimensions of the relationship (Harvey, Novicevic, et al., 2003). In these circumstances,

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