



## Customer business development: identifying and responding to buyer-implied information preferences



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### ABSTRACT

Customer business development (CBD) transforms the selling function from 'pushing products' towards creating value by developing the business customer's business. For key accounts, CBD salespeople align their customer relationship management tasks of planning, selling, and implementing solutions to best integrate customer needs with the seller's strategic account management goals. A vital process mechanism involves the salesperson's observations of their business buyer's tendencies to favor solutions steeped in information characterized here as either market-centered or cost-centered. Findings show that CBD salespeople use signals from buyer commitments to identify and adapt selling behaviors (relationship-forging tasks) to achieve relational and financial objectives. To align with market-centered preferences, CBD salespeople share information about the buyer's market and propose plans for market development. In contrast, to align with cost-centered preferences, CBD salespeople focus on coordinating interfirm activities. While cost-centered adaptations yield expected positive financial returns, interestingly, market-centered adaptations negatively impact on the seller's financial returns.

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### 1. Introduction: selling in customer business development contexts

Business-to-business (B2B) key account contexts vary and research can benefit from better refinement and understanding. Of particular interest, attention to key account management practices in business-to-business-to-consumer (B2B2C) channels, a substantial multibillion-dollar global supply chain, is of sufficient economic size, complexity, and uniqueness to warrant scholarly attention. For example, within the B2B2C channels, instead of focusing on distributive outcomes and arms' length exchange processes, salespeople use technology to leverage information by developing, tailoring, and proposing solutions specific to key account needs. Advances in sales technology helps salespeople to better access, analyze, and communicate information on shared interests, often concerning the key account's customers (Hunter & Perreault, 2007). This B2B2C context represents an outstanding domain for research and it is analytically-intense, technology-dependent, and an incubator for understanding the concerns encapsulated in the contemporary practices of category management (Gooner, Morgan, & Perreault, 2011).

Customer business development (CBD) refers to one-to-one relationship marketing programs conducted between suppliers (marketers) and their distributors or resellers (Parvatiyar & Sheth, 2000). Here, CBD refers to the sellers' efforts to manage key account relationships towards creating relational value through the attainment of buyer and seller

objectives made possible through the effective and efficient development of the key account's business. In these contexts, salespeople tailor solutions by forecasting outcomes that would satisfactorily meet the objectives of the both the seller and the key account, such as those made possible through market outcomes like pie-expansion.

While the B2B literature recognizes such potential from returns afforded by pie-expansion (Jap, 1999), very little attention has been devoted to the corresponding shift in the sales role – one that contrasts starkly with the layman's view (and some scholarly views) of the B2B salesperson as one who simply 'pushes products' (e.g. goods, services, and so on). In contemporary relational contexts, CBD salespeople represent the suppliers' interests with strategically important customer accounts, which are vital to the seller's long-term viability. Generally, this domain of account management is often referred to as strategic account management (Bradford et al., 2012).

The burgeoning strategic account management (SAM) literature builds upon vital contributions to account management and practice, including, among others, key accounts (Homburg, Workman, & Jensen, 2002; Pardo, 1997; Workman, Homburg, & Jensen, 2003), global accounts (Yip & Bink, 2007), strategic accounts (Napolitano, 1997), and national accounts (Dishman & Nitse, 1998; Shapiro & Moriarty, 1984). The SAM approach considers the breadth of B2B selling contexts, including buyer-seller exchanges associated within consumer-packaged goods (CPG) channels – which arguably, is the largest and most economically significant supply chain in the world. In the CPG industry, while marketing scholars continue to trumpet the important of brand management for its longstanding role within the industry, research on B2B2C selling

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is rather sparse. Moreover, market forces including networked competition (Achrol, 1997) now place greater emphasis on firm boundaries, and by extension, upon the agents (salespeople and buying agents) who personify, lead, and manage the vital outputs associated with transformations occurring through such inter-organizational boundaries.

While this research does not cover all key aspects of CBD selling that warrant attention, it advances a better understanding of relevant sales processes. In particular, it is concerned with how effectively different types of information garner commitment from buyers. The theoretical tenants are threefold. First, CBD salespeople adapt their CRM sales processes to better plan, sell, and implement solutions that integrate account needs with SAM objectives. Second, the salesperson's observations and resulting perceptions of how effective different stimuli (market and cost information) were in gaining buyer responses drives underlying sales process adaptations. Third, the salesperson, in turn, uses buyer-implied preferences to tailor activities in order to improve performance outcomes (e.g. business relationships and economic value).

Findings indicate that tailoring CBD activities to the buyer's expressed information needs yields better odds of achieving the customer's objectives. To tailor activities to a buyer's need for market information, CBD salespeople plan for ways to develop their customers' business and share market information. It is worth noting that this *market-driving* path is a key intent of adopting a 'customer business development' organization. On the other hand, to tailor activities to a buyer's need for cost-driven information, salespeople coordinate interfirm activities. While this contrasting *cost-driven path* yields expected positive returns, surprisingly, this study finds that a salesperson's coordination of interfirm activities can influence the seller's attainment of financial objectives adversely.

This study proposes and tests a hypothetical model that salespeople use buyer-implied preferences for market or cost information as signals of the business customer's strategic intent (*revenue-expansion or cost-reduction*) as stimuli to set suitable behavioral tasks that influence key aspects of sales performance. The model advances theory on how CBD salespeople adapt behaviors to accomplish desirable outcomes from strategic buyer-seller partnerships.

The study contributes to sales research by proposing specific smart-selling behaviors, relationship-forging tasks that are suitable to building business relationships or improving financial returns to sellers. It builds on extant theory on smart selling, by proposing new relationship-forging tasks (*market-driven sales planning and coordinating interfirm activities*). It contributes to sales management and practice by outlining ways through which salespeople can use a customer's preference for different types of information as a means for tailoring CRM tasks in B2B selling contexts.

The next section develops the context and underlying logic for the proposed model. Then, a discussion of research methods (including an elaboration on the context, sample, and analytical approaches employed) follows. After reporting results, the paper discusses both theoretical and managerial implications as well as outlining the limitations of this study.

## 2. Competitive advantage in the CBD context

A CBD sales force often seeks first to understand its buyers. Customer procurement processes are driven, in part, by key characteristics of the organizational buying contexts, including extensiveness of choice set, purchase importance, and buyer power (Hunter, Bunn, & Perreault, 2006). Salespeople are knowledge workers (Sheth & Sobel, 2002) who must plan, sell, and implement solutions that are customized to various buying contexts (Fang, Palmatier, & Evans, 2004; Park & Holloway, 2003; Spiro & Weitz, 1990; Verbeke, Dietz, & Verwaal, 2011; Weitz, Sujana, & Sujana, 1986). Building sophisticated buyer-seller relationships (Cannon & Homburg, 2001; Cannon & Perreault, 1999), CBD salespeople resolve ambiguities associated and perform activities that help the supplier convert its resources to competitive advantage.

An important source of potential competitive advantage rests in a seller's outside-in processes which sense and link the firm to its business customers (Day, 1994). In partnering roles (Weitz & Bradford, 1999), salespeople embed themselves as an integral component of both buying and selling organizations (Bradford et al., 2010). Salespeople conduct relationship-forging tasks (Hunter & Perreault, 2007) as the primary customer-linking capability, but also manage a customer relationship (Hunter & Perreault, 2007), which requires sharing market knowledge, a market sensing capability. These B2B relationship-building tasks may require salespeople to coordinate interfirm activities.

The CBD organization represents, coordinates, and manages the seller's relationships with its business customers (e.g. retail chains or mass merchandisers). As channel resellers have become more powerful (Ganesan et al., 2009), manufacturers need agents who are skilled in assessing and understanding a customer's strategic priorities. In these SAM roles (Bradford et al., 2012), CBD salespeople develop solutions to integrate the account's priorities with the seller's relational and financial objectives. Often, such tailoring of solutions often requires coordinating activities across firms and involves interorganizational linkages that cut across functional specialists (e.g. brand managers, financial experts, accountants, and operations/logistics specialists).

Business customers may be reluctant to share information concerning their fundamental strategic orientations explicitly with sellers for various reasons, including, for example, concerns about the information getting back to their competitors. Nonetheless, a buyer's orientations influences the salesperson conduct of CBD processes and integration of sales technology tools (Hunter & Perreault, 2007). Salespeople, adapt their behaviors using both tacit and explicit knowledge to sense ways to achieve CBD objectives. An understanding of the types of information yielding commitments from business buyers can drive these adaptations. Such insights help salespeople determine a buyer's strategic orientation (e.g. *revenue-expansion or cost-reduction*) and, in turn, influence their conduct of suitable CBD behaviors.

The stimulus proposition of social exchange theory provides a basis for reasoning within this CBD context. It suggests that one continues to perform activities in a social exchange based on earlier responses to similar stimuli that produced desirable outcomes (Homans, 1961). The desirable outcomes of business relationships are to "work together in ways that add value or reduce cost in the exchange between the firms" (Anderson, 1995: 348). In a CBD context, more effective, longer-term business relationships yield value to both buyers and sellers. Thus, repeated and consistent stimuli from purchasing agents evoke behaviors from salespeople that establish response patterns, which become sales processes conforming to subsequent stimuli with the intent of realizing desirable CRM outcomes. One linchpin for this vital sharing of market knowledge is that salespeople assess their customer's strategic orientation and, in turn, perform tasks tailored to proposing solutions intended to yield interfirm objectives.

## 3. Theory and hypotheses

Fig. 1 summarizes these ideas further and develops them within the context of a more complete set of hypothesized relationships.

## 4. Contextual background

Fig. 1 depicts a behavioral process model that shows how salespeople do different tasks based upon their perceptions of their buyer's strategic orientation. The model proposes that a purchasing agent's commitment to different types of information signal a strategic orientation, which influences the salesperson's conduct of key CBD selling behaviors, referred to relationship-forging tasks. These relationship-forging tasks are contemporary smart selling behaviors which Hunter and Perreault (2007) define as "activities that an individual in an organization performs to help build relationships with external constituents." This research proposes two new relationship-forging tasks:

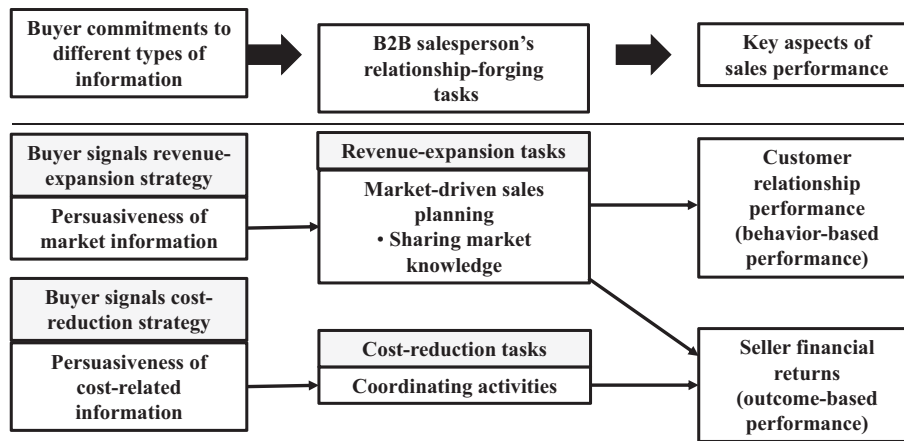


Fig. 1. Conceptual model of customer business development.

market-driven sales planning and coordinating interfirm activities. Relationship forging tasks are hypothesized to influence two key aspects of sales performance – customer relationship performance (a behavior-based component) and seller financial performance (an outcome-based component).

This research contrasts with current CRM and the burgeoning customer experience literature which often conceptualizes and tests selling processes in B2C contexts (see [Palmatier, 2008](#); [Palmatier et al., 2006](#); [Reynolds & Beatty, 1999](#); [Rust & Zahorik, 1993](#); [Verhoef et al., 2009](#)). It also differs from consider research in B2B contexts which views all sales contexts as homogenous, either implicitly or explicitly. Thus, some contextual distinctions associated with this study are worth highlighting. First, the conceptualization builds upon the notion that business-to-business (B2B) buying behavior, or procurement processes ([Hunter et al., 2006](#)), are more rational and economic (formal and analytical) than are business to consumer (B2C) buying behaviors ([Hunter et al., 2006](#); [Johnston & Lewin, 1996](#); [Robinson, Faris, & Wind, 1967](#); [Sheth, 1973, 1996](#); [Ward & Webster, 1991](#); [Webster & Wind, 1972](#)). B2B procurement processes involve multiple constituents and are characterized by programmatic economic analyses of alternatives ([Hunter et al., 2006](#); [Johnston & Lewin, 1996](#); [Robinson et al., 1967](#); [Sheth, 1973, 1996](#); [Ward & Webster, 1991](#); [Webster & Wind, 1972](#)). From sociological perspective, this shift might be attributed to increased competition among sellers which yields more extensive choice sets and a shift in power to the buying side of the channel, which increases the likelihood of formal analysis by buyers ([Hunter et al., 2006](#)). Such increases in formal analysis conducted by buyers mandates more analytical selling processes, thus adding rigor and reasoning in joint decision-making process norms at interorganizational boundaries. Second, B2B organizational information processing, learning and retention capabilities go well beyond an individual consumer's (B2C) limited capacity to process information, learn, and retain relevant relational outcomes over time. Such B2B process are technology-dependent, literally employing information systems and decades of process refinement yielding far more sophisticated procurement processes in B2B markets than those observed in B2C contexts. Not surprisingly, sales organizations rely far more heavily upon technology for learning processes than was the case even a few decades ago ([Hunter & Perreault, 2007](#)). Finally, compared to other B2B selling contexts, selling to resellers with the intent of developing the retail customer's business is a more complex task than simply 'pushing products'. CBD salespeople develop and propose solutions that integrate elements of the seller's marketing strategies (e.g. marketing mixes tailored to target markets) with their retail customer's marketing strategies. CBD selling emphasizes relationship-building skills, a focus on more mutually beneficial returns, and an interpersonal exchange that is more rational and less emotive than those found in typical B2C contexts (e.g. financial services).

Consequently, this context increases the likelihood that extant models of relationship management are suboptimal in that they fail to consider the complexity associated with B2B selling and procurement processes ([Ahearn et al., 2012](#)).

In the relationship marketing era, in B2B contexts, salespeople play an integral role, not only in developing personal relationships, but also in delivering business results that help seller build better relationships with business customers ([Hunter & Perreault, 2007](#)). Moreover, while part of the salesperson's role involves direct interaction with purchasing agents, emergent responsibilities include the need for salespeople to coordinate activities across team members representing different functional specializations across organizational boundaries.

#### 4.1. Buying firm's strategic orientation

Salespeople have long been conceptualized as "linking pins" between buying and selling organizations ([Adams, 1976](#)). As such, they occupy important boundary spanning roles that place them in the unique positions at the point of exchange between firms. While much research focuses on how salespeople should adapt their selling and influence tactics to individual purchasing agents ([McFarland, Challagalla, & Shervani, 2006](#); [Spiro & Perreault, 1979](#); [Spiro & Weitz, 1990](#); [Sujan, Weitz, & Kumar, 1994](#)), the purpose here is to argue that salespeople should also adapt their sales processes (behaviors) to stimuli inherent to B2B interactions. The attention here centers on a salesperson's observations on how types of information not only persuades commitment from purchasing agents differently, but also how those types may signal a buyer's strategic orientation.

Current research indicates that firms realize better financial returns by pursuing revenue expansion (driving the top line), instead of cost reduction, strategies ([Rust, Moorman, & Dickson, 2002](#)). Yet, many buying organizations continue to pursue cost reduction strategies. In either scenario, purchasing agents signal their firm's strategic orientation to salespeople through their commitments to different types of proposals. In information-intensive environments, such proposals have inherent bases in different types of information (e.g. market-based or cost-based).

The stimulus proposition of social exchange theory suggests that salespeople will take actions based on earlier responses to similar stimuli that produced desirable outcomes ([Homans, 1961](#)). To understand buyer preferences, salespeople often have to interpret signals from their purchasing agents about strategic orientation. Marketing scholars have employed signaling theory ([Spence, 1974](#)) as a framework for several studies, to show, for example, that warranties may signal product quality in consumer decision-making ([Boulding & Kirmani, 1993](#)). Practice-relevant scholars note that a firm's ability to interpret market

signals represent an imperative for its long-term viability (Day & Schoemaker, 2006).

Salespeople are vital recipients of information inputs to firm strategy and play a vital role in transferring insights from customers to sales strategy (Klompaker, 1980). Salespeople can use their purchasing agent's information preferences as signals of the buying firm's underlying business strategy: revenue expansion, cost reduction, or a combination of these two strategic orientations. Buyers pursuing revenue expansion seek a better understanding their markets through a salesperson's use of information such as a consumer buying habits, or the selling firm's marketing and advertising effectiveness. At the other extreme, purchasing agents signal cost reduction strategies by making commitments based on proposals that stress distribution and logistics costs. Salespeople can use the purchasing agent's preferences for different types of information as proxies for the buyer's fundamental strategy.

#### 4.2. Buyer-implied information preferences signal strategic orientation

Resellers pursue strategic orientations favoring increasing revenues, reducing costs, or some combination therein (Rust et al., 2002). This paper proposes that salespeople develop insights by interpreting the types of information (consumer-related versus SCM costs-related) which influence their purchasing agent's decisions as indicators of the buying firm's strategic orientation. Based on those insights, customer-centric CBD salespeople do tasks to yield solutions tailored to the customer's strategic orientation. In turn, consistent with competitive advantage theory (Day, 1994), this position of advantage yields performance returns (improving both customer relationship performance and outcome-based performance).

Despite nearly sixty years of academic interest in customer-centricity, firms continue to struggle implementation of customer-centric strategies (Shah et al., 2006). One possible explanation relates to the scarcity of guidance provided by academic research associated with fostering insights on how sales organizations can carry out customer-centric strategies. Of note, the sales literature is rich with insights on the need for salespeople to practice adaptive selling and influence tactics (McFarland et al., 2006; Spiro & Perreault, 1979; Spiro & Weitz, 1990; Suján et al., 1994). This paper proposes that salespeople should adapt different processes (conduct different behaviors), thereby building upon the rich literature on smart-selling behaviors, while proposing new sets of activities suitable for achieving desired outcomes in contemporary B2B contexts.

In emergent and evolving CBD roles, salespeople are often team leaders, consultants, and service providers who forge partnerships with business customers (Hunter & Perreault, 2007). To be customer-centric, CBD salespeople seek first to understand the goals of their business customer accounts. While purchasing agents and salespeople may share strategic objectives explicitly, a buyer's intent is often either implicit or unstated by the purchasing agent. As a result, salespeople often seek signals from their purchasing agents to confirm or deny their perceptions about the buyer's strategic orientation. A defining characteristic of a buyer's strategic orientation relates to the extent to which the firm favors increasing revenues, reducing costs, or some combination therein (Rust et al., 2002)

#### 4.3. Relationship-forging tasks

Customer-centric sales organizations respond to the expressed interests of their strategic customer accounts. Thus, the buyer's fundamental strategic orientation should trigger different sales/CRM process behaviors. Those sales processes seek either to drive the top line returns (revenue-expansion strategy) or to reduce the costs associated with alternative proposals (cost-reduction strategy). Salespeople use their perceptions of buyer-implied preferences for different types of information as signals of the customer's underlying strategic orientation, and, in turn, practice CRM processes that are consistent with the purchasing

agent's orientation. Buyer's agents who are strategically oriented towards increasing revenues make commitments based on a salesperson's use of information related to demand chain management (i.e. consumer buying habits or the selling firm's marketing and advertising effectiveness). On the other hand, purchasing agents who indicate a strategic orientation favoring reducing costs make commitments based on the salesperson's use of information relevant to distribution and logistics costs.

Despite calls for considering how salespeople create value (Hunter & Perreault, 2007), marketing strategists and scholars err in continuing to conceptualize sales forces from a value delivery function. As such, these conceptualizations marginalize the sales force to little more than a means for tactically implementing a promotional plan, presumably developed by a centralized "marketing department". This reduces sales force capability to an element of the promotion mix. In Day's (1994) terminology, the logic of sales-as-part-of-the-promotions-mix appears to use an inside-outside process (an internal emphasis on brands/products) to structure an outside-in (external emphasis) capability. Thus, conceptualizing the sales forces as an element of the promotion mix opposes what Day and others advocate for effective "customer-centric" strategy.

To drive relationships with customer accounts, Hunter and Perreault (2007) proposed relationship-forging tasks as activities salespeople perform to forge boundaries with customer accounts. Specifically, Hunter and Perreault (2007) propose two relationship-forging tasks: sharing market knowledge and proposing integrative solutions. This study supplements those by proposing two additional relationship-forging tasks: customer centric sales planning and coordinating inter-firm activities between firms. Since relationship-forging tasks represent the key mechanisms through which salespeople build relationships with customer accounts (aka smart selling behaviors in a modern relational selling contexts), the performance of such activities should improve salesperson performance. However, such tasks are distinct constructs, each having unique effects on different aspects of salesperson performance.

Hunter and Perreault (2007: 20) define *sharing market knowledge* as "the extent to which salespeople develop relevant market expertise and share their knowledge with their customers." A consultative salesperson must establish credibility as a knowledgeable resource before buyers and other sales associates seek his/her advice. The development of market expertise is a necessary foundation for sharing such market knowledge with customer accounts. Developing such knowledge often hinges on a salesperson's ability to convert data into useful insights (an analytical sales process). Sellers who employ salespeople with high levels of market expertise can create a competitive advantage over competitors who employ agents with more novice-level understandings of what is required to develop customer markets effectively.

#### 4.4. Market-driven sales planning and coordinating interfirm activities

Planning for sales interactions has long been an important focal element for business market sales contexts (Arnold et al., 2009; Gwin & Perreault, 1981; Hunter et al., 2006; Rapp et al., 2006). Business market salespeople face considerable time allocation constraints (Spiro & Perreault, 1978). This increases the importance of planning for sales activities, including not only the consideration of possible behaviors that will occur during a sales interaction (Rapp et al., 2006), but also the development of proposals suitable in addressing the strategic account's needs (Hunter & Perreault, 2007). Such effective planning (e.g., task prioritization, strategic thinking, and anticipation of contingencies) is critical to performance (Hunter & Perreault, 2006) and requisite for the salesperson's provision of solutions that meet sophisticated business customer needs (Tuli, Kohli, & Bharadwaj, 2007). The smart-selling literature argues that effective salespeople should plan for those interactions with purchasing agents (Gwin & Perreault, 1981; Suján et al., 1994). Salespeople engage in planning to work out the suitability

of sales behaviors and activities. Central here is the element of sales planning associated with customer account considerations, and the resulting proposition of market-developing solutions for that account.

*Market-driven sales planning* refers to the extent to which the salesperson anticipates, collects, and evaluates information relevant to their customer's needs. Market-driven sales planning focuses outside the customer's organization and considers how the customer can achieve its goals in the consumer markets it serves. Such customer-centric planning does not center on pushing products (e.g., driving short-term economic returns). Instead, these revenue-expansion strategies are dependent upon market outcomes that increase the buyer's top line returns. Thus, when a purchasing agent makes commitments to a salesperson's proposal of solutions rooted in market information, it serves as a signal that the buyer's primary goal is to increase revenues. Therefore, consistent with the stimulus proposition of social exchange theory (Homans, 1961), such signals serve as stimuli motivating salespeople to perform market-driven sales planning and sharing market knowledge.

**H1.** A salesperson's perception of the persuasiveness of market information influences positively the salesperson's tendencies to share market knowledge.

**H2.** Market-driven sales planning mediates partially the effect of a salesperson's perception of the persuasiveness of market information on sharing market knowledge.

March and Simon (1993: 2) describe organizations as "systems of coordinated action among individuals and groups whose preferences, information, interests, or knowledge differ." Thus, coordinating interfirm activities is a fundamental element in forming organizations themselves. In marketing, scholars investigating supply chain management (SCM) and channel relationships recognize the importance and note the benefits for both buyer and seller for interfirm coordination across organizational boundaries, including 'hard-wired' solutions associated with efficient consumer response (Celly & Frazier, 1996; Corsten & Kumar, 2005; Hill & Scudder, 2002). Additionally, a rich literature on vertical relationships (buyer-seller) exists (Anderson & Narus, 1990; Anderson & Weitz, 1989; Cannon & Perreault, 1999; Dwyer, Schurr, & Oh, 1987; Heide & John, 1988; Hunter & Perreault, 2007; Moorman, Zaltman, & Deshpande, 1992). Another noteworthy related literature on horizontal inter-firm relationships investigates new product alliances (Rindfleisch & Moorman, 2001).

The market orientation literature (Jaworski & Kohli, 1993; Kohli & Jaworski, 1990; Narver & Slater, 1990; Slater & Narver, 1995) establishes the importance of sellers (sales organizations) to coordinate activities with buyers (business customers), particularly strategic partners. The strategic importance of coordinating interfirm activities is evidenced by the emphasis placed on outside-in processes in the organization-customer alignment literature (Day, 1994). Workman et al. (2003) also emphasize the importance of coordination to inter-firm relationships in key account contexts. While the literature acknowledges the importance of building trust and commitment as vital to interpersonal aspects of inter-firm relationships, far less is known about the activities needed to yield returns to the buying and selling organizations – and, it is those returns that surely matter most in the long-term existence of B2B relationships. Yet conceptualization and measurement of the salesperson's activities in the coordination process represents a gap in the extant literature. Such understanding is also necessary for implementation of relational strategies. Thus, this research conceptualizes and develops a measure specific to that need.

Within an organization, coordination means "integrating or linking together different parts of an organization to accomplish a collective set of tasks" (Van de Ven, Delbecq, & Koenig, 1976), but the definition extends to inter-firm relationships (Ring & Van de Ven, 1992). Interorganizational

relationships, the macro level phenomena, are understood to "only emerge, evolve, grow, and dissolve over time as a consequence of individual activities" (Ring & Van de Ven, 1994: 95). The focus here is on such individual activities performed by agents employed by the sales organization. In CBD roles, business market salespeople serve on both dedicated and fluid SAM teams (Bradford et al., 2012). CBD salespeople engage in both intra- and inter-firm coordination. Coordinating activities involve establishment, development, and maintenance of buyer-seller boundaries.

*Coordinating interfirm activities* refers to the extent to which salespeople coordinate the activities between people in both the selling and buying firms. March and Simon (1993: 182) provide both a forward-thinking proactive form of coordination ("coordination by plan") and a reactive one ("coordination by feedback"), which informs the present perspectives on coordinating activities. As sales organizations have transformed from single-person representatives to team-based account management organizations, many teams now consist of specialized functional experts, in particular, and often the dedication of members to strategic account teams (Bradford et al., 2012). This SAM organization displaces one in which salespeople on teams were more focused internally, with one featuring the diverse skill sets needed to manage multiple product lines.

However, not all planned coordination activities function seamlessly. Of course, customer interests are dynamic, which creates circumstances through which reactive coordination ensues. In short, salespeople engage in coordinating interfirm activities whenever they encourage or direct associates to meet the buying organization's needs – whether that action is proactive or reactive to the customer firm's expressed interests. By nature, those activities are more often associated with cost reduction strategies as supply chains seek new means for achieving exchange that is more efficient across vertical networks. Modern CBD salespeople embed within organizations to help meet additional coordination requirements (Bradford et al., 2010).

Coordinating interfirm activities include various cross-functional responsibilities. These might include ensuring the seller's logistical distribution system meets their customer's needs. The assessment of performance on category management initiatives is important to both buyers and sellers (Dhar, Hoch, & Kumar, 2001). For example, coordination could center on efforts to integrate an account-dedicated brand specialist's priorities with a retail customer's category management objectives. Coordinating activities involve actions to resolve inter-firm conflicts with negotiated agreements (including financial and logistical discrepancies), whose resolution often requires the salesperson's consultation with financial or legal specialists. At times, such specialists serve on the same account-dedicated SAM team as the salesperson to reduce coordination costs related to a level and pattern of economic activity warranting dedicated team members (Bradford et al., 2012).

**H3.** A salesperson's perception of the persuasiveness of cost information influences positively the performance of coordinating interfirm activities

#### 4.5. Sales performance

Among the highest impact literatures in sales research, outcome versus behavior-based control systems research indicates that when sales performance is evaluated based on behaviors, salespeople subjected to behavior-based control systems outperform those subjected to outcome-based control systems (Cravens et al., 1993; Oliver & Anderson, 1994). Although this study does not focus on the control systems employed by different managers within the firm, earlier research motivates the inclusion of both types of measures. Thus, hypotheses related to both outcome- and behavior-based measures of sales performance are developed.

Consistent with previous research on sales performance (Behrman & Perreault, 1984; Cravens et al., 1993; Hunter & Perreault, 2007; Oliver &

Anderson, 1994; Sujan et al., 1994) sales performance is defined as behavior directed toward the goals of the selling firm. Salespeople may direct such behaviors toward achieving two important goals: outcomes key to the selling firm (outcome-based performance) or stronger relationships with customers (behavior-based customer relationship performance).

Building on the relationship marketing literature (Atuahene-Gima & Li, 2002; Cannon & Perreault, 1999; Doney & Cannon, 1997; Dwyer et al., 1987; Mohr, Fisher, & Nevin, 1996; Mohr & Nevin, 1990), organizational learning (March & Simon, 1993), and social exchange theory (Emerson, 1976; Thibaut & Kelley, 1959), Hunter and Perreault (2007) propose the concept of relationship-forging tasks. Consistent with Hunter and Perreault's (2007) logic and findings with other relationship forging tasks, the salesperson's effort to perform market-driven sales planning and, in turn, sharing market knowledge should influence positively a salesperson's customer relationship performance.

**H4.** Sharing market knowledge improves a salesperson's customer relationship performance.

Concerning the effects of relationship-forging tasks on outcome-based performance (e.g. "contributing to your firm's acquiring a good market share"), it's worth noting that such measures of seller financial performance are more seller-centric than relationship-centric. This reality underlies the continuation of sales quotas, though there is debate as to how best to optimize their use in efforts to encourage salespeople to propose solutions central to achieving relational outcomes. The rationale here is that even in the current era of relationship marketing, sales organizations do seek returns on investments and expect salespeople to deliver financial returns.

**H5.** Sharing market knowledge improves a salesperson's achievement of seller financial results.

Recent research suggests that sellers can benefit financially from focusing efforts on supply chain management concerns of their strategic accounts, but such returns depend upon the buyers' success in gaining share from competing retailers (Hofer et al., 2012). In some industries, such as consumer packaged goods, large suppliers have been implementing efficient consumer response initiatives for decades (Gruen, Summers, & Acito, 2000). The gist of the industry imitative is often traced to "Procter's gamble" in which it projected its competitors would follow an aggressive pursuit of increasing profits through a combination of lower prices to retailers by sharing returns gained through more efficient supply chains (Weinstein, 1992). Thus, this paper argues that two decades later, as supply chain coordination between large suppliers and their strategic accounts are now highly efficient, that efficiency may serve to reduce (or eliminate) the need for salespeople to coordinate such interfirm activities. Yet, when problems arise, the resolution activity is still one performed by salespeople charged with managing relationships with strategic partners (Bradford et al., 2012).

However, under current conditions, when salespeople are required to coordinate activities, the coordination often occurs when existing supply chain procedures do not work properly. Consequently, the action by salespeople of coordinating activities may be costly to the seller, particularly over the short-term horizons typical in financial measures of sales performance as the task represents an action akin to service recovery. Returns from such actions on longer-term relationship actions are beyond the immediate realization of the salesperson. Thus, coordinating activities should not only deliver stronger relationships with business customers, but also result in financial costs to the selling organization, particularly over the short terms often represented in such financial sales quotas.

**H6.** Coordinating interfirm activities between firms reduces a salesperson's performance on financial returns.

## 5. Research methods

### 5.1. Sample

Business market salespeople are the unit of analysis for this research. To help secure their participation in this study, researchers approached sales managers of a host firm and secured their agreement to participate in the study, accepting their request for anonymity and acknowledging that elements of this study may indicate aspects of competitive advantage for the firm. While focusing on a single host firm may limit the generalizability of the results, such an approach isolates the study from factors across industries that would add additional complexity to proper model specification (e.g. to control for industry effects) to avoid omit variable bias and other challenges to statistical validity. The host firm is a well-known CPG company with a multi-national presence. Beyond the managers' request for the firm's anonymity in resulting publications, they also sought a tailored report of survey result – which was provided.

Sales managers from the host firm helped pretest the questionnaire for clarity and completeness. Pre-testing resulting in refinements to some items and to the survey instructions provided to study participants. The firm's highest-ranking sales executive sent each salesperson a pre-notification letter before the questionnaire mailing. A cover letter from the same highest-ranking sales executive was included in the questionnaire packet, which together with the pre-notification letter, helped motivate a high response rate, reducing the potential for selection bias. The letter and questionnaire also guaranteed confidentiality to each salesperson and assured them that data specific to individuals would not be shared with the firm's management. To maintain and show anonymity to respondents, survey packets were mailed to each representative's home office address and the researcher's university address was used for returning completed questionnaires. For both parts of the survey, respondents returned 163 of 196 delivered questionnaires. Five respondents were eliminated from the analysis due to missing information on the items investigated here, yielding an effective response rate of 81% (158 useable out of 196 mailed). Consistent with other research in sales, the sample was male-dominant (66%), average age was 42 (ranging from 23 to 63 years old), and sales experience ranged from new hires to an individual with 38 years of relevant work experience.

### 5.2. Measures for constructs

To develop measures, conventional methods (DeVellis, 1991) that relied on using structural equation modeling confirmatory factor analytic techniques to develop multi-item composite measures from a pool of items representing the constructs in the conceptual model (Fig. 1). Table 1 presents the scale items, original sources, response cues, and relevant statistics for each of the measures.

Measures for the two aspects of sales performance as well as for sharing market knowledge were adopted from scales published in earlier research. For these measures, items comprising a subset of the original items (both were reflective constructs consisting of substitutable items) represent the same underlying construct as those in the original scales. Market-driven sales planning is a new scale that is based on items developed to measure sales planning for industrial and commercial salespeople (Gwin, 1979). The items used here were chosen based on fit (face validity) with the more specialized element of sales planning investigated here. Scales for coordinating interfirm activities, buyer-implied market orientation, and buyer-implied cost preferences were developed specifically in this research – as both the conceptualizations and measures represent novel contributions to the extant literature. Generally, with a relatively smaller sample size, model estimation centered on using fewer items to achieve higher composite reliabilities and better overall model fit statistics without sacrificing face validity for measurement specifications. The overall tradeoff was that only a

**Table 1**  
Scale items and scale statistics.

Construct Name and Items	M	SD	AVE <sup>a</sup>	Construct reliability <sup>a</sup>	Std. loading
<i>Aspects of sales performance</i>					
Customer relationship performance <sup>b</sup> (Hunter & Perreault, 2007)	5.32	.98	.52	.76	
Building your customers business with your products.					.77
Working out solutions to a customer's questions or objections.					.74
Working with customers to help them improve their profitability.					.66
<i>Seller financial returns (outcome-based performance<sup>b</sup> (Behrman &amp; Perreault, 1982)</i>					
Quickly generating sales of new company products.	5.73	1.09	.58	.73	.77
Contributing to your firm's acquiring a good market share.					.76
<i>Relationship-forging tasks</i>					
<i>Market-driven sales planning<sup>c</sup> (Gwin, 1979)</i>					
I evaluate the specific information needs of the buyer I will be meeting.	4.72	1.07	.64	.84	.89
I collect information that will forewarn me of possible problems with the account.					.78
I plan my presentation to respond to objections I anticipate from the buyer.					.72
<i>Sharing market knowledge<sup>d</sup> (Hunter &amp; Perreault, 2007)</i>					
I keep my buyers aware of market changes.	4.86	1.04	.50	.74	.74
Staying abreast of changes helps me keep my buyers informed.					.74
Others in my firm look to me for expert advice.					.61
<i>Coordinating interfirm activities<sup>d</sup> (New scale)</i>					
I push others in my firm to meet my buyer's needs.	4.09	1.40	.57	.80	.80
I work to ensure that my firm's logistics meet our customer's needs.					.77
I coordinate activities between my firm's employees and my account(s).					.72
<i>Buyer-implied strategic orientation</i>					
<i>Buyer-implied revenue-expansion strategy<sup>e</sup> (New scale)</i>					
Your firm's (the seller's) advertising plans.	5.18	1.04	.59	.81	.82
Your firm's (the seller's) marketing effectiveness.					.79
Consumer buying habits for the brand or category.					.67
<i>Buyer-implied cost-reduction strategy<sup>e</sup> (New scale)</i>					
Your firm's (the seller's) distribution costs.	4.16	1.09	.60	.75	.84
Your customer's (the buyer's) distribution costs.					.71

<sup>a</sup> Average variance extracted (AVE) and composite reliability estimates were calculated using algorithms suggested by (Fornell & Larcker, 1981).

<sup>b</sup> Respondents were directed, "On each of the following items, please rate how well you have performed relative to the average salesperson in similar selling situations", with seven-point response cues ranging from "needs improvement" (1) to "outstanding" (7).

<sup>c</sup> The scale consists of a 6-point Likert-type items indicating the percentage of times that an activity is characteristic of a sales call where 1 = "never," 2 = "20%," 3 = "40%," 4 = "60%," 5 = "80%," and 6 = "always."

<sup>d</sup> Respondents were directed, "To help us understand more about your responsibilities, please answer the following questions to the best of your ability. This section is concerned with your opinions and your current sales responsibilities." The seven-point response cues ranged from strongly disagree (1) to strongly agree (7)

<sup>e</sup> Respondents were directed, "Please indicate how effective each of the following types of information are for earning commitment from your buyers." The seven-point response cues for each item ranged from totally ineffective (1) to extremely effective (7).

few items for the entire measurement model were sacrificed, with details noted below. Additionally, inclusion of all items in these scales did not significantly alter the general pattern of findings reported here, although it lowered overall model fit statistics below acceptable levels and would have forced inclusion of items with less than desirable item reliabilities. Such tradeoffs are typical in contemporary SEM field studies.

Consistent with earlier research and with this study's objective to measure behaviors known only to the salespeople themselves, self-reported measures were used. The scale for *customer relationship performance* is a behavior-based measure comprised of three of the five items used in earlier research to measure (Hunter & Perreault, 2007). Customer relationship performance is defined here as the extent to which the salesperson works to deliver better business relationship outcomes to his assigned accounts. Two items, "listening attentively to identify and understand the real concerns of your customers" and "working out solutions to a customer's questions or objections" were originally published by Behrman and Perreault (1982) while the third item was originally published as part of this construct by Hunter and Perreault (2007). Two items from the original scale were dropped due to low item reliability (Hunter & Perreault, 2007).

*Seller financial returns* is an outcome-based measure of sales performance that was developed specific to this research. The measure was inspired by the notion that although salespeople control their own behaviors, some outcomes used in sales quotas are attributable to other causes (Cravens et al., 1993). Fang, Evans, and Zou (2005) used 7-items from Behrman and Perreault's (1982) inventory to measure

'outcome-based performance.' This research uses two items with the highest reported reliabilities from the Fang et al. (2005) study which relate to the salesperson's ability to deliver financial returns from the market to the sales organization. For example, "contributing to your firm's acquiring a good marketing share" and "quickly generating sales of new company products." These items are adapted from Behrman and Perreault (1982) inventory in which the items were part of the sales performance factor referred to as "sales objectives." Differing combinations of this inventory of sales performance items have been used extensively in several studies and adapted to measure relevant aspects of salesperson performance to the context investigated (Behrman & Perreault, 1984; Cravens et al., 1993; Oliver & Anderson, 1994; Sujana et al., 1994).

*Market-driven sales planning* was measured using a subset of items developed to measure sales planning (Gwin, 1979), and adapted to this context. The items chosen were based on consistency with the definition provided here were retained. The market-driven sales planning scale consists of a 6-point Likert-type items indicating the percentage of times that an activity is characteristic of a sales call where 1 = "never," 2 = "20%," 3 = "40%," 4 = "60%," 5 = "80%," and 6 = "always." While this study administered all seven items for the sales planning scale, 3-items which best captured the aspect of planning here were retained.

The scale used for *sharing marketing knowledge* consisted of the subset of items reported in Hunter and Perrault with the highest item reliability. One item was dropped due to low item reliability. Scales for coordinating interfirm activities, buyer-implied market orientation,

and buyer-implied cost preferences were developed using the guidelines suggested by DeVellis (1991). Psychometric properties of measures are reported in a later section.

### 5.2.1. Data analysis methods

Structural equation modeling (SEM) using maximum likelihood estimation followed the two-step approach (Anderson & Gerbing, 1988). Specifically, confirmatory factor analysis assessments of fit, reliability, discriminant, and convergent validity of the proposed measurement model was completed before testing the structural model specification associated with the proposed hypotheses.

Because the number of items is large in comparison to the relative sample size, fitting the overall structural model involved a complete specification of all items representing underlying latent constructs represented. Constructs used in this study were designed, specified, and tested as reflective scales. Bollen (1989: 267–68) argues that no hard fast rule for sample size exists, but that it is desirable to have at least several cases per free parameter estimated (Hunter & Perreault, 2007). In the same way, Bentler and Chou (1988: 172) refer to their own widely used 5:1 (N:q) ratio for sample size to number of free parameters estimated as an “oversimplified guideline” and not an absolute. Thus, while many SEM researchers may use the 5:1 ratio of sample size to parameter estimates as an “absolute” guideline, there really is no absolute minimum sample size or even an absolute minimum ratio that can be universally applied (Jackson, 2003). However, there is general agreement that sample size and model complexity are important considerations for model testing (Bollen, 1989). For modeling testing, to be sensitive to sample size concerns, this paper considers and reports a set of widely accepted SEM fit indices (Bollen & Long, 1993; Kline, 2011), but places emphasis on the comparative fit index (CFI) and incremental fit index (IFI) shown through Monte Carlo simulations to be less sensitive to sample size (Fan & Wang, 1998).

The model specifies single- and double-mediated indirect effects, but it is important to stress that we are not proposing a saturated model. To the contrary, the model specifies direct effect relationships between the salesperson's perception of buyer-implied market or cost orientations and the two aspects of sales performance to be constrained to be 0. These zero-constrained effects represent a proposal of full mediation through the specified processes.

Structural equation modeling researchers have used modification indexes since the implementation LISREL VI a few decades ago. To test the statistical significance of individual parameter, the suggested cutoff criterion of 3.84 for statistical significance at the  $\alpha = .05$  level was used (Bagozzi & Yi, 1989). In addition to model modifications, the index is particularly useful for testing zero-constraint hypotheses and thus proposed mediation effects. Moreover, recent research in marketing confirms that, invariably, SEM is the preferred approach for testing mediation effects (Iacobucci, Saldanha, & Deng, 2007).

## 6. Results

### 6.1. Evaluation of measures

The construct scales and questionnaire instructions were developed and refined through a series of personal interviews, and a pretest survey of many of the items ( $n = 79$ ) followed by iterative reviews of the extant literature. Iterations of literature reviews, interviews, and statistical analyses improved the psychometric properties of the resulting scales. Multiple scale items correspond to each construct. Items for scales were administered as part of a questionnaire that included multiple response types.

For the final set of items and scales, a two-step SEM approach was employed (Anderson & Gerbing, 1988). This approach fits confirmatory factor models to check the measurement properties of items (indicators) and unobservable constructs, and then estimates the parameters and fit properties of the overall structural model (taking measurement

error into consideration). Table 1 lists the final scale items and scale statistics for each of the constructs in the proposed measurement model. While scale scores with fixed measurement error inputs were used to represent the exogenous latent constructs in the structural model, all items were included and evaluated in fitting the measurement model. Measurement model statistics suggest an adequate fit ( $\chi^2 = 204.5$ ,  $p < .01$ ; GFI = .90, IFI = .96, CFI = .96, RMSEA = .04) between the hypothesized measurement model and the sample covariance matrix (Bollen, 1989; Kline, 2011).

To briefly review the psychometric properties of the measures before reporting the results of the structural model based on composite reliabilities (Fornell & Larcker, 1981), average variance extracted (AVE), and standardized loadings for each item reported in Table 1 demonstrates the reliability of the composite and the underlying items. All composite reliability indices are greater than the .6 criterion suggested by Bagozzi and Yi (1988) and standardized loadings for all but one item is greater than the proposed .38 squared loadings guideline for internal consistency used in recent marketing research (Hunter & Perreault, 2007) – and suggested in other structural equation modeling references (Bollen, 1989; Bollen & Lennox, 1991; Kline, 2011). Here, the lowest standardized loading is .61 for one of items for sharing marketing expertise. As this item is from a previously published scale, retaining it makes this research more consistent with the current literature. Additionally, all items exceed the criterion suggested by Anderson and Gerbing (1988) for convergent validity; namely, each item has a factor coefficient greater than two times their associated standard error. All items correlate higher with intended constructs than with other constructs. Factor analysis of using a varimax rotation produces a simple solution consistent with the proposed measurement model. Collectively, these statistics provide evidence supporting the convergent and discriminant validity of the proposed scales (Anderson & Gerbing, 1988).

### 6.2. Evaluation of potential common method bias

SEM simplifies testing for potential effects of common method bias among measures and this paper employs two different approaches common to recent SEM research. First, fitting a model with all manifest items loading on a single factor – representing a general factor influence – indicates a poor fit ( $\chi^2 = 683.1$ ,  $p < .001$ ; GFI = .64, IFI = .57, CFI = .56, RMSEA = .15) This provides evidence against the potential biasing effect due to a general factor. Second, comparing a common method first-order factor construct allowed to covary across each of the self-report scales in the structural model – including scaling, but without equality constraints across constructs (MacKenzie, Podsakoff, & Fetter, 1993) – produces a common method factor model that does not statistically improve the overall model's fit statistics ( $\chi^2 = 156.6$ ,  $\Delta\chi^2 = 25.3$ ,  $\Delta df = 19$ ,  $p = .15$ ). Collectively, these tests provide evidence that common method bias did not significantly influence the results reported in this analysis.

### 6.3. Overall model fit and relationships among constructs

Fig. 2 provides a summary of the maximum likelihood estimates (and associated probability levels) for all the hypothesized relationships. These estimates are based on an overall structural model that produces evidence of an excellent overall fit. The chi-square statistic is statistically significant ( $\chi^2 = 204.5$ ,  $df = 107$ ,  $p = .04$ ), but the fit statistics suitable for this model (Bollen, 1989) provide consistent evidence of a good fit (GFI = .91, IFI = .97, CFI = .97, RMSEA = .04). Collectively, there is not sufficient evidence to reject the hypothesized relationships or model structure. Consistent with these overall fit statistics, the path coefficients for all but three of the hypothesized relationships specified in the model are statistically significant ( $p < .05$ ). One of the insignificant effects could be attributed to the smaller sample size used in this study; however, the other two effects of coordinating interfirm activities on key aspects of sales performance are in opposite directions of



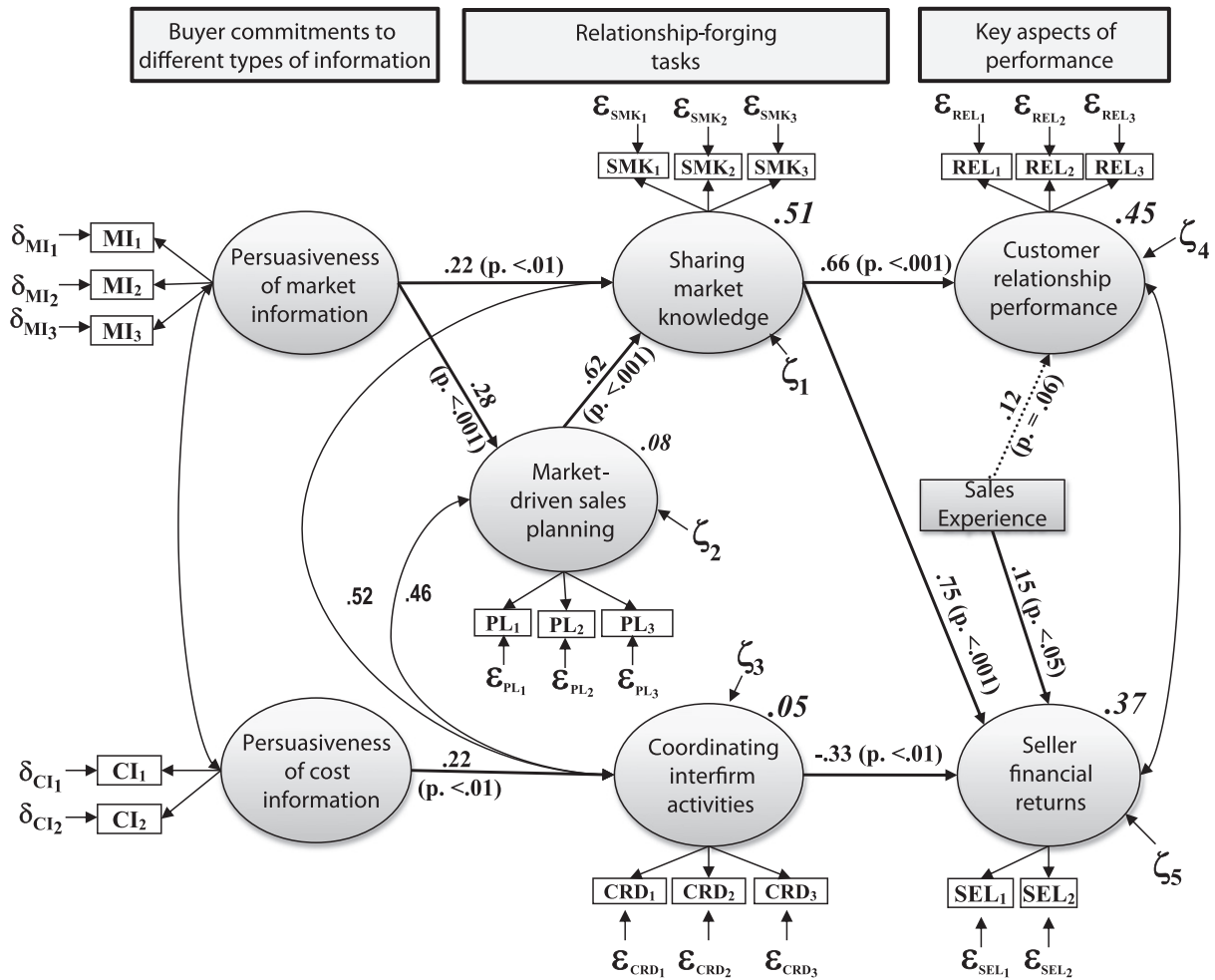


Fig. 2. Maximum likelihood estimates (with probability levels) and R-square values for paths in the block-recursive structural model. Notes: Fit statistics suggest an adequate fit for the overall model: ( $\chi^2 = 204.5, p = .01, d.f. = 158; GFI = .90, IFI = .96, CFI = .96, \text{ and } RMSEA = .04$ ). Solid lines indicate statistically significant effects, based on probability values for one-tailed significance effects on path coefficients.

their respective hypotheses. In addition, the R2 values in Fig. 2 shows the model provides good explanatory power for the endogenous variables.

6.3.1. Relationship-forging tasks comprising CRM processes

The model proposes that salespeople employ different sales processes based on the purchasing agent’s signaled strategic orientation. One sales process orients towards driving the top line or market outcomes while the second path centers on the conduct of activities that should improve the overall efficiency of the salesperson’s SCM process. The results generally support the model.

When purchasing agent’s signals a revenue-expansion strategy, it positively influences the salesperson to market-driven sales planning ( $\beta = .28, p < .001$ ) and sharing market knowledge ( $\beta = .22, p < .01$ ). The effect of market-driven sales planning on sharing market knowledge is also positive and statistically ( $\beta = .62, p < .001$ ). The specified model explains 8% of the variation in market-driven planning and 51% of the variation in sharing market knowledge. Additionally, as specified in the model, the purchasing agent’s revenue expansion signals have no statistically significant effect on either a salesperson coordination of interfirm activities or on the two key aspects of sales performance ( $MI < 3.84; p < .05$ ). This statistical conclusion is based on the criterion of 3.84 to test for statistical significance at the  $\alpha = .05$  level suggested by Bagozzi and Yi (1988). Collectively, these findings support both the proposed

partial mediation effects of a buyer-implied market orientation on sharing market knowledge as well the full mediation of its effects on both customer relationship performance and seller financial performance.

On the other hand, when purchasing agents signal a cost-reduction strategy, those signals positively influence the salesperson to engage in coordinating interfirm activities ( $\beta = .22, p < .01$ ) with the model accounting for 5% of the variation in coordinating interfirm activities. In addition, salesperson’s perceptions of the buyer-implied cost preferences have no statistically significant effect on either the salesperson’s conduct of market-driven sales planning activities or his/her sharing market knowledge ( $MI < 3.84$ ). The effects of buyer-implied cost preferences on seller financial performance (outcome-based) is mediated fully by the relationship-forging tasks, while having no statically significant effect on customer relationship performance (behavior-based performance).

6.3.2. Customer relationship performance (behavior-based performance)

As the model specifies, sharing market knowledge affects customer relationship performance positively ( $\beta = .55, p < .001$ ), but not by the covariate, sales experience ( $\beta = .12, p = .06$ ), with effects in the predicted direction. Additionally, the path estimate for the effect of coordinating interfirm activities ( $\beta = -.33, p < .01$ ) is statistically significant, as hypothesized. The specified model explains 45% of the variation in customer relationship performance.

### 6.3.3. Seller financial returns (outcome-based performance)

As expected, sharing market knowledge had a positive and statistically significant effect on both customer relationship performance ( $\beta = -.66, p. < .001$ ) and seller financial performance ( $\beta = -.75, p. < .001$ ). Additionally, the covariate, sales experience, had a positive, statistically significant effect as expected ( $\beta = -.15, p. < .05$ ). Collectively, the relationship-forging task accounted for 37% of the variation in seller financial performance (outcome-based performance). This implies that a salesperson's conduct of coordinating interfirm activities comes at a cost to the seller.

## 6.4. Discussion and implications

### 6.4.1. Managerial implications

The key account management has mostly focused on B2B relationships in involving industrial buyers, with little attention centered on B2B relationships within marketing channels. Yet, according to a recent GMA-PWC report the industry is an economic juggernaut with *monthly* shipments in the US alone approaching US\$115 billion (GMA-PWC, 2013). Such channels generate buyer-seller annual relationships exceeding US\$1 billion and scholars recognize the industry as a leader in forming key account sales teams (Bradford et al., 2012). With such economic realities, it is difficult to imagine anyone would consider procurement processes as simple as those involved in B2C contexts. It also differs from selling in traditional B2B industrial channels and thus presents an outstanding opportunity for broadening research on key account management. Moreover, findings from empirical studies for an industry of this size are more applicable to management when conceptualized and tested within the CPG industry.

Organizations like IBM and P&G are well-recognized for their successes in building their business through sales organizations (customer business development) who provide a consultative selling service to their most strategically important business customer accounts. This research affords firms a better understanding of how salespeople adapt their sales processes to their account's strategic orientation, while outlining the consequences of such adaptations.

While conducted in the multi-billion dollar CPG industry, many characteristics are consistent across other industries, although care in generalizing findings is warranted. For example, as downstream customers become more powerful, a seller's customer-centricity may shift from its own products/brands to its customers, particularly those of strategic importance. This shift from an emphasis on inside-out processes to outside-in processes places new demands on the seller's need to tailor solutions suitable to the strategic orientation of its key customer accounts.

Within large organizations, such a shift alters the roles of both marketing (brand management) and sales (customer business development) organizations. Over time, significant sales force reorganization may ensue. For example, the P&G's customer business development team dedicated to the Walmart account has expanded in size to about 500 people representing different functions (manufacturing, distribution, marketing, information technology, and finance, product lines, and geographies (Galbraith, 2005: 37). And, while Walmart may be P&G's largest retail customer account, P&G has dedicated proportionally-sized CBD teams with similar functional and geographic diversity to other key accounts.

Partially as a result of CBD organizations, manufacturers and retailers earned better profits after salespeople recommended fewer brands or stock keeping units (SKU's) for relevant categories (Gooner et al., 2011) – even when such changes reduced unit or dollar sales (Basuroy, Mantrala, & Walters, 2001; Borin & Farris, 1995; Kahn & McAlister, 1997; Zenor, 1994). This study helps explain how such losses in financial returns ultimately yield gains through stronger relationships with customer accounts. Meanwhile, some competitors maintain product or brand-centric orientations (e.g. see discussion of Nestle in Galbraith, 2005: 26). It's quite possible that aligning CRM processes to

better meet the needs of strategic partners works for some firms, but not as well for others. In any case, this research advances consideration of potential returns from CBD organizations.

Many CPG firms have transformed their sales organizations from one primarily charged with implementing elements of the firm's promotion mix to one that creates value for by offering a service that may afford competitive advantage (Hunter & Perreault, 2007). CBD selling focuses on the provision of integrative solutions that produce desirable outcomes for both the seller and its strategic partner. This study provides insights into how can use commitments from buyers which stem from different types of information as signals for either a revenue-expansion or a cost-reduction strategy. In turn, these signals motivate salespeople to behave differently in tailoring solutions to meet account needs.

To encourage relationship-building tasks focused on long-term outcomes, firm may not stress quantitative goals as they motivate a short-term outlook. Yet, managers may include such factors when evaluating a salesperson's overall performance after accounting for idiosyncratic contextual influences on each salesperson's assigned account(s). Of course, these obstacles to collecting ideal data and their implications are common concerns in research on sales (and other job-related) performance, particularly when many of the observable outcomes are influenced by factors beyond the control of the salesperson (Behrman & Perreault, 1982; Hunter & Perreault, 2007). While such measures create ratios and other indices useful to a sales manager in evaluating performance, caution is warranted as these seemingly mathematical "conclusions are not answers, but only facts on which to base good executive judgment" (Russell, 1950: 675).

This study outlines mechanisms important to a customer-centric organization should sellers elect to leverage their sales force as a means for competing through strategic partnerships. The findings indicate that CBD sales organizations could benefit from convincing strategic partners to focus more on ways to *expand the pie instead of focusing on pie distribution tasks*, such as the seller's coordination of interfirm activities across accounts. By considering, the merits and costs associated with collaborating with strategic partners who stress cost reduction strategies, sales organization may make better, or, at least more informed decisions about resource allocations associated with boundary management decisions.

It is quite interesting that a focus on coordinating interfirm activities negatively influences the sellers financial returns. Such coordination certainly comes at a cost to the seller, but, over time one would expect the improved coordination would yield benefits to the both parties. While all cross-sectional studies might benefit from a supplemental time-series analysis (and vice versa), this finding warrants exploration in future research. It is possible that the finding here is based more upon an early result from incremental costs incurred by the seller – and that a lagged measure of seller financial returns might indicate of positive relationship, as had been hypothesized. Over time, then, it is possible that a study investigating this effect from a within exchange relationship over time perspective could build upon this study and demonstrate time intervals over which such returns might be realized. Addressing that potential, of course, is a limitation of this study.

In the relational era, salespeople play a vital role in both forming and implementing a firm's customer-centric strategy. Long considered the linking pins between organizations (Adams, 1976), salespeople have new roles in markets that have placed increased importance and complexity on their business customer interfaces. As other contemporary research in marketing questions the existence of "national brands" which create universal appeal with consumers across a national, much less global, level (Bronnenberg, Dhar, & Dub, 2007), the sales force role in building brand equity through sales-service differentiation has taken on renewed strategic importance. To meet the increasing demands of business customers, modern salespeople still need to be influential (McFarland et al., 2006) and ever-more effective with sales technology (Hunter & Perreault, 2007), but persuasive selling and

sales technology use alone represent necessary, but not sufficient elements of relational selling. Salespeople need to be great marketing strategists, effective marketing researchers, well versed with “consumer insights,” experts in sales technology, contributing team players, persuasive communicators, and capable general managers.

## 7. Conclusion

In contrast to much of the marketing and sales literature, this research considers the role of salespeople in both understanding the buyer's strategic orientation and then aligning sales/CRM processes to insights provided through the types of information that purchasing agents tend to prefer, market- or cost-related. This study advances and supports the notion that purchasing agents signal their principle firm's (the buyer's) strategic orientations – favoring revenue-expansion or cost reduction – through buyer-implicated preferences for market- or cost-related information. When purchasing agents commit to information related to reducing exchange costs (e.g. either firm's distribution costs), they signal their firm's strategic emphasis on a cost reduction strategy. Conversely, purchasing agents signal a revenue-expansion strategy when they make commitments to proposed solutions that rely on market-related data (e.g. the seller's marketing and advertising effectiveness or consumer buying habits). Customer-centric salespeople respond to their interpretation of the buyer's strategic orientation by performing relationship-forging tasks (CRM processes) that are consistent with those interests.

This study's results support the hypotheses in the model and demonstrate that CBD salespeople do align their CRM work processes to fit the salesperson's perception of the purchasing agent's preference for different types of information – an discernible pattern that salespeople recognize as a signal of the buyer's strategic orientation. However, when CBD salespeople sense a focus on cost reduction strategy, they conduct coordinating activities that come at some financial costs to the seller.

In addition to novel insights on the specific work processes that salespeople conduct to adapt to the strategic orientations of the seller's strategic partners, this study provides new theory on the ways salespeople discover and adapt in modern, complex relational selling roles. While there has been little academic attention to customer business development practices, the clear adoption of so many sales organizations across a broad spectrum of industries, provides a strong indicator that more research on this domain is needed – and likely forthcoming.

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