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**A DYADIC TRUST PERSPECTIVE OF KEY ACCOUNT RELATIONSHIP
DEVELOPMENT IN THE UK MORTGAGE INDUSTRY**

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A thesis submitted in partial fulfillment of the requirements of the University of
Northumbria for the award of Doctor of Business Administration

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Abstract

The main purpose of this study is to examine how a dyadic trust perspective can support effective development of key account relationships. The need for Key Account Management in the UK Mortgage Industry is investigated, factors for effective key account relationship management are identified and a trust/Mortgage Lender and Intermediary perspective of Key Account relationship effectiveness is analysed. The results of this study have been achieved through a mixed methods research strategy and these have been discussed in relation to Key Account Management and Trust theory.

This study responds to concerns about the lack of research in this area, challenging and building on existing Key Account Management theory, integrating trust theory and applying this to a new context. A survey instrument to assess the effectiveness of Key Account relationships has been devised and can be applied to different contexts.

Results show that demonstrations of trustworthiness leads to better key account performance but there is not a strong association of perceptions of higher trust with performance. Mortgage Lenders and Intermediaries have different perspectives of key account effectiveness and Mortgage Lenders lead the way in Key Account Management initiatives but there is evidence of various degrees of interdependence and willingness to achieve mutual gains. Key account relationships are not locked in to integrated Key Account Management programmes and exit from these relationships is quite easy. An important aspect of this research in the context of the UK Mortgage Industry has been the perceived positive role of the Key Account individual and that of different types of trust throughout relationship development, compensating for the perceived negative role of organisational culture aspects that may influence those involved in key account development within and between organisations. The contribution of this research is to show the relevance of Key Account Management as a business model providing market conditions are appropriate for Key Account Management development and that it is based on mutual learning and a format that suits the orientation of supplier and buyer, their own organisational design and culture and resources available as well as the environment in which they operate. This research suggests that fully integrated Key Account Management is not a realistic expectation and dependence on a few suppliers or customers as Key Account Management theory suggests, is not sensible.

This study contributes to KAM practice in that it shows it is the management of trustworthiness rather than trying to manage trust that leads to a satisfactory Key Account relationship format for both supplier and buyer in the UK Mortgage Industry.

This does currently rely heavily on the 'intrapreneurial' skills of key individuals. In understanding how trustworthiness is demonstrated (through concern and benevolence, expertise, communication, intrapreneurial skills, commitment, organisational culture and KAM organisation) leads to more appropriate actions and behaviours to facilitate a relationship that works best for particular seller and buyer organisations given the particular circumstances. Organisations need to work on improving trust that is placed in the institution by for example developing effective marketing communications effort internally as well as externally and knowledge based trust, relating in particular to the exchange of confidential and strategic information. The identified factors for key account effectiveness presented in the survey can serve as useful guidelines for managing key accounts as they also demonstrate signals of trustworthiness. These factors can be used specifically to add to the limited range of performance criteria of key accounts currently adopted by the industry.

Further research is suggested that may consider a key account manager or client's disposition towards trust, an examination of perceptions of supply chain trust and distrust, how different perspectives between supplier and buyer can be managed and how best to evaluate key account performance. Ethical considerations are discussed and contributions to the author's own self development presented.

Key Words:

Key Account Management (KAM)
Key account relationship
Key account effectiveness
Interdependency
Mutuality
Trust
Trustworthiness
Mortgage Lenders
Intermediaries
Mixed methods research

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Finally, this is for Mum and in memory of Dad.

Author's Declaration

I declare the following:

1. I have completed the D.B.A Research Training at Northumbria University.
2. The material contained in this thesis is the end result of my own work. Part of this research has been submitted and disseminated in D.B.A. Coursework, Conferences and Working Papers.
3. I have read the Northumbria/NBS Policy Statement on Ethics in Research and Consultancy *Northumbria/NBS Ethics in Research and Consultancy: Guidelines and Procedures for Students undertaking Postgraduate Research* and the *Policy for Informed Consent in Research and Consultancy* and I declare that ethical issues have been considered, evaluated and appropriately addressed in this research.

SIGNED: Sharon Murray

List of Abbreviations

KAM	Key Account Management
KA	Key Account
ML	Mortgage Lender
Int.	Intermediary
R	Respondent

Chapter 1 Introduction

It has been suggested that sales is a profession under siege (Piercy and Lane, 2004) and while many new business models provide alternative ways of achieving functions traditionally placed in the sales organisation, the relevance of Key Account Management (KAM) regarding its role, its benefits, its organisation and impact on sales organisations as one of these business models is criticised. Relationship marketing itself as a framework within which KAM naturally sits has come under attack as increasingly authors (Grayson, 1999; Yau, McFetridge, Chow, Lee, Sin and Tse, 1999; Robson, Skarmeas and Spyropoulou, 2005; Welch and Zolkiewski, 2005; Lindgreen, Palmer, Vanhamme, and Wouters, 2006; Ploetner and Ehret, 2006, for example) are doubting its relevance for everyone (particularly in respect of business-to-consumer relationships) and talk more and more of 'the dark side' of relationships. Relationship marketing as a concept for understanding business-to-business relationships developed when the Industrial Marketing and Purchasing Group originally adopted a network approach to describe and explain the array of inter-company relationships, which exist, (Hakansson, 1982; Hakansson and Snehota, 1995). They believed the simple adaptations of consumer product marketing based on the '4 P's' model were inadequate when looking at the realities of business-to-business markets. Bretherton (2003) supports the view that the management of inter-organisational relationships has become one of the most important industrial marketing and purchasing strategies and there are several authors, (Pardo, 1999; McDonald, Rogers and Woodburn, 2000; Ojassalo, 2001a and 2002; Workman, Homburg and Jensen, 2003; Buttle, 2004; Cheverton, Hughes, Foss and Stone, 2004) for example who continue to support the successful development of KAM as a means of gaining competitive leverage.

KAM has been described as a relationship oriented marketing management approach to deal with major customers in business-to-business markets (Pardo, Salle and Spencer, 1995; Millman 1996; McDonald, Millman and Rogers, 1997; McDonald and Rogers, 1998; McDonald 2000; Buttle, 2004). Homburg, Workman and Jensen (2002) argue that increasing emphasis on KAM is one of the most fundamental changes in marketing organisations, yet is under-researched and not really understood. Piercy and Lane (2005) admit there is a need to establish the conditions under which KAM will flourish and call for longitudinal studies in new contexts. The lack of KAM research within the financial services arena is noted in particular by Hughes, Foss, Stone and Cheverton (2004). There is very little discussion on specific contexts such as relationships between mortgage lenders and their intermediaries.

According to Mollering, Bacchman and Lee (2004) the past decade has seen increasing importance being paid to issues of trust in inter- and intra-organisational relationships by scholars from a wide range of disciplines, such as marketing, economics, work and organisational psychology, organisation sociology, political sciences, information sciences and linguistics. They discuss the growing importance of lateral relationships and alliances within firms and new linkages between firms to form competitive advantage in the marketplace. The future of competition according to Spekman (2005) may lie in networks of organisations competing against other networks as opposed to the traditional model of company versus company. New challenges to trust, they argue, come in the form of emerging virtual communities but fundamentally organisational performance is increasingly becoming dependent upon trustful relations between individuals and groups. For this reason there is a natural theoretical link between trust and key account management as the increasing practice of KAM is driven by the need to form strategic partnerships (Millman and Wilson, 1999; McDonald, 2000). According to Scherling and Wang, (1998) a fundamental aspect of business alliances/partnerships is mutual trust between organisations.

Numerous studies since the 1950s according to Svensson (2001) have shown how important trust is in a wide variety of contexts and across several disciplines (psychology, economics, marketing and management). Its significance in relationship marketing and the development of enduring business relationships has been recognised and well documented (Svensson, 2001). Various studies show that trust is a major determinant of relationship commitment (Ganesan, 1994; Morgan and Hunt, 1994; Doney and Cannon, 1997; Rousseau, Sitkin, Birt, and Camerer 1998) and present many approaches towards understanding interpersonal and institutional trust, cognitive and behavioural aspects and the subtle degrees of such.

The literature shows the need for trust arises in supplier/client business relationships where there is a high degree of risk, uncertainty, vulnerability and/or a lack of knowledge or information on the part of the interacting participants (Morgan and Hunt, 1994; Mayer, Davis and Schoorman, 1995; Doney and Cannon, 1997; Ganeson, 1994). Deitz (2004) refers to discussions of definitions by Mayer, Davis and Schoorman (1995), Lewicki and Bunker (1996), Rousseau et al (1998) and Blois, (1999) and reinforces the generally shared view that trust is a belief comprising the deliberate intention to render oneself vulnerable to another based on confident expectations.

Bretherton (2003) argues that the field of relationship marketing/relationship management is continuing to grow but comparatively little empirical research has been

done on trust based business-to-business relationships. There has been little research examining the processes by which trust is built and how the institutional context shapes this and how the actors involved in trust building processes influence its development (Mollering and Lee, 2004). It is suggested trust has rapidly become a key construct in marketing literature and a radical improvement of knowledge on specific trust related issues is called for.

Very few trust studies have been applied to key account management and although there are several studies regarding trust in the financial services industry these are dominated by studies of online banking and consumer related trust issues (Mukherjee and Nath, 2003; Arnott, 2005 for example). Similarly while KAM is very popular in practice (Piercy and Lane, 2005) there is a lack of empirically based research in this area and very few KAM studies relate to the financial services sector (Hughes et al 2004).

The purpose of this study therefore is to explore a dyadic trust perspective of KAM effectiveness in a new context, UK Mortgage Lender and Intermediary Key Account relationships. The discipline of relationship marketing in business-to-business relationships provides the conceptual framework for this study drawing on KAM and trust theory.

The objectives of this study are to:

Understand the need for KAM in the UK Mortgage Industry;

Identify factors of effective KAM relevant to the UK Mortgage Industry;

Understand the need for trust in UK Mortgage Industry Key Account relationships;

Analyse KAM effectiveness in the UK Mortgage Industry in relation to perceptions of trust;

Analyse KAM effectiveness in the UK Mortgage Industry in relation to Mortgage Lender and Intermediary perspectives;

Extend the theory and practice of KAM in the context of the UK Mortgage Industry.

The UK Mortgage Industry, worth around £300 billion (Northern Rock Group Analysis Results, 2006) has been undergoing fundamental changes according to Walker (2002) and Mintel (2006) fuelled by a variety of drivers. Many new entrants to the housing finance market are competing aggressively with traditional mortgage lenders. In doing so they are adopting a specialist position and taking advantage of alternative business models while traditional lenders are evolving and adapting their existing models to embrace new trends. Walker (2002) goes on to talk of the labyrinth of possible routes

for lenders to access their markets (Figure 3.4). While traditional distribution channels still exist, the branch network is no longer the main channel. Extensive use is being made of intermediaries and packagers for distribution and front end processing. Increasing use of securitisation as a method of funding is evident and reliance on external service providers to lessen the pressures elsewhere in the mortgage process and gain access to economies of scale to become more cost effective is also noted. Walker (2002) also talks of the paradox of reducing branch networks whilst recognising the importance of face-to-face contact and so lenders are targeting intermediaries for new business generation. The impact of the internet is low despite investment in online development though this is likely to change in the future.

As a result of a drive towards cost reduction, outsourcing has led to freeing up companies to pursue more specialist approaches to the market. New products are being targeted to the specific needs of different customer types. Reliance on third parties suggests Walker (2002) is risky and as a result much effort is being expended on partnership development. New statutory regulation in October 2004 covering mortgage lending, mortgage advice and sale of general insurance products provided the mortgage industry with yet more challenges and threatened to particularly impact on distribution with the emergence of fewer but more professional groups of intermediaries who have a much closer relationship with the customer. This has led to a reappraisal of lenders' approach to intermediary distribution.

Consolidation and rationalisation according to Walker (2002) and Mintel (2003, 2006) continue to be an influence and although new entrants persist in challenging the status quo the market is still dominated by the top five mortgage lenders (Halifax, Abbey National, Nationwide, Lloyds TSB and Barclays) sharing 60% market share. While the top ten mortgage lenders (Appendix 1) have around 80% market share between them the UK intermediary market is dominated by top mortgage clubs such as: Legal and General Mortgage Club, Norwich Union Mortgage Club, Premier Mortgage Service, Zurich, Bradford and Bingley (Mortgage Solutions, 2004). These clubs act as networks advocating the sale of specific mortgage lenders' products to their clients (Brokers and Independent Financial Advisers) and these have become the top key accounts the top mortgage lenders are building key account relationships with.

As the re-mortgage market increases, customer acquisition becomes expensive and new entrants participate in price-led strategies, outsourcing as a means of cost effectiveness becomes more attractive. Outsourcing has also led to lenders ability to offer more flexible products and more traditional lenders may be hampered by the legacy of their systems. Faced with the burden of replacing whole IT systems for

example IT outsourcing has also seen an increase. It is estimated that 40% of UK mortgage administration is outsourced. CRM initiatives to up-sell and cross-sell lead Walker (2002) to suggest lenders are moving towards being more customer than product led. In conclusion, a major issue is the ability to effectively manage distribution channels in order to avoid layering costs as new channels are introduced (Figure 3.4). Mortgage lenders relying less on branches and heavily on intermediaries offset the cost of operating retail branches by the cost of procurement fees (given to intermediaries for sale of the mortgage lenders products). Intermediaries can provide geographic coverage and provide the face-to-face endorsement of the mortgage provider. Therefore it is necessary to develop intermediary relationships and keep them up to-date with new lending criteria, products, services etc. The intermediary can impact upon the lender's ability to be responsive to market needs and so developing relationships with them is crucial. The benefits for the intermediary are special procurement fees, exclusive products and even reciprocal purchasing of the intermediaries products by the mortgage lender. Risks to the lender include, not having control over the customer relationship, the possibility of poor intermediary performance or service standards, greater distance from the end customer, the need for longer term commitment, possible management disagreements and differences, culture clashes and a lack of history for new third party organisations.

Despite the fundamental structural change to the mortgage industry, Walker (2002) suggests that response to this by the industry will be evolutionary rather than revolutionary and intermediaries will retain a pivotal role in the mortgage value chain. Pressure to demonstrate innovation whilst containing costs will continue to be important especially as a high level of competition exits. Investing in technology or outsourcing IT is also paramount. TPA (Third Party Administration) is predicted to increase. These conditions set against a stable housing market and predicted supportive economic climate, favour development of key relationships.

Changes in the regulatory framework planned for 2004 by the Financial Services Authority (FSA) according to Markham (2003) and Seager (2003) have led to the need for flexible new practises and building new relationships in order for Mortgage business to succeed and grow, further confirming the relevance of key account management initiatives.

The aspects of having to respond to major changes as well as the difficulties associated with developing trust in a service industry and in a sector that has seen record levels of complaints (Jones, 2003; Seager, 2003) makes examination of the key account relationships between mortgage providers and intermediaries very interesting.

This research programme makes a contribution to key account and trust research in that it examines both perspectives of relationship dyads within an under-researched context, Key Account Management in the UK Mortgage Industry. A range of conceptual based key account management and trust models can be extended, integrated, challenged and supported within a new contextual situation so that theory is being built rather than tested.

A mixed methods approach facilitates better understanding of the research problem by converging qualitative techniques used to explore issues facing KAM with quantitative techniques used to identify and examine broad trends in key account relationships across the UK Mortgage Industry.

This study also contributes to greater understanding of KAM practice in the UK and will be particularly useful for managers involved in Key Account relationships in the UK Mortgage Industry by confirming the conditions under which KAM will flourish and the requirements for relevant, successful KAM programmes.

This thesis begins with a literature review, chapter 2. The aim of this chapter is to identify drivers of, issues for and characteristics of effective KAM, highlighting possible research gaps. Definitions of Key Account Management are discussed and it's increasing importance as a means of achieving strategic value for selling and buying organisations outlined. This is followed by a discussion of KAM in relation to its activities, who does what, resources needed, organisational requirements and how its effectiveness is assessed. Key Account Management's relevance to the Financial Services Industry is specifically referred to. The trust literature is then explored to assess its possible contribution to and linkage with conceptualisations of key account management. Definitions of trust are discussed and an examination of the nature, types of and development of trust in business to business relationships is presented. The linkage between KAM and Trust is discussed and finally issues for researching a dyadic trust perspective of KAM are outlined along with a definition of the research problem to support methodological decisions.

Chapter 3 discusses the methodological considerations before the study is undertaken and outlines the research strategy, presenting details of the research methods and analytical techniques used. The integration of trust and KAM theory is used to explore KAM practice in the UK Mortgage Industry and a sequential exploratory research strategy (Figure 3.2) involving two phases of research has been designed to fit with the aims of the study and a pragmatic approach. A qualitative first phase using semi-structured interviews in one organisation explores the phenomenon of KAM and

supports the development of a survey instrument using likert type scales to further explore the effectiveness of KAM relationships across the UK Mortgage Industry.

Chapter 4 presents analysis of both qualitative and quantitative results of the study, highlighting research effectiveness and limitations. Qualitative techniques of analysis reveal themes and codes that are used to develop the survey instrument. The survey results are analysed using descriptive statistics, t tests, correlation and chi square tests and these are then integrated with the interview results.

Chapter 5 discusses the results of analysis in relation to issues raised by the literature review and this study's objectives.

Chapter 6 brings the various strands of this research together to make final conclusions in relation to the thesis aims and objectives, paying attention to ethical and further research considerations as well as the authors own development throughout the research process. Contributions to this area of research and Key Account Management practise are also summarised.

Chapter 2 Literature Review

2.1 Introduction

The aim of this chapter is to identify drivers of, issues for and characteristics of effective KAM, highlighting possible research gaps. Definitions of Key Account Management are discussed and its increasing importance as a means of achieving strategic value for selling and buying organisations outlined. This is followed by a discussion of KAM in relation to its activities; who does what, resources needed, organisational requirements and how its effectiveness is assessed. Key Account Management's relevance to the Financial Services Industry is specifically referred to. The trust literature is then explored to assess its possible contribution to and linkage with conceptualisations of key account management. Definitions of trust are discussed and an examination of the nature, types of and development of trust in business to business relationships is presented. The linkage between KAM and Trust is discussed and finally issues for researching a dyadic trust perspective of KAM are outlined along with a definition of the research problem to support methodological decisions.

2.2 A Review of KAM Literature

Definitions of Key Account Management

Chapter 2 Literature Review

2.1 Introduction

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2.2 A Review of KAM Literature

Definitions of Key Account Management

Key Account Management has been described as a relationship oriented marketing management approach to deal with major customers in business-to-business markets (Millman and Wilson, 1994; Pardo, Salle and Spencer, 1995; Millman 1996; McDonald, Millman and Rogers, 1997; McDonald and Rogers, 1998; McDonald 2000; Buttle, 2004). Homburg, Workman and Jensen (2002) make the distinction between KAM and Market Orientation and position KAM in a wider research context. They say the latter focuses on the customer base as a whole whereas KAM is about organising resources around a set of strategically important customers rather than one. Burnett (1992) in McDonald (2000) defines KAM as 'the process of allocating and organising resources to achieve optimal business with a balanced portfolio of identified accounts whose business contributes or could contribute significantly or critically to the achievement of corporate objectives'. Key Accounts have been referred to as business-to-business customers of strategic importance to the selling organisation (McDonald et al, 1997) and more recently Wengler, Ehret and Saab (2006) suggest it is an important approach to creating value by targeting specific processes at the most important customers. Ojasalo (2002) also suggests it can be applied in any kind of business-to-business relationships.

While McDonald (2000) describes KAM as a natural development of customer focus and relationship marketing in business-to-business markets that can offer critical opportunities for profit enhancement for seller and buyer, Piercy and Lane (2005) contest that this is the case. They argue that as a business model KAM fails in practise because it develops such a degree of dependence on a small number of customers that control of the business is ceded to the major customers who dictate terms, yet they also argue that too many suppliers wrongly give too many accounts key account status. This is also supported by McDonald (2000) and Ryals and Rogers (2006). A major problem it seems from analysis of the Key Account Management literature is not necessarily the concept itself but one of how the organisation defines their key accounts. If as McDonald (2000) suggests companies genuinely embraced the idea that KAM implies development of intense and far-reaching relationships they might recognise the need for rationing the number of accounts selected for KAM status. He and others (Pardo, 1999; Cheverton, 2001,2002; Piercy and Lane,2005; Wengler, et al, 2006) argue that in practice firms take definition/selection for granted and most criteria is based on a mixture of current and potential size and complexity. A fundamental issue is that of key account identification and if so many accounts are

given key account status then the question of how to achieve competitive differentiation is raised (Piercy and Lane, 2005). The implications are that the theory may be at odds with the practice. Ideally firms will be selecting who to give key account status to on a wide range of criteria. Henneberg, Pardo and Mouzas (2005) note that in order to identify these core customers criteria are not just about turnover or profitability, it can be company image, geographic proximity, technological competencies and organisational complexity for example but evidence (Piercy and Lane, 2005; Wengler et al, 2006) indicates otherwise. Cheverton (2002) questions how suppliers might communicate key account status to selected key accounts if so many are identified and Henneberg et al (2005) suggest some may not even realise they are key accounts.

Confusion also lies with the many different names KAM can have, for example: NAM (National Account Management), GAM (Global Account Management), SAM (Strategic Account Management), Major Account (McDonald, 2000; Workman, Homburg and Jensen, 2003) and according to Pardo (1999), Corporate Account Management and International Account Management titles also abound. This may result in customers misunderstanding their status in the relationship and this also reflects the issue of how to classify a key account (Pardo (1999), Homburg et al (2002)).

Origins and Drivers of Key Account Management

While account management is nothing new, (Piercy and Lane, 2005), drivers in the business environment such as market maturity, increasing competition, increased customer sophistication and power, globalisation, rapid change and process refinement (McDonald et al, 2000) have led to increased supplier rationalisation and the need to form closer relationships with customers in the pursuit of retaining customers, lowering costs and adding value (McDonald, Millman and Rogers, 1997; Millman and Wilson, 1994; Pardo, 1997; Holt and Millman 2000; McDonald et al, 2000; Ojasalo, 2001; Piercy and Lane 2005; Wengler et al, 2006; Workman et al, 2003).

Henneberg et al (2005) say the origin of Key Account Management can be found in suppliers' realisation that not all customers are equal with the result that suppliers often dedicate resources to a core portfolio of clients who represent the highest percentage of sales or profits. Homburg et al (2002) refer to the increasing value adding demands placed upon suppliers by important accounts driving the need to adapt organisational structures. They go on to highlight how firms are increasingly organising resources around customers, developing customer focused business units and establishing key account managers and customer teams made up of people from a variety of functions such as marketing, sales, finance and logistics. They recognise the influence of purchasing centralisation, purchasing complexity, demand concentration and competitive intensity on KAM formation.

According to Buttle (2004) Key Account Management (KAM) has evolved as a means of operationalising business relationships and offering suppliers considerable benefits such as: improving efficiency and effectiveness through dealing with less customers, enabling the use of facilitating technologies such as EDI and shared databases, trust and familiarity enabling less checking and therefore ease of doing business. McDonald (2000) also says that not only is its scope widening but it is also becoming more complex. However, Henneberg et al (2005) discuss the issue of value in that if it is fundamental to collaborative exchanges then viewing it as if it is created by the supplier for the benefit of the customer is problematic since collaboration implies mutual actions and benefits. They present a conceptual model of three types of value driven key account relationships possible that may not be mutually exclusive and the choice of which can be driven by the orientation of the selling organisation and corresponding buying organisation:

Exchange KAM Value whereby the supplier creates specific key account related value (for example price reduction, priority ordering, additional after-sales service) which is appropriated by the key account customer.

Proprietary KAM Value whereby value is created and consumed by the supplier only. It is suggested that many key account programmes are aimed at gaining internal efficiency and effectiveness of the supplier and it may very well be the case that the customer is not even be aware of being a key account.

Relational KAM Value is co-produced and appropriated by both supplier and customer so that the relationship itself becomes the resource that creates value. It does not imply that both sides either contribute to or gain equally from the value creation process but it is implied that relational value cannot exist without the cooperation of both customer and supplier.

They propose that given newer contexts such as that of 'key buying centre' and 'Key Network Management' approaches in response to purchasing centralisation trends then it may be possible to add another proprietary exchange type whereby the benefits are appropriated by the purchaser (proprietary buyer value).

Understanding the purchasers' preference for KAM status is neglected it seems by suppliers as well as the literature though Sharma (1997) suggests customers have a preference for being served by Key Account Managers when their buying process is long and complex. Piercy and Lane (2003) outline the benefits for organisations of identifying key account clients but warn of serious pitfalls for those who ignore some fundamental issues while Homburg, Workman and Jensen (2002) propose that increasing emphasis on KAM is one of the most fundamental changes in marketing practice. While Millman (1999) and Henneberg et al (2005) suggest KAM can be supplier or buyer initiated, Buttle (2004) argues KAM is more likely to be customer initiated and there is much evidence within the literature to suggest that supplier firms use KAM in response to customer demand for it which challenges Piercy and Lanes' (2005; 2006) suggestion that many suppliers are taken advantage of through 'strategic folly' of their own making and indicates there is risk for the key account also. Ploetner and Ehret (2006) suggest a more flexible and entrepreneurial form of collaboration is closer to the reality of successful collaborations rather than the traditional, stable, long-term relationship which are actually based on 'enlightened self-interest'.

Piercy and Lane (2005) and Jones, Dixon, Chonko and Cannon (2005) recognise little empirical research into KAM has been carried and point out the need for identifying under what conditions KAM works and call for more research in this area. They also note that growth in KAM Programmes and training course found on websites is unprecedented serving to show its popularity. Murray (2001) found growing importance in KAM jobs and Ryals and Rogers (2006) also confirm the growth in the number of key account managers in the US and Europe. Academics cannot ignore the

facts and the popularity of KAM in practice suggests there is proof it is clearly working for many organisations.

Drivers of Key Account Management in the UK Mortgage Industry

The UK financial services market generally has had to respond to major environmental changes of a legislative and competitive nature in recent years that have driven largely traditional, supply led organisations towards becoming more market oriented (Cowell, 1998; Dawes and Brown, 2000). International competition and new entrants exploiting technological innovations have also added to the turbulence according to Egan and Shipley (1995) and have produced fundamental effects on the overall environment in which mortgage providers operate (Intel, 2003). Institutions from the banking and insurance sectors have aggressively entered the housing finance market and seriously compete alongside the traditional mortgage providers. Technological advancements have eroded the comparative advantage that strong branch networks afforded as information technology has reduced the need for as many such distribution channels and allowed ease of entry to a market by a much wider range of companies that consumers are prepared to go to (Intel, 2003). However despite the large number of lenders market power has become increasingly concentrated among a relatively small number of big players who have engaged in a rapid series of mergers and takeovers. The trend in the mortgage market towards commoditisation with little differentiation between providers means there is a need for large expenditure on advertising to the consumer to create a more tangible image (Intel, 2003) and partnerships with intermediaries serving the same consumers with different products.

Aitchison and Stone (2002) also elaborate on the need for outsourcing and alliances to increase the speed to market of in-house developments, allowing the opportunity to expand the customer base at minimal cost in a sector that is undergoing a period of profound change. Changes in the regulatory framework by the Financial Services Authority (FSA) have led to the need for flexible new practises and building new relationships in order for Mortgage business to succeed and grow (Markham, 2003; Walker, 2002). Ryals and Payne (2001) and Chaston, Badger, Mangles and Saddler-Smith (2003) confirm higher returns can be generated in the financial services sector through relationship marketing practises. The UK Mortgage Industry is characterised by key Mortgage Lenders trying to gain a competitive advantage from the development of relationships with professional groups of intermediaries that will offer access to new and wider distribution channels or/and supporting processes and services to help position themselves more favourably in the market place (Walker, 2002) and these conditions make KAM development appropriate.

It is acknowledged that empirical research into Key Account Management (KAM) in general has been limited and practically non-existent in relation to financial services (Cheverton, Hughes, Foss and Stone, 2004) and this is especially the case in terms of KAM in the UK Mortgage Industry. Cheverton et al (2004) suggest the reasons for the lack of research into KAM within the Financial Services Sector may be due to the difficulties of investigation made complex by its regulatory environment, size and diversity, the high degree of intermediation and product diversity. The Intermediary market is particularly complex as for example a key account may be a client for one part of an organisation but not another, a client company may be a final customer and an intermediary and sometimes a client may also be a competitor in reselling the products (Cheverton et al, 2004). Independent Financial Advisers (IFAs) while small in themselves, are large in number (there are about 9000 of them in the UK according to Cheverton et al, 2004) and are increasingly joining together to form networks enabling IFAs to benefit from technology applications that will support them for example, in regulation compliance. Packagers are a new form of Intermediary that has grown up providing another interface between smaller brokers and large lenders. Increased centralisation of Mortgage Lenders has led to increased intermediary concentration via networks for example so fuelling the relevance of KAM.

Key Account Management Activities

Various authors (McDonald et al, 2000; Ojassalo, 2001a; Cheverton, 2000; Buttle, 2004) discuss the selling organisations key account management activities generally in terms of identifying and analysing their key accounts, selecting suitable strategies and developing operational capabilities to build, grow and maintain profitable, long-lasting relationships with them (Figure 2.1).

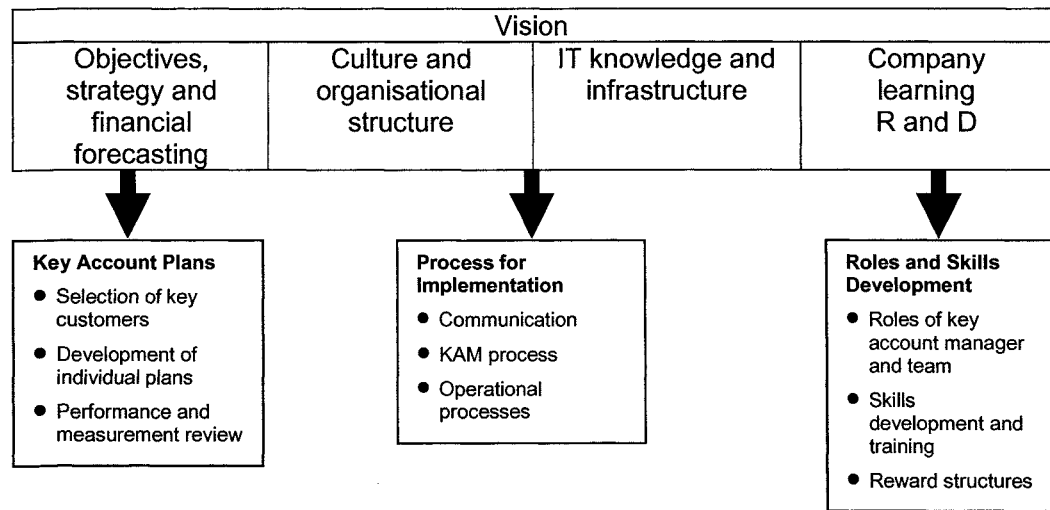


Figure 2.1 Key Account Management Overview (McDonald, Rogers and Woodburn, 2000)

Homburg, Workman and Jensen (2002) suggest the main activities are those carried out by suppliers for their key accounts and can be categorised as follows:

- Product-related (product adaptation, new product development, technology exchange)
- Service-related (training, advice, troubleshooting, guarantees)
- Price-related (special pricing terms, corporate wide price terms, offering of financial solutions, revelation of own cost structure)
- Distribution and logistics (logistics and production processes, quality programs, placement of own employees in account's facilities, taking over business processes from customer)
- Information sharing (sharing of strategy and marketing research, joint production plans, adaptation of information systems, access to top management)
- Promotion to final customers (joint advertising and promotion programs to help the account sell supplier's products)

The extent to which these activities are intensely carried out and whether they are initiated by the supplier or/and buyer side is an issue raised by Homburg et al (2002) and strongly criticised by Piercy and Lane (2005; 2006).

McDonald et al (2000) have identified specific activities for relationship building around the themes of gaining mutual dependence (developing unique product/service,

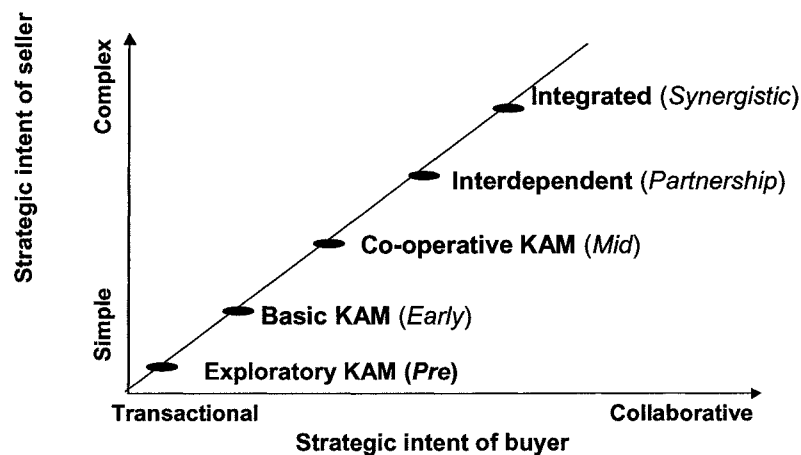
commitment of resources, developing barriers to exit); joint strategic planning and exchange of strategic information; adaptation (products, services, processes and organisation); exchange of information (identification of information owners, information inventory assessment); Contacts (contact mapping, identifying contact roles, numbers and strength); Interpersonal relationships (contact mapping, key account manager selection, social). However Piercy and Lane (2005) argue the KAM literature mostly presents descriptive typologies of how KAM should work and criticises the stance that is taken in terms of KAM characteristics and KAM activities engaged in. They suggest for example that joint decision-making and problem solving, integrated processes and collaborative working across the buyer-seller boundaries is strategically because there is little evidence of mutuality. McDonald and Rogers (1998) presents an array of proforma that should be completed and a long checklist of activities to perform similar to those he presents for marketing management planning (McDonald, 1999) to ensure key account management effectiveness. Murray (1999) is critical of this prescriptive approach to managing KAM and suggests that the 40-200 possible performance measures developed by McDonald and Rogers (1998) are impractical especially in the light of revelations that 90% of organisations do not plan objectively (McDonald and Rogers, 1998). Cheverton (2002) and Cheverton et al (2004) also suggest suppliers activities are in response to purchaser demands. Cheverton et al (2004) replicate many of the Key Account Management tools McDonald et al (2000) describe, many of which originate from McDonald (1999) and few are contextualised. Very little reference is made in the current KAM literature to the activities the buying company should engage in though McDonald et al (1999), Cheverton (2002) and Cheverton et al (2004) acknowledge that purchasers have developed sophisticated buying systems and supplier selection criteria for assessing supplier potential. Murray (1999) highlighted the need for the literature to identify the roles and activities the purchaser might engage in as part of the KAM relationship especially since the philosophy behind KAM is one of mutual benefit. Cheverton (2002) argues that KAM if carried out effectively can redress the supplier/buyer imbalance and allow suppliers to develop activities and organise resources for mutual gain and identifies yet another prescriptive list of activities the supplier should be engaged in.

Organising for KAM

Homburg, Workman and Jensen (2002) discuss how internal organisational structures can hamper coordinated account management and suggest the main problem of key account management is an organisational one as does Pardo (1999) and Wengler, et

al (2006). Homburg et al (2002) go on to say how firms organise and cooperate internally is very important for successful KAM and while they acknowledge that the literature offers a variety of classification/guidelines of Key Account Management organisation/structure they suggest these often contradict each other. The conceptual KAM model (Millman and Wilson, 1995) (Figure 2.2) illustrates the development of KAM stages and suggestions as to the emphasis needed at each stage are also presented. Progression from one relationship stage to the next is not automatic, does not happen in equal amounts of time and any stage can be entered into directly or exited according to McDonald (2000). Millman and Wilson (1994) propose an issue for KAM is being able to make the transition between bow tie and diamond structures (Figures 2.3-2.5) but little advice as to how to achieve this is given and has not been addressed by other researchers since.

Fig. 2.2 KAM Development (McDonald, Millman and Rogers 1996, adapted from Millman + Wilson 1994)



While McDonald et al (1997) found the relational development model (Millman and Wilson, 1994) one of the most useful for analysing relationships/potential relationships in seller/buyer dyads Holt (2001) is critical that it implies only the later stages of development have any value for organisations and this gives strength to Piercy and Lane's (2005) argument regarding relevance to practice. Homburg, Workman and Jensen (2002) also criticise these models and argue their findings did not support the continuum especially the assumption that activity intensity, the use of teams and top-management involvement all increase along the continuum.

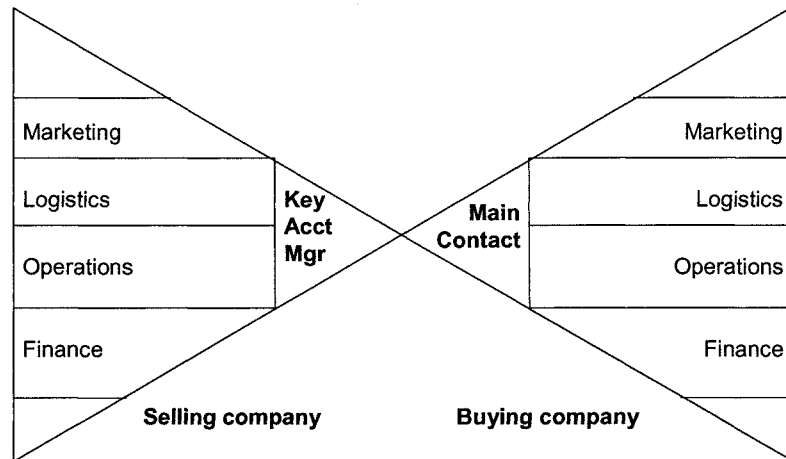
Several researchers have made use of the original Millman and Wilson conceptual model (McDonald et al, 2000, for example) yet there seems to be emphasis by more

recent researchers (Cheverton, 2002; Homburg et al, 2002; Cheverton et al, 2004; Hughes et al, 2004) on the relevance of the bow-tie to diamond stages (implying these are the more realistic approaches). Cheverton et al (2004) illustrate the cost savings firms can make by adopting a diamond as apposed to a bow-tie shape KAM (Mid KAM) design. Cheverton (2002) in fact ignores discussion of this final stage and suggests the diamond shape as a realistic design to aim for and Cheverton et al (2004) warn against adopting the integrative/synergistic design. Buttle (2004) further supports this and Murray (2002) observed that key business relationships in the Higher Education sector for example did not demonstrate structures beyond the mid KAM stage. The integrative/synergistic stage implies reliance on sole supplier status which for many reasons Piercy and Lane (2005) suggest is 'strategic folly'.

Despite the call for identifying and understanding the different contexts in which KAM might exist there is little attempt by any researcher to do this and most work assumes comparability across different industries. Cheverton et al (2004) discuss the relevance of KAM within the financial services sector but do not attempt to contextualise. They do however present a customer focused structure that shows service functions (human resources, finance, IT, legal and compliance, systems and administration) to function as the core, operating in support of those parts of the business with direct customer contact, whether they are KAM teams, sales teams, call centres, retail operations, central operations or marketing. This idea at least shows the integrative link between KAM, the organisation and its customers and could perhaps be adapted into a new conceptualisation applicable for financial organisations.

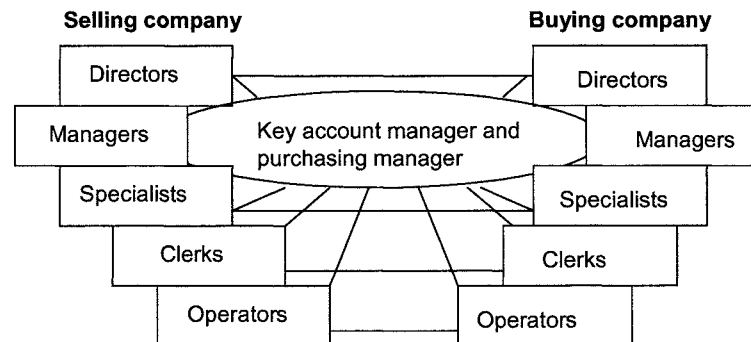
Another weakness of most KAM conceptualisations is the lack of inclusion of the rest of the supply chain (Svensson, 2001) and in particular the lack of emphasis on the end customer, further reinforcing Piercy and Lane's (2005) criticisms of current KAM thinking and warnings of ignoring the end-user market at peril. Rackham and De Vincentis (1999) point out the importance of retaining end customers in terms of saving organisations a lot of money and as already discussed there are increasing numbers of purchaser networks and buying centres being developed giving them more bargaining power.

Fig. 2.3 Early-KAM stage (Millman and Wilson (1995))



(Source: McDonald/Rogers 1998)

Fig.2.4 Mid-KAM stage (Millman and Wilson (1995))



(Source: McDonald/Rogers 1998)

Fig. 2.5 Partnership-KAM stage (Millman and Wilson (1995)

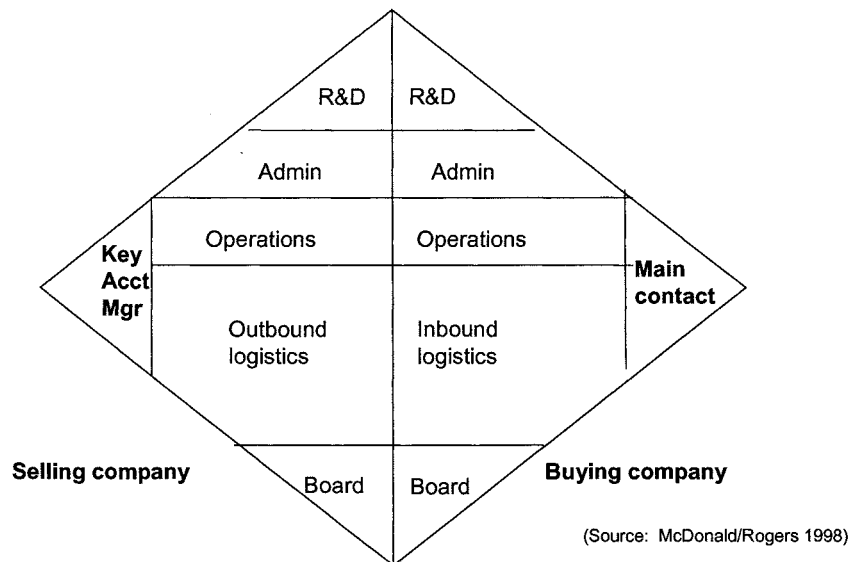
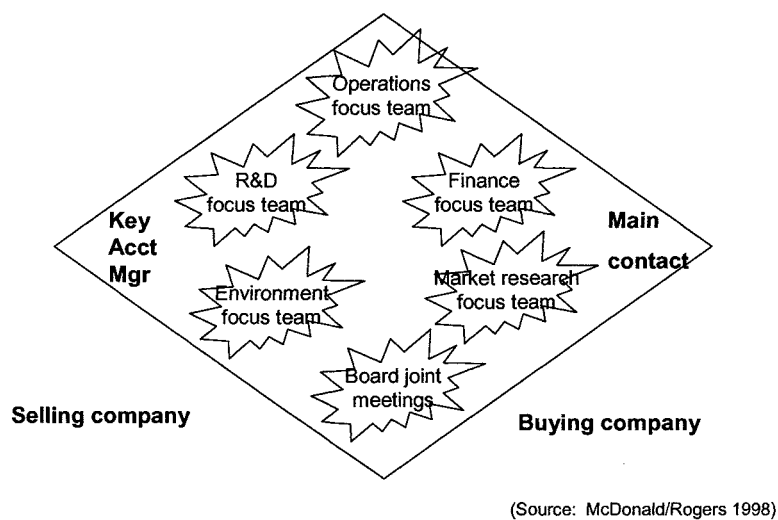


Fig. 2.6 Synergistic-KAM stage (Millman and Wilson (1995)



Also, as both McDonald (1999) and Piercy and Lane (2005) suggest there may be accounts that qualify as key accounts but who do not actually want anything other than a transactional relationship. This supports the need for verification of strategic intentions by parties at the start of the relationship.

In response to their dissatisfaction with existing KAM typologies/models, Homburg, Workman and Jensen (2002) identified a new taxonomy of KAM organisation that also serves to identify important activities:

1. Top-Management KAM (Highly formalised KAM programmes with dedicated managers co-ordinating activities for key accounts, high degree of top management involvement, extensive use of teams, proactively initiating activities, based from HQ, high esprit de corps but cross functional collaboration is low emphasising the umbrella control of top management and highly standardised procedures, also highly profitable).
2. Middle-Management KAM (A high level of formalisation but medium level of top-management involvement, activity intensity is on a medium level indicating a middle management operation, locally based co-ordinators, high access to sales and marketing but less support from other functional area).
3. Operating-Level KAM (A lot of activity for accounts, fairly standardised procedures, well developed teams, co-ordinating managers are locally based, low cross functional and top management support).
4. Cross-Functional Dominant KAM (Highly focused on their key accounts, intense activities, proactive, high formalisation, high esprit de corps, high cross functional support, dedicated teams and co-ordinators).
5. Unstructured KAM (Reactive, low formalisation, low top management support, low use of teams, high cross functional support and esprit de corps serving accounts on an ad hoc basis, co-ordinated by normal sales managers from HQ).
6. Isolated KAM (Medium levels of proactivity, formalisation, use of teams, fairly involved top management with local co-ordinators, low esprit de corps and cross functional support).
7. Country Club KAM (High top management support but low formalisation, less proactivity, low cross functional support, no dedicated account co-ordinators but often they are VP of Marketing or Sales with key accounts handled by sales managers).

8. No KAM (Little activity, low formalisation, cross functional support and esprit de corps, low top management involvement, co-ordination by VP Marketing or Sales or General Managers).

While they found that actively managing key accounts does not necessarily require a formalised approach they emphasise that top management involvement, being proactive, providing detail in the approach and having access to and commitment of cross functional resources correlated with higher performance. They concluded that the 'No KAM' approach ranked the worst in relation to their performance criteria followed closely by 'Isolated KAM'. The type of KAM they found to perform best on all criteria was the type referred to as 'cross-functional' yet it was the 'Top Management' type that was the most profitable though these may not be as long lasting. Homburg, Workman and Jensen (2002) suggest KAM requires support from the whole organisation and that its design should not be left to the sales organisation alone. Sengupta, Krapfel and Pusateri (2000) also show that organisational characteristics such as centralisation, formalisation and complexity are likely to impact performance.

Other issues in relation to organising for KAM relate to concerns about the span of control, the number of accounts individuals will look after and the amount of time spent dedicated to key accounts (Homburg et al 2002). Coulter and Coulter (2003) conclude that the organisational abilities of the firm for example to adjust the structure to meet a key accounts needs or to increase the number of interfaces is important and this is supported by Homburg et al (2002) who also indicate that to be effective, managing five accounts is a reasonable number and that effective KA Managers spend up to 70% of their time in dealing with key accounts.

KAM Actors

While it has been suggested that the growing evidence of coordinated teams to manage key accounts is in response to the use of purchasing teams on the buyer side (Hutt, Johnston and Ronchetto, 1985, in Homburg, Workman and Jensen, 2002) the literature shows a dedicated key account manager co-ordinating various internal actors and resources is still talked about more than teams. The role of Key Account Manager is clearly discussed in the literature and trends in the growing importance of and need for selection, recruitment and training issues to be adopted have been recorded (Millman and Wilson, 1996; Murray, 2001, 2003, 2005 for example). Homburg et al (2002) suggest the role of KAM individuals is the most frequently discussed topic in KAM program research and Spekman (2005) refers to Anderson and Robertson's (1995) findings that buyers often have a greater loyalty towards the key salesperson than the company they represent. Pardo (1999) and Jones, Dixon,

Chonko and Cannon (2006) also supports these views and suggests the key account manager is a facilitator serving the external network (the key account customer and the environment) and the internal network (the supplier's resources). The internal role argues Pardo (1999) is not one characterised by a hierarchical link between the account manager and 'team' but one that is dynamic and about animating people requiring a real exchange of information that is 'constant, valuable and prepared in advance'.

Millman and Wilson (1995) identified Key Account Manager roles as boundary spanning so that they become the negotiator, the consultant, interpreter of customer needs, values mediator, customer's advocate/friend, information broker; facilitating multi-level, multi-functional exchange processes; co-ordination and tailoring the offering; promoting KAM as a philosophy within their own organisation; being responsible for sales/profits of one or more key accounts. Holt (2001) applies boundary role theory to extend this role and reinforce the notion that key account managers will interface with a number of different key people both within their own organisation and within the customer organisation. This is further supported by Ojassalo (2002) who suggests appropriate interfaces be devised.

Sengupta et al (2000) emphasise the importance of the intrapreneurial ability of the key account salesperson (creatively solving customers problems, innovative around the firms constraints, getting internal resources allocated to the customer, taking risks in trying new approaches) and its impact upon customer trust thereby extending the role again and clarifying it in a new way. Sengupta et al (2000) propose that key account effectiveness is linked to perspectives of communication quality and trust and Schultz and Evans (2002) specifically refer to strategic collaborative communication that is needed by Key Account representatives to establish longer-term customer satisfaction and value-added selling. They found that perceptions of communication informality, bi-directionality, frequency and strategic content were indicators of trust and synergistic solutions.

Much of the KAM literature supports the need for top management to play a lead role in securing internal support for KAM as it is a strategic issue and Homburg, Workman and Jensen (2002) in particular show that this is linked to better KAM performance. It is possible that a lack of importance given within the organisation of KAM increases the importance of the role of the individual KA Manager to be able to gain cross-functional support and resources. Therefore the amount of KA Manager empowerment and authority may be crucial. A common complaint by buying firms according to McDonald et al (2000) is that Key Account Managers are not given enough authority.

Internal co-operation requires an 'esprit de corps' according to Fisher, Maltz and Jaworski (1997) in Homburg, Workman and Jensen (2002). Various relationship marketing researchers have emphasised the importance of internal support, corporate citizenship for example in business to business relationships (Piercy and Lane, 2003; 2005). Morgan and Hunt (1997) refer to organisation culture and climate as an important resource in gaining cooperation and support. Ojasalo (2002) supports the role of personal relations between individuals in helping to gain customer commitment. He refers to Srandvik and Lijander (1994) who argue that it is possible a customer may be committed to a specific person in a company without feeling commitment to the company as a whole. This notion supports the idea that Key Account Managers may have to compensate for the lack of top management or organisational buy-in.

It is also important to recognise the client/buyer role in key account management and though little research exists that addresses both the supplier and buyer perspectives of a KAM relationship there have been attempts to present the different outlooks (Pardo, 1999; McDonald et al, 2000; Piercy and Lane, 2003).

Differences in Buying Firm and Supplier Actor Perspectives

Piercy and Lane (2005) suggest that many buying firms think their suppliers are delusional about their importance to their key account clients. They refer to Rackham and De Vincentis (1999) who argue that different customers have different value requirements and identify three types of customers as: intrinsic value buyers, who require transactional selling, extrinsic value buyers, who require consultative selling and strategic value buyers who require enterprise selling. This fits with the value theory of Henneberg, Pardo and Mousaz (2005) and their suggestions to verify the relationship orientation needed. Pardo (1999) also discusses buyer perceptions of KAM programmes created especially for them and categorises them as:

- The 'disenchanted' who view KAM programmes offered as 'gadgets'.
- The 'interested' who view KAM programmes offered as an indicator of some supplier effort to improve customer/supplier relations but is still limited.
- The 'fans' who believe KAM programmes offered are really beneficial to supplier/customer relations.

Ryals and Rogers (2006) support Piercy and Lanes' (2005,2006) concerns that suppliers may be delusional about their performance and given the growth of procurement as a strategic business function suggest they need to understand that perceived fairness has a big impact upon customer's views of the supplier.

Sengupta, Krapfel and Pusateri (2000) show the importance of the strategic ability of the individual key account representative and in particular his/her intrapreneurial skills in developing customer trust as perceived by customers. Intrapreneurial ability was claimed to be more important from the buyer perspective because this was something that can easily be demonstrated through the key account representative's actions whereas demonstrating strategic ability takes more time. This supports McDonald et al (2000) who argue that integrity for example is viewed as more important by the buying company than understanding the customer's business. Millman and Wilson (1996) found trust to be the most cited of all relational dimensions among buying-company managers but was absent from citations of selling-company dimensions. Sengupta et al (2000) also point out how clients want analytical strategic thinkers and innovative doers and highlight the importance of training in strategic planning, financial analysis, environmental scanning, research and IT. This was identified as a weakness by Schultz and Evans (2002) who also identified differences in perspectives when they researched the nature of communication in key account relationships. They found customers wanted more emphasis on strategic solutions and less on tactical issues than that perceived by the key account representatives. This also supports McDonald et al (2000) who identify selling and negotiating attributes were considered more important by Key Account Managers than strategic thinking. Schultz and Evans (2002) go on to suggest that an understanding of potential variations in relationship dimensions will enable both sides to better manage their resources and efforts in the relationship. They also view as do McDonald, Rogers and Woodburn (2000) that less personal contact is needed, the longer involved the relationship.

McDonald et al (2000) suggest that as well as differences between supplier and buying company perspectives they also exist between the supplier company and Key Account Manager. This further supports Schultz and Evans (2002) and Holt and Millman (2000) propose KAM initiatives that build customised research into the value proposition so that a deeper understanding of perspectives is gained.

Given the potentially complex role to be played by a key account manager McDonald et al (2000, p222) suggest an almost unattainable list of desirable Key Account Manager characteristics (Appendix 2) indicating the need for a team to be selected with different qualities.

KAM Performance

Models of relationship development (Millman and Wilson, 1997; McDonald et al 2000) imply that performance improves over time, though McDonald (2000) does point out that one of the dangers involved in developing sophisticated relationships through Key Account Management is the high level of costs that are incurred during this. He goes on to suggest mutually beneficial cost savings can be achieved for buying companies which is preferable to driving suppliers' profits below an acceptable level. This argues Piercy and Lane (2005) is not the norm and they cite several examples of companies including Marks and Spencer who have driven suppliers' profits down. McDonald (2000) goes on to suggest other ways savings can be made, for example through collaborative product development and R and D cost sharing, particularly relevant to firms with high investment in this.

It is recognised that relational development and longevity does not guarantee profitability (Egan, 2002) and the need to create 'a dynamic tension' to achieve continuous improvements in value delivery and to avoid built in redundancy is suggested. Homburg et al (2002) show that actively managing key accounts leads to much better performance than neglecting them does and this is supported by Buttle (2004).

Several portfolio models exist (Fiocca, 1982; Olsen and Ellram, 1997; McDonald and Rogers, 1998; Krapfel, Salmond and Spekman, 1990) that have been used to examine accounts and identify appropriate strategies to manage them that meet both buyer and seller needs and suit their strengths and position in the market. Apart from Piercy and Lane (2005) there have not been any other up-dates of such models or evidence these are widely used. Nevertheless such use of portfolios can serve to help understand differences in perceptions of various relationship dimensions if both buyers and suppliers are involved in the process thereby enabling better management of resources and effort. Piercy and Lane (2005) present a buyer-seller relationship matrix based on the buyer's perspective of how much the supplier impacts on the buyer's business by how easily a supplier could be replaced without incurring major cost penalties thereby verifying strategic intent. This also emphasises the work of Sengupta et al (2000) regarding switching costs who also suggest that it is fairly straightforward to answer these question albeit it based on necessarily subjective perceptions.

It has been recognised in the literature that there is little evidence of rigour being applied to the performance evaluation of key accounts (Ryals, 2006; Ryals and Rogers, 2006). It is also stressed in the literature (for example, Millman and Wilson, 1995; Pardo, 1999; Piercy and Lane, 2005) that little rigour in practice is applied to the

identification of accounts that are suitable for key account status to start with and perhaps if this was done effectively evaluating performance might be achieved more effectively. Millman and Wilson (1996) and Holt and Millman (2000) based on their case study research on companies such as Marriot International, 3M for example, propose, as mentioned earlier, KAM initiatives that build customised research into the value proposition so that a deeper understanding of perspectives is gained. They recommend steps to be taken that have implications for the selling company in terms of developing research expertise and also for the buying company in terms of willingness to participate in interview and group discussion scheduling and the process of feedback of lessons learned. Holt and Millman (2000) confess such research is seldom 'neat and tidy' but the insights gained are of strategic importance.

Lemmens and Donaldson (2005) point out the difficulties with which organisations involved in business-to-business relationships, in particular account management, face in terms of providing accurate performance information about each account. As the steps involved in relationship selling are much more complex and analysis may be necessarily subjective because often the degree of success is often evident as a subsequent process to the actual selling process. Lemmens and Donaldson (2005) also suggest this is why such analysis may not be included in reports. They conclude that the more intense the relationship the less easy it is to isolate activities and their results and call for more insight and further research into how business to business selling should be evaluated to provide information for relevant management decision making. Millman and Wilson (1997) also highlighted the difficulties with evaluating the true worth of key accounts.

Piercy and Lane (2005) point out the risks involved in KAM to both supplier and buying organisation if there is too much dependence upon one supplier. They emphasise the need to understand the customer's end-use market. Changes in the key account's end-use markets could result in the need for new strategies that existing suppliers may not be able to deliver on and Piercy and Lane (2003) cite the collapse in Rover as an example to illustrate this. More serious than this is their suggestion that some collaborations under the guise of KAM may in fact be informal versions of a merger (Piercy and Lane, 2006). Pardo (1999) also suggests a key account may be important to a supplier not just from an economic point of view and gives an example of how a customer with a good market image may be considered as a good reference for a supplier and so be offered special treatment. Similarly a customer working on a market sector the supplier wishes to enter may also be given key account status and this serves to support Piercy and Lane (2005). A conclusion from this is that performance criteria should include an assessment of the end use market.

Sengupta et al (2000) refer to a qualitative indicator of performance, the perceived effectiveness of the relationship. Sengupta et al (2000) adapt this to state the perceived effectiveness of the KA Salesperson is the degree to which they have promoted co-operation and built a worthwhile, enduring customer relationship.

Henneberg et al (2005) hypothesise that 'higher level value facets' such as trust and commitment become more important with the progression of the relationship and though much of the KAM literature, for example, Buttle (2004); Cheverton et al (2004); McDonald et al (2005) agrees these are crucial to performance there is very little guidance as to how they are developed, managed and evaluated. McDonald et al (2005) suggest trust is a mediator through which most interactions pass and activities interpreted. Schultz and Evans (2002) found that perceptions of key account representative communication informality, bi-directionality, frequency and strategic content were indicators of trust and synergistic solutions. They go on to say that trust is developed when key account representatives offer problem solving and integrative communication that indicates willingness to help grow the customer's business and encourages collaborative, mutually beneficial exchanges. Sengupta, Krapfel and Pusateri (2000) also found that there is a strong relationship between intrapreneurial ability and customer trust which is positively related to perceived Key Account Salesperson effectiveness. Sengupta, Krapfel and Pusateri (1997) suggest a win-win can be achieved by reciprocal relationship specific investments where interdependency can be created rather than dependency. Ojasalo (2002) also emphasizes the importance of commitment in KAM because customer relationships are built on mutual commitment (Morgan and Hunt 1994). Ojasalo (2002) identifies ten antecedents of commitment and suggests these need to be built into a quantitative tool that can help show KAM is an investment that increases profitability and shareholder value. These are:

- Trust
- Satisfaction and relationship benefits
- Investments/adaptations in the relationships
- Sharing of information
- Personal relations between individuals
- Consistency of interaction
- Contractual terms
- Conflict handling
- Willingness to make uncompensated short term sacrifices
- Shared values

While Ojassalo (2002) suggests trust is an antecedent of commitment, others position trust differently and this will be discussed further within the trust literature review. Millman and Wilson (1996) appreciate the importance of trust in KAM but say that it is a construct that remains ill-defined and under-researched in this context. Jones, Dixon, Chonko and Cannon (2006) highlight the importance of trust in peers amongst key account teams while Ivens and Pardo (2005) found that when customers were given key account status this did not mean they trusted their suppliers more or increased their commitment. The relationship between trust and key account performance appears to be unclear in the key account literature and this is supported by Farquhar (2005) who is critical of Cheverton et al (2004) for missing an opportunity to make the case for trust in KAM and relationship building generally. She suggests their power/trust model lacks conviction and this is disappointing given the importance placed upon trust.

Characteristics of Effective KAM

McDonald et al (2000) use relationship emphasis, supplier status, ease of exit, information sharing, contact, access to customer, adaptation of organisation and processes, relationship costs, level of trust, planning and relationship potential to indicate different stages of key account relationship development implying that organisations can map the stage they are at and adopt the level of effort, planning for example, accordingly. Considering the emphasis they place on the importance of the Key Account Manager (McDonald et al, 2000) their table of relationship features does not reflect this. They also imply that the integrated level is the most advanced and ideal form of KAM development. Sengupta et al (2000) however suggest the type of KAM relationship that is most appropriate for organisations is that which best suits the orientation of supplier as well as buyer, their own organisational design and culture, resources available, as well as the environment in which they operate. In light of the criticisms by Piercy and Lane (2005) of the appropriateness of KAM this table has several flaws, especially in relation to supplier status, relationship emphasis, the nature of communication and contact, costs, savings and planning.

Trying to identify a profile of effective KAM is contingent upon many factors and Sengupta, Krapfel and Pusateri (2000) suggest it is the perceived KAM effectiveness that matters.

In summarizing the main themes from the literature in relation to KAM discussed so far and taking on board criticisms of various authors such as Piercy and Lane (2005), Homburg et al (2002) for example, groupings of characteristics of KAM relationship effectiveness can be identified and applied to both sides of the relationship (Table 2.1).

The characteristics of KAM effectiveness identified below (Table 2.1) reflect the emphasis current literature places upon organisational aspects, the important role of key account individuals and their intrapreneurial skills, demonstration of commitment and expertise, the need for trust and for performance evaluation to take into account 'soft' as well as 'hard' criteria.

<p>Organisational Aspects: (Millman and Wilson, 1995; McDoanld, Millman and Rogers, 1997; Homburg, Workman and Jensen, 2002; Spekman, 2005)</p> <p>Top Management support</p> <p>Internal Cooperation and support for KAM</p> <p>Evidence of teamwork</p> <p>Recognition of different perspectives</p> <p>Sharing the same values</p> <p>Guidelines in place for working with Key Account Relationships</p> <p>Efforts are made to match the right key account manager to the key account organisation</p> <p>There are a sensible number of accounts allocated to key individuals</p>
<p>Relationship Commitment Aspects: (Morgan and Hunt, 1994; Doney and Canon, 1997; Selnes, 1992; Ojassalo, 2000; Coulter and Coulter, 2003)</p> <p>Willingness to adapt product, processes and organisation</p> <p>Willingness to make uncompensated short term sacrifices</p> <p>Joint activities to enhance product/service quality of supplier and buyer</p> <p>Knowledge and understanding of each other's business is shown</p> <p>Joint support for final customer satisfaction</p> <p>Willingness to help each other achieve own corporate objectives</p>
<p>Relationship Trust Aspects: (Morgan and Hunt, 1994; Doney and Canon, 1997; Selnes, 1992; McDonald, Rogers and Woodburn, 2000)</p> <p>There is trust between the key individuals within the relationship</p> <p>There is trust within the relationship</p>

Table 2.1 Characteristics of Key Account Management Effectiveness

<p>Communication: (Selnes, 1998; Sengupta, Krapfel and Pusatri, 2000; Schultz and Evans, 2002; Coulter and Coulter, 2003)</p> <p>Information is readily shared</p> <p>People at different positions are in constant direct contact with each other</p> <p>There is satisfaction with the nature and frequency of personal contact</p>
<p>Intrapreneurial Skills of Key Account and Purchasing Manager: Sengupta, Krapfel and Pusatri, 2000; Holt, 2001; Ojassalo, 2002; Jones, Dixon, Chonko and Cannon, 2006)</p> <p>Key individuals on both sides of the relationship work closely together</p> <p>Key individuals have similar values and beliefs</p> <p>Highly confidential information is sometimes shared to enhance the relationship</p> <p>Potential conflicts can be identified and resolved before problems arise</p> <p>Key individuals socialize together</p> <p>Key individuals can easily contact each other</p> <p>Key individuals are empowered to make decisions, influence personnel and identify and organise resources to benefit the relationship</p> <p>Key individuals are prepared to take risks</p>
<p>Performance Aspects: (Millman and Wilson, 1999; McDonald, 2000; Ojassalo, 2000; Homburg, Workman and Jensen, 2002; Henneberg, Pardo and Mouzas, 2005; Piercy and Lane, 2005; Spekman, 2005; Henneberg, Wengler, Ehret, and Saab, 2006)</p> <p>There are satisfaction and relationship benefits</p> <p>There is a degree of interdependency but not dependence or power</p> <p>There is equal status</p> <p>There is development of assessment criteria for identifying key account attractiveness and suitability for key account status.</p> <p>Future opportunities are proactively identified</p> <p>Cost savings have been made</p> <p>Improved profitability has been achieved</p> <p>Exit would be difficult and costly</p>

Table 2.1 Characteristics of Key Account Management Effectiveness (continued)

These characteristics of KAM effectiveness present an 'ideal'. The literature review however also presents issues for KAM in practice and these in turn present challenges

for KAM research. These issues for practice and challenges for research are discussed in the next two sections.

2.3 A Summary of Issues for KAM Practice Derived from the Literature

Key issues derived from the literature review are discussed below and these may be issues that need to be addressed by future research.

Key account identification and performance evaluation

This relates to how customers to be designated for key account status are identified and how to identify the right amount of relational effort needed for successful Key Account development. Piercy and Lane (2005) point out several follies of adopting KAM which can be avoided, the main one being the need for organisations to be able to identify which accounts are the most appropriate for KAM status, confirming concerns by MacDonald, Millman and Rogers (1997), Millman and Wilson, (1997) Lemmens and Donaldson (2005). Firms clearly are not taking a particularly rigorous approach and all the evidence confirms warnings by Piercy and Lane (2003; 2005; 2006) that many buying firms may be able to take advantage of the benefits that key account status brings them with little in return for the supplier firm.

There is evidence of a lack of rigour being applied to performance evaluation and in particular an unwillingness to assess qualitative factors such as trust, commitment and relational communication efforts. (Pardo, 1999; Ojassalo, 2000; Sengupta et al, 2000; Henneberg et al 2005; Lemmens and Donaldson 2005).

Top management support

This relates to how to gain senior managements understanding of and support for the role of Key Accounts (Homburg, Workman and Jensen, 2002).

Organising for KAM

This relates to how to integrate the key account programme into the company's overall sales effort; how to develop clear and practical lines of communication between KAM and other functional areas needed for its support; how to develop compatible working relationships between KAM, marketing, sales management and field sales people; how to identify appropriate roles, responsibilities and organisational structure to implement effective KAM. While Piercy and Lane (2005; 2006) voice their dissatisfaction with KAM, Homburg et al (2002) show that any KAM is better than none. When they identified organisations dealing with key accounts but with no KAM programme in place they found that these performed worse on all criteria than any other type of KAM classification. They suggest the biggest issue for KAM is an

organisational one. It may be that some key accounts are best left to a sales manager to co-ordinate operations whereas others are best left to dedicated key account management teams. Either way the literature implies as well as the need for senior managers to be involved in support of KA individuals/teams, the defined reporting lines between departments, the documentation of processes and the development of formal guidelines for handling key accounts are also required. The issue is to what extent?

Individual key account manager empowerment

Sengupta, Krapfel and Pusatri (2000); Holt (2001); Ojassalo, (2002); Jones, Dixon, Chonko and Cannon (2006) discuss the pivotal role of the Key Account Manager and implications for recruitment, selection, training and performance evaluation. It is possible that a lack of importance given within an organisation of KAM increases the importance of the role of the individual KA Manager to be able to gain cross-functional support and resources. Therefore the degree of KA Manager empowerment is very relevant.

Understanding differing perspectives of supplier and buyer

Quite a lot of emphasis in the literature is on the activities that the selling organisation undertakes, there is an implication that it is something the supplier wants and is proactive about (Millman and Wilson, 1995; McDonald et al 2000; Ojassalo, 2001a) while a lot of evidence suggests buyer perspective continue to differ from the suppliers' (McDonald, Millman and Rogers, 1997; Pardo, 1999; Piercy and Lane, 2005) and that KAM is something that can be initiated by the customer as well (Buttle, 2004).

Mutuality

Henneberg et al (2005) suggest Key Account Programmes are often formed to achieve mutual gains and to create incremental value within important relationships but argue that the current view of 'value' is insufficient to take into account the mutual perspective and Piercy and Lane (2005) argue the gains are too often one sided. A decision as to whether buyer/seller motives/intentions/values match and then if they do both need to decide what investments /sacrifices are needed/willing to be done. It may suit either side to be traditional exchange or proprietary exchange based (Henneberg et al (2005). Henneberg et al (2005) try to deal with some of these issues by suggesting managers have a choice of KAM approaches available to them depending on the orientation of both the supplier and buying organisation. If this choice is verified by both parties then the criticisms by Piercy and Lane (2005) may be addressed.

The role of trust

There is increasing talk in the KAM literature (Ojassalo, 2000; Pardo, 1999; Sengupta et al (2000) of how important trust is in developing key account relationships yet how it

is to be demonstrated, valued, managed, operationalised is not clear. McDonald, Millman and Rogers (1997) stated it was of particular importance to buyers yet it does not feature in the selling organisations list of criteria for evaluation or selection purposes. Trust when referred to in the KAM literature is presented very simplistically and is mainly discussed in relation to a KAM salesperson's integrity, honesty, reliability, Sengupta et al (2000). It has also been referred to in terms of an organisations reputation and use of ethical standards, codes and policies.

Suitable contexts in which KAM flourishes

There is much conflict in the literature about the benefits of KAM, how it is best organised and implemented, how it can be valued. The literature implies an organisation can have key accounts that transcend different management approaches and is relevant when competition, supplier/buyer concentration is strong and buying decisions longer and more complex. It is implied KAM can apply to any context.

Earlier conceptualisations appear to be quite simplistic, descriptive, prescriptive, ignore the supply chain perspective and may not necessarily be relevant to the UK Mortgage Industry. More recent literature places more emphasis on the qualitative aspects of trust and commitment and this is an area lacking in research, especially in respect of the financial services industry. Despite reservations by Piercy and Lane (2005) regarding the effectiveness of KAM the literature is convincing in it's championing of KAM and its benefits if those involved verify strategic intent, maintain communication and view it as the responsibility of the whole organisation.

2.4 KAM Research Challenges

Henneburg et al (2005) note as do others (McDonald, 2000; Piercy and Lane, 2005; Jones et al (2006) that while Key Account Management is clearly important in practice it has received less attention in the literature than is warranted and emphasise the lack of empirical research in this area.

A summary of key research in this area (Table 2.1) confirms Homburg et al's (2002) view that the KAM literature focuses on four main themes regarding the way KAM is referred to and these serve as a good framework for researching and analysing KAM as follows:

1. Key accounts encompass special inter organisational activities
2. KAM requires special interorganisational actors
3. KAM is a multifunctional effort
4. KAM is influenced by the characteristics of the buyer organisation and market environment.

This leads to the following identified questions that may be asked in any KAM research design:

What is done?	Who does it?	How organised/formalised?
How successful?	With whom is it done?	

Very little KAM research looks at the relationship so there is a need to ask these questions of both sides of the relationship, not just from supplier or buyer perspective.

Several researchers have discussed the difficulties involved in researching Key Account Management and even greater difficulty in researching that within the financial services (Hughes et al, 2004). Homburg et al (2002) emphasise the degree of difficulty in researching business to business relationships and agree there will be some conceptual overlap and correlation amongst constructs identified.

There is very little empirical evidence behind any models, typologies and taxonomies of KAM (Homburg et al, 2002; Piercy and Lane, 2005) most are not context specific and are based on one perspective of a buyer/seller business to business dyad (Table 2.2). Homburg et al (2002) have tried to redress the lack of empirical evidence and suggest a configurationally perspective is best as organisational structures and management systems are better understood in terms of overall patterns rather than narrowly drawn sets of organisational properties. They also point out that most relationship marketing research focuses more on interorganisational issues between suppliers and their customers, mostly from the customer perspective while they focus on how firms organise and co-operate internally.

As one of the biggest issues identified for firms is about the criteria for deciding which accounts should be given key account status then it may be possible researchers are not necessarily studying real key accounts as classified by the literature. A problem for the researcher then is how to find the real key account relationships to examine, if indeed there are any. This is not helped by the ambiguity of the word 'Key Account'.

There is according to Homburg, Workman and Jensen (2002) a lack of quantitative empirical studies on design issues such as the cross-functional linkages of KAM.

A review of the trust literature is necessary as Farquhar (2005) in particular highlights the lack of emphasis placed upon its role in key account management development within the financial services sector. This will be considered in the next section.

Author	Empirical Basis	Focus
Henneberg, Pardo and Mouzas (2005)	Conceptual	Value in Key Account Management
Holt (2001)	Conceptual	Boundary Role of Key Account Managers
Holt and Millman (2000)	Case Research	Identifying Key Account Value
Homburg, Workman and Jensen, (2002)	Qualitative Interviews and Quantitative Survey	Organising for KAM activities and Actors
McDonald, Millman and Rogers (1997)	Qualitative Interviews	Identifying KAM processes
Millman and Wilson (1996)	Case Study	KAM Competences
Millman and Wilson (1997)	Case and qualitative	Key Account Attractiveness
Murray (2002)	Qualitative Interviews	Relationship Effectiveness
Ojassalo (2000)	Conceptual	Customer Commitment in KAM
Pardo, Salle and Spencer (1995)	Qualitative Interviews	One KAM case study
Pardo (1997)	Qualitative Interviews	Client perceptions of KAM
Piercy and Lane, 2003	Subjective observations and anecdotal evidence	Trends affecting role of KAM in relation to Sales Organisation.
Piercy and Lane, 2005	Subjective observations and anecdotal evidence	The value of and trends in KAM programme development.
Sengupta, Krapfel and Pusateri, (1997)	Quantitative Survey	Switching Costs in KAM relationships

Table 2.2 Key Account Management Research Focus

Sengupta, Krapfel and Pusateri (2000)	Quantitative Survey	A scale of key account sales-person effectiveness
Sharma (1997)	Interviews	Customer preferences for KAM
Shultz and Evans (2002)	Quantitative Survey	A scale to show KAM Communication quality.

Table 2.2 Key Account Management Research Focus (continued)

2.5 A Review of Trust Literature

A Definition of Trust

Anderson and Narus (1990) and Morgan and Hunt (1994) agree that trust is a generalised expectancy of how the other party will behave in the future. More specifically, Anderson and Narus refer to positive outcomes and actions to avoid negative outcomes and Morgan and Hunt refer to confidence in an exchange partners reliability and integrity. Rotter (1967) also argued trust is a generalised expectancy held by an individual that the word of another can be relied on.

Deitz (2004) refers to various definitions (Mayer, Davis and Schoorman, 1995; Lewicki and Bunker, 1996; Rousseau, Sitkin, Birt, and Camerer, 1998; Blois, 1999) and states it is generally viewed as a belief comprising the deliberate intention to "render oneself vulnerable to another based on confident expectations". Deitz (2004) goes on to clarify this and makes three useful points:

1. All parties in a trusting relationship are subject to a level of risk, though this may be disproportionate among parties. The mutual dependence and shared vulnerability inherent in trust distinguishes it from other forms of cooperation, such as coercion.
2. Because the decision to trust is based on expectations or 'probabilities' (Gambetta, 1988), trust carries a crucial strength of feeling (Bhattacharya, Devinney and Pillutia, 1998) that elevates it above mere hopefulness, 'blind faith' or gullibility (McEvily, et al, 2003). Deitz (2004) strongly defends the relevance of trust by arguing it is not unreflective, irrational or a form of false consciousness. He states, trust if properly understood is a desired option (Gambetta, 1988; Blois, 1999).
3. There is a need for very careful evaluation of the other party's likely future behaviour, ideally based on prior interactions and reputation effects from other

respected sources. This point supports Ganeson (1994) who suggests reputation may confirm credibility but it is only the experience of interactions that confirms benevolence. Evaluation of benevolence can according to Lewicki and Bunker (1998) be compartmentalised and aggregated so that if the overall quality of the other party's trustworthiness is judged to be sufficient then some contradictions and errors may be accommodated. Gambetta (1988), states that trust is based on individuals expectations that the other will behave in ways that are helpful or at least not harmful.

Rousseau et al (1998), based on their review of trust across various disciplines agree that trust is a psychological state comprising the intention to accept vulnerability based upon positive expectations of the intentions or behaviour of another. This is supported by many other discussions of definitions (Shapiro, 1987). Jones and George (1998) also point out trust is not a simple either/or matter and categories such as 'conditional' or 'unconditional', 'strong' or 'weak' (Barney and Hansen, 1994) capture its subtleties of degree.

Ganeson (1994) presents trust as comprising of two main components, credibility which is described as reliability and integrity demonstrated by word-of-mouth communication and benevolence which is demonstrated for example through involvement and information sharing. He says trust is the willingness to rely on an exchange partner in whom one has confidence (Moorman, Zaltman, Dishpande, 1992) and Hosmer, (1995, p392) says;

"Trust is the reliance by one person, group or firm upon a voluntarily accepted duty on the part of another person, group or firm to recognise and protect the rights and interests of all others engaged in a joint endeavour or economic exchange."

Selnes (1998) views trust as unidimensional and criticises Hunt and Morgan (1994) for using reliability, integrity and confidence as measures of trust. Selnes (1998) argues these are antecedents of trust though Hunt and Morgans model (1994) has been cited in many studies since (for example, Doney and Canon,1997; Rousseau et al,1998; Coulter and Coulter, 2003; Deitz, 2004. Coulter and Coulter (2003) place trust as the dependent variable with several independent variables affecting it but moderated by a client's knowledge and familiarity with the industry. They propose that the greater knowledge/familiarity with the industry by the customer the less need there is for personal attention and greater need to demonstrate commitment and resources to a customer's individual needs.

There seems to be a general agreement in the literature that conditions for which trust is required are risk, vulnerability or uncertainty and interdependence where the

interests of one party cannot be achieved without reliance upon another. However, Rousseau et al (1998) question whether a particular context gives rise to a single form of trust and states new organisational forms built round the management of interdependence will provide a catalyst for innovative research on trust and its bandwidth into the next millennium.

Types of Trust

As Jones and George (1998) and Barney and Hansen (1994) point out trust is not a matter of either or so while there may be some agreement in general about defining trust it is necessary to try and grapple with its subtleties and understand the different levels that may be possible. Rousseau et al (1998) discuss the complexities of trust, its new forms, levels and different bandwidths. They argue that deterrence based trust is not in fact trust at all but simply a manifestation of mistrust so there is little point in giving it space in a model of trust.

Deitz (2004) also discusses various forms of trust, depicted on a continuum with calculus-based trust confirmed by Lewicki and Bunker (1996) to be the weakest form. Calculus trust is based on a simple cost-benefit analysis and is purely transactional and short term. Knowledge-based trust according to Lewicki and Bunker (1996) however crosses a threshold so that real trust based on confident knowledge of positive expectations, begins. Confidence in relational trust (Rousseau et al, 1998) is more subjective and emotional according to Creed and Miles (1996), Blois (1999) and Deitz (2004), who discuss how the source of trust shifts from 'process-based' evidence in the form of exchange content to an appraisal of the trustee's characteristics. This can tolerate minor errors, mistakes and uncharacteristic 'aberrations'. Rousseau et al (1998) refer to calculus-based exchanges being terminated once there is a breach of trust whereas exchanges based on relational trust are more resilient. They also demonstrate the supportive nature of institutional trust which helps to bridge higher level trust development. Lewicki and Bunker (1996) discuss a further level of trust, identification based trust whereby each party can represent the others interests with their full confidence. This can also be referred to as affective trust (Williams, 2001).

Deitz (2004) emphasises the impact of trust in new organisational forms where flatter structures, reliance on networks, ever changing teams requires citizenship behaviour, institutional support and interpersonal trust. Rousseau et al (1998) refer to Ring, Van de Ven (1992) and Gulati (1995); who suggest institutional factors can act as broad supports for the critical mass of trust that sustains further risk taking and trust behaviour. They go on to talk of support at the organisational level in the form of teamwork culture and at the societal level through legal systems that protect the rights

of individuals and property (Fukuyama, 1995). Williams (2001) as does Morgan and Hunt (1994) supports the idea that the internal organisation can impact upon the effect of trust and refers to the need for this in the light of today's flatter organisations where jobs require cooperation across divisional, functional and management boundaries. It is important says Williams (2001) to understand how the affect and beliefs associated with different social groups influences interpersonal interactions with specific group members and therefore trust development within an organisation. According to Williams (2001) little attention by theorists has been given to understanding of the mechanisms through which social group affect influences interpersonal trust development. Williams (2001) proposes a model that conceptualises trust as a continuous process that shows how affect influences the cognitions, motives and behaviours associated with trust and enables an examination of trust overall as well as discrete types of trust. This is similar to Bretherton's model (2003) in that trust is presented as a continuous process. Ennew and Sekhon (2004) however make the important distinction between trust as a concept and trustworthiness as a concept. In doing so their model confirms Selnes (1998) criticisms of the much referred to trust-commitment theory of relationships (Morgan and Hunt, 1994) that conceptualise trust as multi dimensional. It may be that their dimensions of trust are best conceptualised as dimensions of trustworthiness which can lead to trust. Ennew and Sekhon (2004) add further dimensions, trustworthiness of organisational culture and expertise and competence.

Williams (2001) refers to McAllister (1995) who proposes that trust based on care and concern is deeper than that based on cognitive perceptions of predictable, dependable behaviour the question is to what extent this is needed in business to business relationships. Chowdhury (2005) for example argues that the different types of trust (cognitive/calculative and relational/behavioural/affect) can have different effects on complex information sharing. He argues that teams for which knowledge sharing is critical should focus more on developing cognitive-based trust than affect-based trust. Grayson (1999) found that in a new selling situation individual interpersonal trust is very important early on whereas in an established relationship, relational and organisational trust is important to enhance the scope of the relationship (Selnes, 1998; Doney and Canon, 1997) though trust in an organisation according to Doney and Canon (1997) is also important at the calculative stage and for helping gain an order. Deitz (2004) suggests it would be prudent to recommend that a modest, achievable and valuable outcome from partnership would be the establishment of knowledge-based trust and in more sophisticated and long-standing forms, relational based trust rather than higher levels of affect based trust. This idea supports that of Vangen and

Hauxham (2003) who suggests a small wins approach, to some extent Halliday (2003) who suggests placed trust may be the more appropriate option for some relationships and also Ganeson (1998) who suggested retail buyers were motivated more by cognitive aspects rather than the affect/behavioural aspects. Due to technological impacts (Knights et al, 2001) it is likely that in a financial services scenario the relationship between consumer and mortgage provider will be remote and transactional whereas further up the supply chain the relationship between mortgage lender and intermediary in a key account relationship may be one that exhibits the highest levels of trust.

Trust Development in Business Relationships

The literature shows the need for trust arises in supplier/client business relationships where there is a high degree of risk, uncertainty, vulnerability and/or a lack of knowledge or information on the part of the interacting participants (Morgan and Hunt, 1994; Mayer, Davis and Schoorman, 1995; Doney and Cannon, 1997; Ganeson, 1994) while Rousseau et al (1998) propose two conditions are necessary for trust, risk and interdependence and the greater the interdependence the greater the change in the nature of trust.

As already discussed in the previous section it is suggested (Rousseau et al, 1998) that calculus trust is developed first. This is based on the intentions to perform an action that is beneficial in terms of financial gain and limited to situations where evidence of failure to perform in the short term can be easily observed but this may not threaten the trustor's broader interests. As relationships develop, relational trust, based on repeated interactions over time and the availability of information to the trustor, comes into play. Emotion enters into the relationship and is often referred to as affective or identity based trust (relational trust as its broadest) because it leads to formation of attachments and reciprocated care and concern which enables network and institutional trust (based on citizenship behaviour, and organisational support, for example, teamwork culture, cultural supports) to develop. Harris and Dibben (1999) suggest business co-operation longevity is a product of the type of trust development that occurs. They discuss the need to understand situational trust: an individual's positive expectations about another individual's motives with respect to him/herself, within a situational context, entailing risk. They acknowledge though the literature on trust is vast three overall layers of trust can be categorised (calculus, knowledge and identification based trust) which supports Rousseau et al (1998) and Doney and Cannon (1997). They emphasise the importance of trust between individuals recognising the possible influence of an individual's disposition to trust.

Whitener et al (1998) describe five categories of behaviour for individuals seeking to demonstrate trustworthiness:

1. Behavioural integrity – telling the truth and keeping promises;
2. Sharing and delegation of control – shared input into decision making;
3. Behavioural consistency – reliability and hence predictability;
4. Communication – open sharing of accurate, timely, contextualised information;
5. Demonstration of concern – showing sensitivity toward each party's needs and interests, and acting benevolently.

This is supported by Bretherton (2003) who suggests the degree of trust, both individual and general, that is present is reflected partially in disclosure behaviour and traits indicating the importance of relevant communication and notes that predictions of behaviour may be tested best by using perceptions of trust. Selnes (1998) models trust as a unidimensional construct and similarly discusses behaviours likely to produce satisfied customers and trust in the supplier. Firstly there is communication and exchange of all relevant information, then handling unforeseen problems and conflicts in a way that shows responsibility for the wellbeing of the buyer. Thirdly a supplier's ability to adjust products and deliveries according to the demands of the customer was seen as important. Doney and Cannon (1997) also reflect this in identifying five cognitive processes through which trust can be built :

Calculative – when individuals or organisations calculate the costs/rewards of another party cheating or staying in the relationship;

Prediction – when one party is able to forecast another party's behaviour based on past behaviour and promise. This requires repeated interaction and courtship to enable learning about each other and improving ability to predict behaviour according to Lewicki and Bunker (1995);

Capability – when one party is able to determine the other party's ability to meet obligations;

Intentionality – when one party interprets behaviours and words to assesses the other party's motives and intentions to exchange;

Transference – is the final process whereby trust can be transferred from one proof source to another. So for example if a key account manager left the organisation a new key account manager would be equally trusted because of the highly trusted firm.

Selnes (1998) proposes that the greater the satisfaction, willingness to enhance the relationship, perceived competence, communication, commitment and ability to handle conflict the more the buyer will trust the supplier. He says that the antecedents of trust are: communication, ability to handle conflict, commitment and confidence. Selnes (1998) does not make the distinction between supplier trust and salesperson trust as Doney and Canon (1997) do.

Doney and Canon (1997) found that trust-building processes provides insight into the direction that efforts need to be made. Unlike many other studies they found that relationship length did not matter but supplier size did as this affects reputation and therefore credibility. This has implications for communications efforts. Suppliers who make idiosyncratic investments for example, customer-specific adaptations could be trusted more as Ganeson (1998) also found. Buyer's trust in a supplier was influenced by encounters with the salesperson and Doney and Canon (1997) also found through the process of intentionality buyers attribute benevolent motives towards those salespeople they perceive as similar to themselves which had not been considered by Ganeson (1998).

Doney and Canon (1997) refer to trust in the salesperson and the supplier organisation and identify characteristics of each that influence trust development. They found that supplier size, willingness to customise, salesperson expertise, likeability, similarity and frequency of contact had a positive effect on trust whereas, supplier willingness to share information, length of time of relationship, the power of the salesperson and social interactions did not have a positive effect. They conclude that interpersonal trust engendered by the supplier and transferred to the buyer plays a key role in developing and maintaining buyer-seller relationships.

Coulter and Coulter (2003) observes the focal issue of much of the trust literature regarding service provider relationships has centred round the individuals involved in terms of their performance and personal characteristics (Weitz, 1981; Moorman, Deshpande and Zaltman, 1993; Morgan and Hunt, 1994; Doney and Cannon, 1997). Rousseau et al, 1998, discuss the nature of relational trust and point out that information available to the trustor from within the relationship itself forms the basis of relational trust. Coulter and Coulter (2003) also show that in a knowledge-based economy a trustee's competence, ability and expertise become increasingly important in creating higher levels of trustworthiness. Knights et al (2001) explore the issues of trust in the Financial Services Sector that coincide with increasing usage of electronic media, networking and delivery. They state the problems of control and of managing trust can share a common platform.

Knights et al (2001) go on to say that even when relationships appear to be based on trust there is often implicit reliance upon systematic controls. They view trust and control as interdependent and to polarise them would be misleading. The example is given of an employer/employee situation where there is close supervision resulting in reliance on trust that the job will get done and the wages will be paid. Trust can be based on the confidence of reliability of established practises and institutions, therefore an analytical distinction can be made between institutional and interpersonal trust and this supports earlier work (Doney and Cannon, 1997; Ennew and Sekhon, 2004). Zucker (1986), in Knights et al (2001), says that most trust studies are preoccupied with interpersonal trust. Knights et al (2001) and Rousseau et al (1998) show how institutional trust supports interpersonal trust and Bretherton's circularity of trust model confirms this interrelationship (2003). Ennew and Sekhon (2004) suggest signals of organisational trustworthiness (expertise and competence, concern and benevolence, effective communication, organisational culture, integrity and consistency) contribute to the development of trust.

Selnes (1998) illustrates the importance of differentiating between the desire by two companies to continue the relationship compared to willingness to co-operate and enhance the scope of the relationship. The former does not involve risk and trust is not necessary to continue a relationship. A willingness by both companies to enhance the scope of the relationship is much more of a strategic decision and usually involves changing the buyers-value-chain, for example by strategic information exchange, joint product development projects, or by integrating some of the business functions. Doney and Canon (1997) also agree with this and state that trusting relationships go beyond continuity, they are characterised by a willingness of both parties to enhance the scope of the relationship for mutual benefits.

Ganeson (1994) similarly talks of how certain factors within a business relationship such as dependence and transaction-specific investments may play an important role in affecting long-term orientation yet they are not sufficient to explain it. These factors are concerned with present or existing conditions whereas with trust the focus is on the future. He refers to studies by Anderson and Narus (1984) and Anderson and Weitz (1989) to illustrate how firms can be locked into dependence through transaction specific investments but it is trust that is needed to demonstrate that channel members will get their fair share of the future pie (resources). Trust is necessary for the perception of a fair division. Ganeson (1994) refers to the perception of benevolence allowing parties to be trusted even if one cannot act the way they say they will due to situations beyond their control. The focus here is on an individual's trust of another individual. In his study of retailers Ganeson (1998) found that retailer trust in the

supplier resulted in the reduction of the perception of risk, increase in confidence that short-term inequities will be resolved over a long period and a reduction in transaction costs because of less opportunity for opportunistic behaviour. There is less risk because both parties will avoid using their power to renege on contracts or use a shift in circumstances to obtain profits in their power. There is an implication (Anderson and Narus, 1991) that even if there is a degree of dependence in the short term a trust perspective allows that to be compensated for by the expectancy of future gain. Anderson and Narus (1991) also recommend when there is a desire to promote partnership arrangements firms should spread the risk by developing a portfolio of customers to target with varied "relationship efforts" which addresses one of the issues raised by Piercy and Lane (2005), that of dependency in KAM relationships.

While Ganesons (1994) study shows both suppliers and retailers view idiosyncratic investments as evidence of their trustworthiness so that value is enhanced when one-sided commitments are made he also found however this affected perception of credibility and not benevolence. While suppliers viewed satisfaction with outcomes as an indicator of trust retailers relied more on reputation that had a significant impact upon perception of credibility. According to Ganeson (1994) this difference in perspectives indicates retailers are influenced by a different set of cues and highlights the need for both parties to understand each others perspectives more thoroughly. Ganeson (1994) suggests this may be due to retail buyers being trained to focus on objective evidence of reliability rather than motives of their channel partners and suppliers possibly being more cautious about retail power. This suggests cognitive trust is more relevant to retailers and relational trust more so to suppliers. Ganesan (1994) illustrates the importance of understanding the characteristics of short-term orientation compared to long-term orientation and raises questions about when channel members should develop long-term orientation and who should be selected for this which concurs with issues raised by the KAM literature. According to Ganeson (1994) most studies have viewed channel member dependence as a determinant of long-term orientation. His study shows it could possibly be the other way round which may add to Piercy and Lanes (2005) arguments about the pitfalls of dependency. Ganeson (1994) views reputation, experience and specific investments as antecedents of trust but shows that benevolence can only be demonstrated through actual interactions rather than word of mouth.

TSIs (Transaction Specific Investments), for example, implementation of dedicated software systems or other technological investments can influence a customer's time orientation from short term to long term. This is supported by Piercy and Lane (2003) who suggest a customer's time line should be examined and decisions about whether

it can be influenced for mutual gain be made. Short-term orientation is characterised by companies that are more likely to buy on short-term inducements such as price but it should not be assumed that customers want long-term orientation.

Ganesan (1994) also explores the impact of market characteristics on dependence and trust. Market diversity, for example characterised by many new products and competition according to Ganeson (1994) increases the need for trust enhancing behaviours whereas environmental volatility did not affect dependence.

In the 'virtual era', trust in financial institutions according to Knights et al (2001) depends upon trust in the technological systems they use and this depends on trust in the institution that operates them – this depends upon interpersonal relations.

Whereas Coulter and Coulter (2003) argue knowledge is a mediator of trust Knight et al (2001) argue trust is mediated by interpersonal relations and consumer experiences can determine reputation of institutions. They pose the paradox of the consuming public who may express mistrust in the data collection activities of business in general yet show a willingness to 'entrust' ever increasing amounts of personal data to these same institutions in exchange for benefits. Knight et al (2001) go on to suggest that in order to manufacture an atmosphere of trust in financial dealings the techniques of control are likely to be extended, yet this is associated with distrust.

Developing identification/relational based trust however may cause problems and Deitz (2004) also points out the paradox of trust in that sometimes to trust too much is as bad as not trusting enough. Creed and Miles (1996) explain there is an inverse role between the extent of control and the extent of trust. This is because too much trust reduces monitoring and invites the prospect of 'defection' or 'betrayal'. Deitz (2004) concludes that it would be prudent to recommend that a modest, achievable and valuable outcome from partnership would be the establishment of knowledge-based trust and in more sophisticated and long-standing forms, relational based trust.

Grayson (1999) also refers to the dark side of long-term relationships and show that negative influences such as rising expectations, complacency, loss of objectivity and opportunism can dampen the impact of trust. He refers to the "time for a change" sense and growing perceptions of "institutionalised creativity" that may lead to switching accounts and starting a new relationship. He refers to other research, Mitchell and Saunders (1995) and Dowling (1994) who found similar trends. Murray (2003) also found this in her small-scale study of long term relationships between British Universities and overseas partners. Grayson (1999) found that trust was found only to be influential in short-term relationships which conflicts with much of

mainstream trust research. This supports Piercy and Lane's (2005) criticisms of relationship dependency.

Deitz (2004) researches trust within partnerships between organisations and trade unions and as with business to business literature says that central to almost all conceptualisations of partnership is some notion of reciprocity, or cooperation for mutual gain. Deitz (2004) argues the strength of partnership and trust resides in the informal relationships forged among key players and their capacity to translate the terms of an agreement into tangible results and even cultural norms. This links with relationship marketing literature (Gummesson 1994; Farquhar, 2004; Tzokas and Saren, 2004) that suggests for successful long-term relationships an organisation structure is needed which co-ordinates and integrates functions and views itself as networks of people, activities, thoughts, emotions and operations. The problem identified by Tzokas and Saren (2004) is that while flat, organic structures and close communication links among participants in a relationship are recommended little is known about what strategies and policies are required to bring about such changes in the organisational climate and culture. Morgan and Hunt (1994) point out the need to research the role of organisational citizenship behaviours. Much literature agrees that managing internal relationships is an essential part of the relationship marketing framework (Hogg, Carter and Dunne (1998); Ballantyne, 2000; Gronroos, 2000; Egan 2001 for example). Ballantyne (2000) proposes that internal marketing as part of a programme of relationship marketing should feature cross-functional project groups, creativity and innovation in its approaches, team based learning programme, skills development workshops and feedback loops. Internal marketing efforts, citizenship behaviour cooperation and cross functional integration and the impact of such on the quality of external relationships have also been discussed by Piercy and Lane (2003) and Rousseau et al, 1998. Egan (2001) discusses the need for culture buy in and increased motivation to develop and implement relationship marketing strategies. Mayer and Gavin (2005) also discuss the relationship between internal citizenship behaviour and trust in management allowing employees to focus on tasks that add value rather than self-preservation activities. Chowdhury (2005) argues that managers should strive for a teamwork environment that is conducive to professional as well as social collaboration and propose a trust intensive company will ensure organisational knowledge development which is critical for continuous innovation. He suggests a loose organisation structure assists knowledge sharing, allowing communication fluidity, cross functional interactions and social networking and also managers should offer knowledge enhancing training.

In three case studies, Deitz (2004) found that trust relies on a collaborative process and if the non-key players are unable to exert much influence on partnership decision making then they will feel vulnerable and less confident in bestowing trust. Deitz (2004) suggests that if more frequent interaction with non-key players is not possible then 'key players' should find a way of sharing information openly and explain the reasons for organisational decisions lest they be seen as a remote elite – a self-serving 'cosy club'.

Deitz (2004) concludes there are few sensible objections to the spread of trust beyond the pitfalls of complacency, complicity and unreasonable constraint and declare that trust should be widely commended for its:

1. impact on efficiency gains from lower transaction costs,
2. ability to deliver active consent to change and for
3. facilitation of more positive employment relations.

The issue of how trust can be managed in business relationships is not well researched. Vangen and Huxham (2003) are among very few researchers who have presented practical ideas for managing trust to suit different trust/collaboration level requirements. They identify three aspects of managing trust based on expectation forming, risk taking and vulnerability and also differentiate between trust based on future expectations of behaviour and actions and trust based on past satisfactory experiences and interactions. They point out that developing understanding of partners' expectations at the formation stage of the relationship is crucial if trust is future based and this reduces the need for formal contracts whereas trust based on previous interactions over time develops relational or identity based or affect based trust. They also refer to calculus trust based on a company's reputation developed through credible information dissemination.

Regarding risk and vulnerability Vangen and Huxham (2003) argue that the creation of trust implies taking a risk and hence vulnerability but its existence also implies the ability to reduce the risk of opportunistic behaviour. Therefore trust and risk form a reciprocal relationship. This then shows the cyclical nature (Fig 2.7) of trust as reinforced by Bretherton (2003) and ability to achieve a degree of interdependence. This later work builds on that of Andersen and Narus (1991) and Ganeson (1994), for example, who consider the question of dependency, the role of transaction specific investments, long-term orientation and trust and possibly addresses the dependency issues raised by Piercy and Lane (2005).

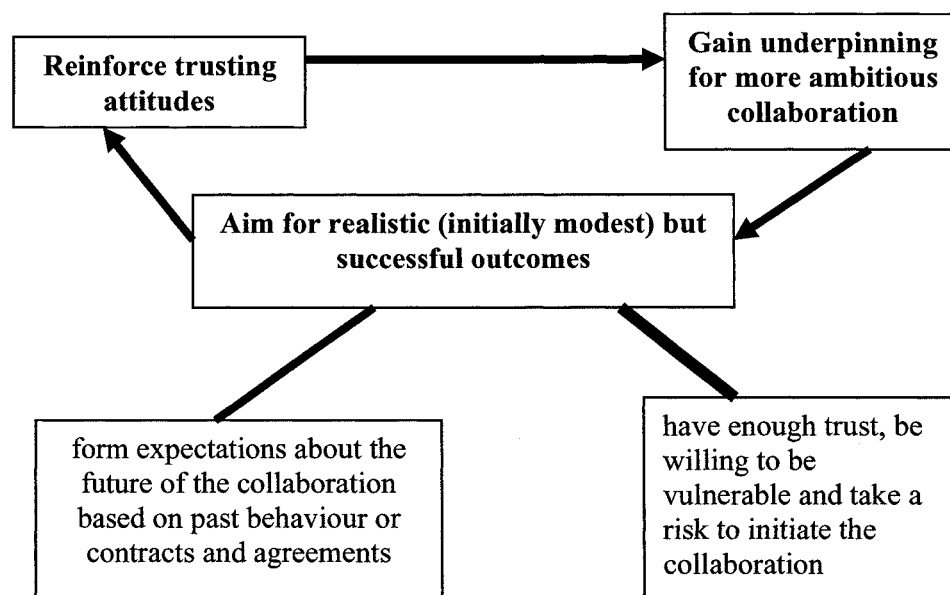


Figure 2.7 The Cyclical Trust Building Loop (Vangen and Hauxham, 2003)

Vangen and Huxham (2003) go on to discuss different collaborative situations with different levels of risk requiring different trust building approaches each needing assessment as to whether trust can be built incrementally using a small wins approach which they consider to be the preferred strategy or whether a more rapid approach is required. They argue that the facilitation of the trust-building loop process requires careful and continuous attention to a range of activities so that changes such as power imbalances, conflicting views, varying levels of commitment for example are taken into account.

Halliday (2003) makes the important distinction between trust that is 'placed' (a state which acts as an initiator of relationships, similar to for example the trust placed in a doctor so that it is reasonable to assume competence) and trust as a 'response' (an act which builds and is developed). Therefore, according to Halliday (2003) high levels of initial trust can be found. 'Placed' trust depends on the trustworthiness of others and Blois (1999) points out, trust requires matching trustworthiness rather than reciprocal trustfulness. Halliday (2003) refers to Ganesons (1994) discussion of the expectation of fairness as being important to commitment development rather than the availability or otherwise of alternative suppliers for customers. She also points out that commitment is not always the outcome of trust and it can be applied inappropriately and contribute to increased costs. Ennew and Sekhon (2004) discuss the position of trust at the macro level as the basis for a stable collective existence, and at the micro

level as a means of promoting cooperation and reducing conflict within work groups, between managers and employees and managers across organisations as well as a governing mechanism for marketing relationships. They also suggest measuring signals of trustworthiness is more appropriate than trying to measure trust.

Halliday (2003) suggests in business relationships it may be possible to develop response based trust from placed trust. Coulter and Coulter (2003) conclude that context is crucial to understanding trust and the organisational abilities of the firm for example to adjust the structure to meet a key accounts needs or to increase the number of interfaces is important. Singh, Jayanti, Kilgore, Agawaral and Gandarvakottai (2005) add to this complex debate by suggesting the continuous need for the evaluation of trust because of the dynamics of the 'interconnectedness' of market relations and this supports suggestions by Holt and Millman (2000) in relation to KAM evaluation. Singh et al (2005) in examining an aggregated marketing system propose that a firms exchange partners are more motivated to reciprocate and support the growth of ongoing relationships if they perceive that both trust and value are high. They also point out that trust and value are dynamic, a continuous assessment of such is necessary and though partnerships can flourish when there are trust–value imbalances they are less likely to be sustained. They argue it is the managing of the trust-value dilemmas that are core to the interacting relationships. Small missteps can escalate through the multiplier effect of interacting relationships. The Coke Corporation for example failed to respond to demands to cut back it's marketing to children, was accused of bolstering corporate profits at the expense of kids' health and education and eventually had to redefine its relationship with the youth market in the USA (Singh et al, 2005). Similarly proactive responses can be amplified and help build trust. Singh et al (2005) suggest that together, firms and regulatory and intermediary agents can work co-operatively to satisfy consumer needs and enhance societal wellbeing and this is supported by Wood and Brewster (2006).

2.6 A Summary of Trust Research Issues

Halliday (2003) suggests trust is not a construct but a theme and refers to Bigley and Pearce (1998) and Zaheer, McEvily and Perrone (1998) who warn about the complexities of trust that render the idea of an all encompassing, uncontested model of trust doomed to fail. What is clear is that there are several different types of trust development and the degree to which they are achieved depends upon objectives of the specific partnership, strategic intentions, conditions in the market place, an organisations reputation and culture, structure and formalisation and also an individual's propensity to trust. There is a need to research trust in more varied

contexts. There is a lack of research into trust in business-to-business relationships within the financial services sector and most focus on interpersonal relations (Table 2.3).

Ennew and Sekhon (2004) suggest signals of trustworthiness is researched rather than trying to measure trust and distinctions should be made between the role of the institution and the individual.

Authors	Empirical Status	Focus of Study
Bhattacharya, Devinney, and Pillutia (1998)	Conceptual	Developing a formal model of trust
Blois (1999)	Case Study	Trust in business to business relationships
Bretherton (2003)	Qualitative interviews	Understanding trust in strategic alliances
Butler (1991)	Survey	Scale of interpersonal trust
Chowdhury (2005)	Questionnaire to students	Scale measuring effects of trust on complex knowledge sharing
Coulter and Coulter (2001)	Questionnaire	Scale to measure knowledge as a mediator of trust in business to business relationships
Deitz (2004)	Case study	Trust at work based partnerships
Doney and Canon (1997)	Questionnaire	Scale measuring trust in salesperson and organisation
Ennew and Sekhon (2004)	Conceptual	Trust in individuals and organisations re marketing relationships
Ganeson (1994)	Questionnaire	A scale of trust antecedents in Buyer-seller relationships in retailing
Grayson (1999)	Questionnaire	Scale of negative aspects of relationships and effect on trust
Knights, Noble, Vurubakis and Willmott (2001)	A conceptual discussion.	Control and production of trust in online banking

Table 2.3 Examples of Types of Trust Studies and their Focus

Authors	Empirical Status	Focus of Study
Halliday (2003)	Conceptual	Trust in business relationships based on context
Lewicki, and Bunker (1995)	Conceptual	A model of trust in relationships
Mayer, Davis, and Schoorman, (1995)	A mail survey	A scale of interpersonal trustworthiness
Mayer and Gavin (2005)	Questionnaire	A scale of trust in management and impact upon performance
Morgan and Hunt (1994)	Questionnaire	A scale to measure relationship commitment and trust
Rousseau, Sitkin, Birt, and Camerer (1998)	A conceptual discussion	Definitions, types and development of trust from cross disciplinary viewpoints
Selnes (1998)	Questionnaire	A scale of antecedents and consequences of trust
Singh, Kilgore, and Gandarvakottai (2005)	Case study	Understanding trust-value dilemmas of market relationships
Svensson (2001)	Conceptual	Model of trust synchronisation in the supply chain
Vangen and Hauxham (2003)	Conceptual	Managing trust in different collaborative situations
Welch and Zolkiewski	Qualitative Case Study	Exploring the dark side of relationships – mistrust
Williams (2001)	Conceptual	Interpersonal trust in groups at work

Table 2.3 Examples of Types of Trust Studies and their Focus (continued)

2.7 A Summary of the Linkage Between KAM Development and the Need for Trust

In studying both key account management and trust literature many of the factors and processes recognised as important for KAM development are also recognised as evidence of trustworthiness/trust building. They share some common issues in relation to identification of partners to collaborate with, the level of relational and other effort required, gaining internal support and how to evaluate effectiveness. KAM theory suggests mutuality and interdependence are the preferred option whereas practice suggests this may not be the case (Piercy and Lane, 2003 and 2005). Drivers of KAM are based on risk reduction and interdependence. The drivers of trust are risk

reduction and interdependence. The need for trust and KAM in business to business relationships share common drivers, the need for collaboration for competitive advantage, avoiding risk and willingness to gain mutual benefits. There is a requirement that both parties in a partnership render themselves vulnerable to the other.

Both KAM and Trust literature propose that organisations embarking on collaboration should verify with each other early on their 'strategic intent' and devise relationship strategies relevant to this and choose carefully who they develop close partnership with. The trust literature contributes further to KAM theory in that it places more emphasis on interpersonal relationships within and between organisations. It suggests more recently that trust development is cyclical whereas KAM theory typically views it on a continuum, therefore a cyclical perspective allows for a small wins approach initially which can eventually lead to collaborative activities that are more ambitious in nature (Vangen and Huxham, 2003). This notion in itself helps to address some of the issues raised by Piercy and Lane (2005). It also suggests on this basis that cognitive and knowledge based trust are needed more than deep relational trust but relational trust if identified as relevant can be developed. The language of trust as evident in the literature, for example, fairness, concern for others, collaboration, win-win, mutual, working with partners, nurturing, strategic information sharing, informal communication, understanding each others perspective can contribute to KAM effectiveness implying the possibility of interdependence.

A trust perspective implies early communication of expectations, evaluation of communication efforts and citizenship behaviour and this may provide a solution to Piercy and Lane's (2005) identified issues regarding the ignoring of the need to pay attention to internal collaboration and failure to properly identify appropriate accounts worthy of key account status.

According to McAllister (1995, p 24);

"for boundary spanners, developing and maintaining trust relationships is especially important under conditions of uncertainty and complexity, requiring mutual adjustment, sustained effective coordinated action is only possible where there is mutual confidence or trust."

This again is evidence of the natural link between trust and the KAM philosophy. Holt (2001) refers to the boundary spanning role of key account managers.

Deitz (2004) suggests it would be prudent to recommend that a modest, achievable and valuable outcome from partnership would be the establishment of knowledge-based trust and in more sophisticated and long-standing forms, relational based trust rather than higher levels of affect based trust.

Trust is particularly important in service industries (Davis, Guiltinan and Jones, 1979; Brown and Fern, 1981; Hollender and Fenichell, 2004,) because the client is unable to examine a physical product (Parasuraman, Ziethmal and Berry, 1985) and this combined with the drivers of KAM make the linkage between the need for trust and Key Account Management relationships, quite clear.

Ford, Gadde, Hakansson and Snehota, (2003) describe various myths about business relationships that further support the need for trust. These myths relate to the idea that suppliers act and customers react, that the actions of suppliers and buyers can be analysed separately from each other, that a company is able to act independently, can carry out its own analysis of the environment in which it operates develop and implement its own strategy based on its own resources, taking into account its own competences and shortcomings and is a complete organisation able to operate on the basis of its own abilities and resources. These myths also support suggestions that firms need to collaborate for competitive advantage. Trust is a major theme of collaboration (Vangen and Hauxham, 2003) and is therefore very relevant to KAM.

Reith (2000) and Singh et al (2005) echo similar sentiments to Ford et al (2003) in their recognition of emerging cultural, societal and environmental dilemmas through increased visibility, understanding of human rights, an electronically networked global society, for example that result in complex, interconnected market relationships "that are surfacing as the defining realities of the 21st Century market place", (Hollender and Fenichell, 2004, p38, in Singh et al 2005). Singh et al (2005) go on to criticise the weakness of marketing frameworks and models to analyse, explain and predict market place dynamics and dilemmas and call for a systems perspective that studies the interconnectedness of market relationships, supporting Svensson's (2001) findings.

Piercy and Lanes' (2005, 2006) concern that most KAM relationships are characterised by one party being more dependent than the other can be addressed it is suggested here by taking a trust perspective. If there is trust then where the relationship is imbalanced neither side will come to harm. Piercy and Lane (2005) talk of the risks involved in relationship dependency which they say is characteristic of many KAM relationships. The literature talks of the ability of trust to reduce risk and so a logical conclusion is that trust should be fostered and more emphasis placed upon activities that develop trust within KAM relationships.

Anderson and Narus (1991) recommend when there is a desire to promote partnership arrangements firms should spread the risk by developing a portfolio of customers to target with varied "relationship efforts". This also responds well to Piercy and Lanes' (2005) criticisms of KAM, though they themselves suggest this. It appears to the

researcher that most of Piercy and Lanes' criticisms can be addressed by taking a trust perspective. It facilitates co-operation and benevolence both internally and externally (Wood and Brewster, 2005).

There is an implication that even if there is a degree of dependence in the short term a trust perspective allows that to be compensated for by the expectancy of future mutual gain. Doney and Canon (1997) also agree with this and state that trusting relationships go beyond continuity, they are characterised by a willingness of both parties to enhance the scope of the relationship for mutual benefits.

The trust literature provides deeper insight into the role and management of trust within business to business relationships and shows how a trust perspective can support the potential for successful identification and development of KAM relationships. This is because trust is based on collaboration which requires expertise and effective communication that may be bi directional and informal as well as strategic and so the language and behaviours of trust may enable a KAM scenario appropriate to all organisations concerned to flourish.

2.8 Implications for Researching a Dyadic Trust Perspective of KAM

The literature review shows much confusion as to the understanding of how to explain the nature of trust in business relationships indicating that a methodology that can best reflect the reality is needed.

The trust literature and the KAM literature complain of studies that only take one perspective so there is a need to address this. Whereas trust research talks much more of mutuality and interdependence the KAM research emphasises the role of the supplier and provides evidence of one side benefiting more than the other.

Some of the biggest problems with KAM identified are about gaining internal co-operation and verifying strategic intent early enough to allow for proper identification of the correct relational effort and whether an account should be given key account status, if so then it is logical that a trust perspective is applied. A trust perspective allows for internal co-operation and support and encourages early communication of expectations. Trust is demonstrated by individual and organisational behaviours.

A realistic research approach is one that allows for both perspectives of the relationship to be examined and ideally would not just focus on the individual key account manager but include an organisational perspective too.

The literature review shows there is a natural theoretical interaction between trust and key account management that makes taking a trust perspective of key account

management, very logical. The implication is that a dyadic trust perspective will add further dimensions to conceptualisations of perceived effectiveness of KAM. A research design needed is one that can show the linkage between perceptions of relationship trust levels, factors determining effective KAM and indicators of effective KAM.

2.9 The Research Problem and Questions Arising from the Literature

The research problem arising from the literature review is:

How can Key Account management effectiveness be achieved in the UK Mortgage Industry through the development of trust?

In order to answer this, the analytical framework suggested by Homburg, Workman and Jensen (2002) is proposed since both trust and KAM have been shown to be so difficult to research and there is much conflict within the literature regarding their conceptualisation. A conceptual framework for this study is presented (fig. 2.8) that shows the role of trust in developing key account relationships.

The following questions need to be considered to address the research problem and associated issues identified within the review of Key Account and Trust literature:

- What are the factors of effective KAM?
- How relevant is KAM to the UK Mortgage Industry?
- Why is trust needed in KAM relationships in the UK Mortgage Industry?
- How do perceptions of trust impact upon KAM effectiveness?
- How do differences between Mortgage Lenders and Intermediaries impact upon perceptions of KAM effectiveness?

As so little is known about KAM in the UK Mortgage Industry an exploratory and descriptive research approach is called for and this will be discussed in more detail in the next chapter.

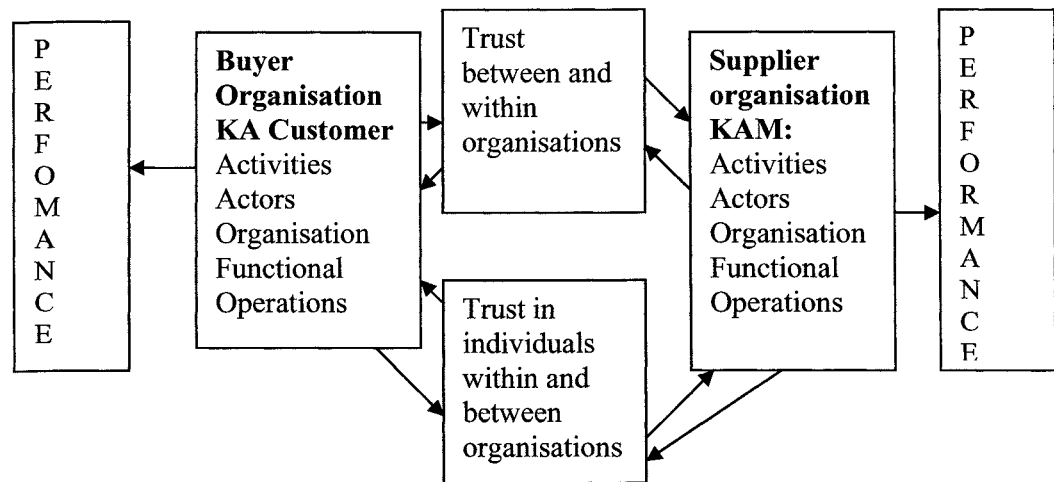


Figure 2.8 A Conceptual Framework for Researching a Dyadic Trust Perspective Of Key Account Relationships

Chapter 3 Methodology

Chapter 3 Methodologies

3.1 Introduction

This chapter will justify the choices made in relation to knowledge claims, methodology and methods of data collection and analysis as suggested by Crotty (1998) and Creswell (2003). In doing so, discussion of alternative choices will also be made. Finally the chapter examines the limitations of the research, and looks at the ethical issues raised by this methodological choice. To begin with it is important to identify the research problem and research questions and how these have arisen out of the literature review.

3.2 The Research Problem and Questions Posed

The research problem, derived from the literature review is how can Key Account management effectiveness be achieved in the UK Mortgage Industry through the development of trust?

The research questions needed to address this are:

How relevant is KAM to the UK Mortgage Industry?

What are the factors of effective KAM relevant to the UK Mortgage Industry?

Why is trust needed in KAM relationships in the UK Mortgage Industry?

How do perceptions of trust impact upon KAM effectiveness?

How do Mortgage Lenders and Intermediaries perspectives relate to perceptions of KAM effectiveness?

Before discussion of the various epistemological viewpoints and their attendant knowledge claims it is necessary to bear in mind a number of issues arising from the literature review concerning a study that takes a dyadic trust perspective of KAM in the UK Mortgage Industry. These have helped to identify the nature of the research problem and in the formation of the research questions. These issues can be discussed under two main headings:

What should be researched?

The literature review illustrates that neither models of key account management or mainstream theories of trust in business to business relationships by themselves are necessarily appropriate to explain or examine how key account relationships best progress.

Chapter 3 Methodology

Various conceptual and empirical models exist that can provide a framework upon which to base new analysis, for example, Millman and Wilson's (1994) relational development model maps, describes and labels the different stages of development of Key Account relationships. McDonald, Millman and Rogers (1997) have further contributed to this model and relabelled the stages but essentially it is the same. Homburg, Workman and Jensen (2001) take a configurational approach to examining KAM and various other researchers, in particular, Pardo (1999) and Ojassalo (2002) have shed new light on the relevance of KAM.

Piercy and Lane (2005) however are sceptical of such conceptualisations, question the relevance of KAM and view most organisations' attempts at implementing it as 'strategic folly'. In this vein of looking at the darker side of KAM there seems to be an emerging theme within relationship marketing studies generally. The darker side of relationships has been examined (for example, Grayson, 1999; Knights, Noble, Vurubakis and Willmott, 2001; Deitz, 2004; Welch and Zolkiewski, 2005) alongside the interplay of trust and effective relationship building. The link between trust and KAM is clear. The KAM literature however, does not according to Farquhar (2005) for example, give enough status to trust.

There is much conflict and confusion in the literature about the constructs of both trust and KAM effectiveness which based on the literature review of these areas can be seen to closely overlap.

It is agreed in the literature that the issues with trust and KAM, as already highlighted in the literature review, makes it difficult for researchers to design appropriate strategies. KAM and trust are dynamic and much can affect the relevance of underlying constructs at anyone time. Research approaches therefore need to take into account the complexity of KAM and the phenomenon of trust and give it some managerial relevance (Blois, 1998).

While there is an exhaustive amount of trust literature from which to derive theory, key account literature is based on very little empirical evidence and there is virtually no discussion of trust or KAM in relation to the UK Mortgage Industry. An emphasis on one perspective in a buyer/seller relationship and much on the role of interpersonal relations is apparent (Tables 2.2 and 2.3).

As so little is known about the UK Mortgage Industry and so little research has been carried out on KAM in the financial services sector then the framework provided by Homburg, Workman and Jensen (2002) is appropriate to address issues and criticisms of previous researchers raised in the literature review and understand the current KAM orientation that exists.

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In line with suggestions by Rousseau, Sitkin, Birt and Camerer (1998), Svensson (2001) and Coulter and Coulter (2003) mutuality should be researched using the same data collection methods to be applied to both suppliers and buyers. It is the relationship that is examined not one view of either supplier or buyer. An emphasis on organisational issues that relate to cross-functional and internal co-operation as the trust in business relationships literature suggests should also be included.

In conclusion, what needs to be researched is how perceptions of trust relate to factors affecting perceived effectiveness of key account relationships. Integration of trust and KAM themes can allow this to be done. Relationships are being researched and this therefore calls for an examination from the supplier and buyer perspective. The conceptual framework for this research then is drawn from KAM and Trust theory that sits within the Relationship Marketing domain of business to business relationships.

How It Should Be Researched

As already indicated much of the marketing literature presents narrow studies of trust and KAM (Table 2.2 and Table 2.3). Svensson (2001) asks for more creativity in trust research and suggests examining the whole supply chain for synchronisation of trust. Doney and Canon (1997) separates out trust in organisations and trust in individuals as do Lewicki and Bunker (1996), Chow and Holden (1997) and Ennew and Sekhon (2004) for example. Others do not. Morgan and Hunt (1994) say items are interrelated and Selnes (1998) is critical of them. (Rousseau et al, 1998) argue that existing studies need new or adapted terminology. Ennew and Sekhon (2004) conceptualise trustworthiness and discuss cognitive and affect based trust as the main categories of trust that can be used in evaluation of organisations and individuals respectively but do not suggest how this should be researched.

Svensson (2002) and Singh et al (2004) argue that if development in relationships between organisations is to be researched, the networks of people and activities involved in each relationship should be examined. This as Holt (2001) suggests lends itself to adopting qualitative research approaches. Many previous trust and KAM studies are very narrow in their perspective because of the focus on one player in the relationship. There appears to be an increasing use of more qualitative approaches (Holt, 2001; Spekman, 2005; Walsh 2005, for example) and mixed methods may be the way forward according to Oburai, Wai and Baker (2005) for greater research rigour.

Piercy and Lane (2005) call for longitudinal studies and as several other authors for example, Hughes et al (2004), Homburg, Workman and Jensen (2002) call for KAM research into different contexts.

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Singh et al (2005) and Reith (2000) echo similar sentiments to Ford, Gadde, Hakansson and Snehota, (2003) in their recognition of the interconnectedness of market relationships and go on to criticise the weakness of marketing frameworks and models to analyse, explain and predict market place dynamics and dilemmas, calling for a systems perspective that supports Svensson's (2001) findings. Halliday (2003) refers to Bigley and Pearce (1998) and Zaheer, McEvily and Perrone (1998) who warn that the idea of an all encompassing, uncontested, universal model of trust is doomed to fail.

Millman and Wilson (1999) suggest the need to monitor and track the transition from one stage to another in the development of an account relationship and the need for both qualitative and quantitative approaches to analysing key accounts. Trust and Key Account relationships are dynamic yet most conceptualisations of trust and key account development show continuums and stages of development rather than reflect the cyclical nature of these concepts. As discussed in the literature review (Homburg, Workman and Jensen, 2002; Piercy and Lane, 2005) the idea that trust and KAM develop in stages is disputed.

Halliday (2003) suggests it is more sensible to present theory about trust by conceptualisation and from practical empirical inferences with the understanding that trust will be found to be context dependent and always contingent.

Due to the paucity of research into KAM within the Financial Services Sector it seems wise to conduct exploratory and descriptive research to understand the context better before causal analysis is conducted. Homburg, Workman and Jensen (2002) suggest there is a need for more quantitative work in this area and McDonald (2000) points out there is considerable overlap between qualitative and quantitative approaches.

This research takes on board the observations made by Hughes, Foss, Stone and Cheverton (2004) about the need for a research design that allows all the complexities of the Financial Services industry to be taken into account. They propose a research process that gathers initial data followed by reflection and then further data gathering building up an understanding throughout the process.

The implications of these issues are that there is a need for some creative research design that takes on board concerns from previous researchers and captures the intricacies, complexities, subtleties and nuances of trust. The confusion over which are dependent and independent or moderating variables and therefore causal relationships of such, the longevity issues of trust and KAM development and the need for understanding the levels of trust in and between organisations as well as individuals within networks calls for an approach that draws upon elements of

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positivistic as well as interpretivistic inquiry. Given the difficulties regarding the research of trust and KAM with its many different types of KAM relationships and the different perspectives of dyadic actors it is proposed that perceptions of trust levels within a KAM relationship should be identified and the association between these and key account relationship factors examined. The difficulty of measuring trust can then be avoided but the impact of perceptions of trust on key account effectiveness understood more. This also has implications for managers as they can concern themselves more with the visible elements of individual and organisational demonstration of trustworthiness via these relationship factors.

3.3 Knowledge Claims

Relevant to any debate about whether to take a more positivistic or interpretivist approach, the limitations and advantages of which have been well discussed in the literature (Denscombe, 1998; Denzin, 1998; Gill and Johnson, 1999; Johnson and Duberley, 2000; Hackley, 2001; Poggenpoel and Myburgh, 2001; Strauss and Corbin, 1990; Creswell, 2002; Saunders, Thornhill and Lewis, 2003 for example), it is important according to Denzin (1998) to understand the epistemological assumptions of the researcher in other words to understand how the researcher construes the shape of the social world and how they intend to give a credible account of it.

The researcher's own belief is that it is the nature of the inquiry and research questions posed that has most influence over paradigmatic choice implying a preference for a pragmatist view. This belief has been influenced by conclusions arising from the literature as well as the researcher's own liking for both the structure of quantitative research and the flexibility of qualitative inquiry. It must also be remembered that this study is intended to meet the requirements of a Doctoral Programme of Business Administration, for which part of the assessment criteria states:

'Students will be expected to have demonstrated their ability to integrate rigorous academic/critical analysis with practical relevance and application, to translate ideas into a form understandable by and meaningful to the profession, and to communicate and disseminate ideas to fellow professionals to stimulate developments of good practice, and to further research into and enhance the profession generally'. (Source: Framework for the Professional Doctorate Award, University of Northumbria Registrar's Department, 2003).

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Various Paradigmatic Viewpoints

The main debate though largely falls between taking a positivist, interpretive or pragmatic/realist approach. It has been implied all philosophical choices lie on a continuum between the extremes of positivism on the one hand and interpretivism on the other (Gill and Johnson, 1999). The next sections will focus on three main approaches to enquiry though there tends to be a division between social constructionists on the one hand and the critical reflexivists on the other within the interpretive genre as positioned in the summary of the main alternative paradigms and associated methodology (Table 3.1).

A Positivist Viewpoint

If a research philosophy reflects a positivist approach then it will normally adopt the philosophical stance of the natural scientist (Saunders, Lewis and Thornhill, 2000). Fox (1969) states that the classic method of scientific research:

1. Observes natural phenomena;
2. Draws conclusions as to what is happening;
3. Utilises the conclusions to formulate hypotheses and predictions about causal relationships;
4. Tests the hypotheses over time;
5. Attempts to develop theories to explain why it is happening.

From a positivist perspective the researcher should assume the role of an objective analyst and make detached interpretations about the data collected (Saunders, Lewis and Thornhill, 2003). A highly structured methodology would also be normally present with quantifiable observations that enable statistical analysis (Gill and Johnson, 1991) and generalisability.

Saunders, Thornhill and Lewis (2003) also discuss the issues with taking a pure positivist approach explaining that challenges to the philosophy has meant some recognition that 100% generalisability is not realistic. This has arisen out of the difficulty in fulfilling the conditions that lead to proof.

Poggenpoel and Myburgh (2001) note the tendency for those of a certain school of thought (positivists) to over emphasise the use of quantitative methods regardless of the demands of the phenomena involved. They go on to say it is as if in some cases hypothesis testing dictated the research process yet Saunders, Lewis and Thornhill (2003) clearly state a positivist stance can develop qualitative research strategy in the solution of research problems.

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In relation to this particular study the conditions required of a positivistic approach could be met. Models exist that although lacking in support from empirical evidence can serve as a framework for analysis, hypotheses can be devised and tested out and even if qualitative methods are being used to collect the data, if enough interviews were to be carried out in a detached and objective manner based on an appropriate sample to gain validity, then the results could be analysed statistically and probably made generalisable (if one accepts this position).

Gill and Johnson (1991) argue that the "result of the positivist's concern to emulate natural science methodology thus necessitates a denial of the importance of human subjectivity..." clearly as human relationships are being examined a purely positivist approach would not be relevant.

This research is based on perceptions people have about themselves and others in a particular setting i.e. key account management relationship development in the UK Mortgage Industry. The researcher is unable to play an independent, objective role because of her own involvement through employer links with some of the business relationships being researched and also reliance on these to gain further access to the wider industry for research purposes. Also, the author recognises naturally occurring data that falls outside the boundaries imposed by various models of trust and KAM might be of great interest to the research aims. As the KAM literature illustrates, changes in the business environment have led to more complex business relationships being developed for long-term strategic gain for both suppliers and buyers. It does not seem likely that a positivist approach alone through its law-like generalisations can adequately reflect the complexities and varied contexts of business-to-business relationships.

The Interpretive Viewpoint

An issue for interpretive researchers is that of how to gain validity and this is explored by Shankar and Patterson (2001) who in documenting the history of interpretive research discuss how in the 1980s these researchers believed that as long as they were rigorous in their methods, for example, by using triangulation, the results of their research would be deemed trustworthy and increase chances of it being accepted for publication in positivistic dominated journals. Shankar and Patterson (2001) eloquently depict the movement of interpretive consumer research from its quasi-positivistic roots to the 'mythical kingdom' it now finds itself in. They go on to say;

"The relativistic ontology and constructivist epistemology that we purportedly uphold, allied to the limited and provisory nature of the interpretations that we construct, suggest that the only contribution that we can ever make as interpretive consumer

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researchers is to attempt to illustrate through thick description and understand through systematic interpretation whilst acknowledging our role as researchers and 'our being in the world'. Once we achieve this, then we can more fully embrace the futility of attempting to predict and control or generalise the complex social worlds that we research." P483

Dalton (1964) in Gill and Johnson (1999), similarly sees the advantage of for example, observation studies for the researcher who is not bound by rigid plans and interviewing that can be conducted more flexibly and avoids pointless questions.

Hackley (2001) goes on to say that social construction, given post-structuralist and post-modernist developments in language and discourse can offer marketing researchers and theorists an integrated scheme for understanding marketing phenomenon. He also says social constructionism is necessarily pluralist in approach since is not dependent upon a unitarian view of science but does provide a well thought through framework within which qualitative research can be undertaken and its findings located.

Buttle (1992) points out researchers embracing the social constructionist view believe that communicative practises are keys to understanding social actions such as buying and consuming. He goes on to say that people live their lives in a world of common-sense knowledge that is produced, reconstituted, modified and terminated in language. This is reinforced by Hackley (2001) who suggests people construct versions of the world that are plausible to themselves and there are many different ways of interpreting the events in ones life and many histories. The one chosen at a particular time serves a particular purpose. He reiterates the point that our sense of reality and meaning are said to be constructed through language and discourse and suggests that in social constructionism researchers look for the ways in which life is worked up through language and other symbolic practises rather than deducting and hypothesising in a positivist way (Hackley, 2001).

If, as social constructionists believe, patterns of communication are at the heart of all disciplines (Buttle, 1992) then models such as the relational development model (Millman and Wilson, 1994, adapted by McDonald, Rogers and Woodburn, 2000) present major weaknesses in its usefulness as a facilitator for reflection on the embedded 'commonsense' (shared understandings) of the actors in the world of key account management. Such models do not allow for analysis of this type nor do constructionists want such analysis. Models record data relevant to the model. What about the data that does not fit the model?

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While arguments for adopting a constructionist approach are compelling, in terms of appropriateness for meeting the objectives of this research a constructionist approach will not necessarily shed light on the broad issues being investigated. However if this study was about focusing on the individuals involved in KAM and trying to understand why they behave in the way they do within a particular context, adopting a constructionist approach might be relevant. However this study is about trying to gain an understanding of what is going on and how things happen.

The literature on social constructionism justifies its benefits but does not give too many clues as to how to do it and this further limits its relevance to this research. In addition, reliance on this approach alone assumes ability to gain willingness for participation from several organisational interfaces and willingness to disclose personal and sensitive information that might render individuals to feeling vulnerable. It is also extremely time consuming to implement properly and given the incredibly busy work environment imposed during the run up to achieving compliance to new regulation, it was unlikely such co-operation could be gained.

Another interpretive viewpoint has become increasingly more popular (Creswell, 2003), the advocacy (critical), due to growing dissatisfaction with the constructivist stance which they felt did not go far enough. They felt research should contain an agenda for reform that may change the lives of the participants, the institutions in which individuals work or live and the researcher's own life. The research usually focuses on important social issues of the day, for example, oppression, suppression, alienation and as a result some theoretical perspectives have emerged such as feminist perspectives, racialised discourses and critical theory. The advocacy researcher collaborates actively with the participant rather than observes in a detached manner and a united voice for reform and change is nurtured. The idea behind such research argues Creswell (2003) is that an action agenda for change is developed, it focuses on helping individuals free themselves from constraints, for example, work procedures, organisational injustice and they feel emancipated to create political debate so that change will occur. For similar reasons outlined above in relation to social construction the aims of this research do not lend themselves to adopting such an approach. If this research was for example was pursuing the theme of mistrust, this may be appropriate.

A Pragmatist Viewpoint

According to Denzin (1998) pragmatists orient towards providing useful information for management decisions and tend to select methods to match the practical problem at hand and are likely to need a variety of qualitative and quantitative information related

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to the context of the workplace. Creswell (2003) reinforces that it is the problem that is the most important not the methods and researchers will use all approaches to understand the problem.

Creswell (2003) goes on to suggest there are many forms of pragmatism and for many of them knowledge claims arise out of actions, situations and consequences rather than antecedent conditions as in postpositivism.

Patton (1990) and Tashakkori and Teddlie (1998) argue as a philosophical underpinning for mixed methods studies it is important to focus the problem in social science research and then to use pluralistic approaches to derive knowledge about the problem.

Denzin (1998) suggests pragmatists will typically be asking questions such as, how effective is the program in relation to the goals of the organisation?

Creswell (2003) refers to Murphy (1990) and Cherryholmes (1992) in summarising the main knowledge claims of pragmatism as follows:

- 1) Pragmatism is not committed to any one system of philosophy and reality and researchers will draw from both quantitative and qualitative assumptions.
- 2) Researchers are free to choose methods, techniques and procedures best suited to their needs and purpose.
- 3) Pragmatists do not see the world as an absolute unity.
- 4) Truth is what works at the time.
- 5) Pragmatists look to asking how and what based on intended consequences.
- 6) Pragmatists agree research always occurs in social, historical and political contexts.
- 7) Pragmatists believe we need to stop asking questions about reality and the laws of nature, in other words, change the subject.

This summary fits with the researcher's notion of how research should be approached. It also fits with the realities of the world being researched in this study. A world characterised by frantic efforts by all involved in the mortgage industry supply chain to meet compliance deadlines imposed by Regulation as well as carry on every day business, a world in which people rush around and may be too busy to complete a straightforward questionnaire let alone find time to be emancipated by someone's research needs.

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The Pragmatist viewpoint opens the door for a mixed methods research strategy that can also provide the researcher with the flexibility needed to research a difficult world to access.

Denzin (1998) refers to Patton (1990) who also agrees the selection, design and implementation of evaluation methods should be flexibly based on practical need and in response to the situation and that the 'subjectivist' and 'objectivist' lines of enquiry can be used together without problems. This practical pragmatic approach is also supported by several other researchers according to Denzin (1998).

However, while mixed methodologies may be supported by some for example, Guba and Lincoln (1989), they do not necessarily agree with mixing of enquiry approaches at the paradigm level. This tension between paradigms and practice reports Denzin (1998) is likely to remain an issue.

Conclusions of the Paradigmatic Debate

There continues to be much debate about the attributes of positivism at one end of the paradigm continuum and interpretivism at the other but there is however growing evidence of the acceptance of more natural lines of inquiry in the world of marketing which has been dominated traditionally by positivistic approaches that have been criticised for its obsession with measuring trivia and serving the desire to be published (Hackley, 2001). Hackley criticises those who condemn interpretivistic paradigm.

There is also increasing evidence of mixed methodologies being adopted in recognition of the interconnectedness of marketing relationships (Sing et al, 2005).

Hackley (2001) suggests that despite qualitative research being viewed by positivists as sloppy it is often used prior to quantitative research. He feels that mainstream marketing has distorted a view of social scientific theory to fit the myth of practitioner orientation while Ayr (1956) argues, it is not more scientific information that is needed to decide philosophical questions such as whether the world is real or objects exist if they are not perceived or if humans share the same sense of self but how anything that happens is to be described. This is a concern that continues to be voiced.

Hackley (2001) refers to Day and Montgomery (1999) who suggest marketing research should seek out and statistically support empirical truths which can form the factual knowledge base of normative marketing management. Hackley (2001) suggests that while using measured things as a basis for reasoning is neither more nor less of an interpretive process than inferring categories from qualitative data as a basis for reasoning, measuring does involve reduction which then closes down critique. Therefore a quantitative paradigm for marketing research becomes a vehicle for those

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that sustain the mainstream. Hackley (2001) goes on to say that whether quantitative or qualitative methods in the hermeneutic tradition are being used all are looking for findings. He refers to Holbrook and O'Shaugnessy (1988) who argue all knowledge and all science depends on interpretation. Foxall, (1995 in Hackley, 2001) suggests there is a tendency for marketing and consumer researchers to be either post-positivist interpretive on the one hand or objective natural scientists on the other. He argues that these exclusive views of the nature of science and interpretivism ignore the subtle interrelationships of positivistic and interpretivistic inquiry in actual epistemological systems. Lewis, Saunders and Thornhill (2000) also refer to the main criticism of positivism made by non-positivists. This is that the social world of business and management is far too complex to be defined by law-like generalisations.

The choice of taking a pragmatist viewpoint is not without its difficulties and can be time consuming and demanding with more decisions to be made in relation to a research strategy compared to taking either a positivist or interpretivistic approach (Creswell, 2003).

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Item	Interpretivism			
	Positivism	Critical Theory	Constructivism	Pragmatism
Ontology (nature of knowledge)	Reality exists. Organisations are real entities with a life of their own. The investigator and reality are independent. Measurements and analyses of causal relationship between variables that are generalisable across time and context are involved.	Reality is shaped by historic, social and other forces, and research should emancipate the perceptions of co-researchers and participants. Multiple social realities.	Reality is constructed by interpretations of multiple realities created by participants and researcher.	'Real' reality but difficult to apprehend because of human mental limitations and complexity of the world. Problem centred, real world practice oriented.
Epistemology (nature of researcher's links with reality)	<i>Objectivist:</i> 'One way mirror' observer.	<i>Subjectivist:</i> 'Transformative intellectual'. Truth is relative to group. Findings are mediated.	<i>Subjectivist:</i> 'Passionate participant'. Truth is created by group.	<i>Modified objectivist:</i> Findings observed with some level of participation but some objectivity is sought and concern for 'what works'. The problem is most important.

Table 3.1 Comparison of Alternative Inquiry Paradigms

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Item	Interpretivism			
	Positivism	Critical Theory	Constructivism	Pragmatism
Research Goal	Prescriptive causal, deductive, theory, confirming, ungrounded.	'Liberation'	Reconstructions	Exploratory, descriptive, theory building, inductive/deductive, analytical, explanation.
Common methodologies	Surveys and experiments: Verification of hypotheses; mainly quantitative methods.	Action research.	In-depth unstructured interviews, participant observation.	Case studies, open-ended interviews, convergent interviewing: triangulation, closed and open ended quantitative methods.

Table 3.1 Comparison of Alternative Inquiry Paradigms (continued)

Adapted from: Creswell (2003); Denzin (1998); Kent (2001); Walliman (2001).

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A discussion of the advantages and disadvantages of positivism versus interpretivism has been presented and as Poggenpoel and Myburgh (2001) argue qualitative and quantitative research strategies can be viewed as complementary rather than in opposition to each other. They conclude it is the research problem identified and stated and the research questions developed that determines what research strategy is used.

As Pratt (1978) argues, talk of theoretical frameworks being correct or incorrect, of their being true or untrue is really without sense and suggests 'truth' is itself relative to paradigms.

Researchers such as Saunders, Thornhill and Lewis (2003) and others would suggest that by taking one approach or another makes a programme of research more straightforward but are also supportive of mixed methods approaches. Hamlin (2005) reports that there has been a general tendency to propose and pursue a 'single' right philosophy of research in marketing science but goes on to suggest that a degree of cohabitation between inductive and deductive theory testing is not only possible but essential to gain the maximum benefit from their respective strengths and weaknesses.

Piercy and Lane (2005) suggest there is little empirical evidence to support the theories that suggest KAM is good for organisations and call for longitudinal studies while Homburg, Workman and Jensen (2002) call for more quantitative studies in this area. A pragmatist approach that takes from the interpretive paradigm to identify and better understand KAM issues in the UK Mortgage Industry before leaning on positivist approaches to observe trends across the industry as so little is known about KAM in this area, seems appropriate. Oburai, Wai and Baker (2005) suggest the possibility that convergence of both methodological and philosophical views is a necessary phase of research evolution.

Existing measures of trust and key account management have never been combined before and applied in this way to the UK Mortgage Industry. Much theory exists in relation to trust and the various theories and conceptualisations about KAM, though lacking in empirical bases may be adapted, built upon and applied to a new context.

As Williams and May (1996) in Walliman (2001) point out all philosophical positions and their attendant methodologies, explicitly or implicitly hold a view about social reality. This in turn determines legitimate knowledge and therefore the ontological shapes the epistemological. They argue no research approach is better or more true than the other and that research approach will depend on the characteristics of the research problem and the researcher's own convictions about the nature of research.

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The purpose of this research is to develop a better understanding of the complex phenomena of KAM from a trust perspective, the outcomes of which may be used in further explanatory research. This indicates that pragmatism is the appropriate approach to be adopted and that it may reasonably be undertaken utilising case studies, in-depth, semi-structured interviews and surveys to gather data.

The advantages of pragmatism, as integrated into this research, may be summarised as breadth, integration, an approach driven by the research problem, rather than being researcher-driven, an iterative approach, an exploratory mindset, minimal manipulation of research subjects and triangulation. In conclusion, it is the researcher's belief that the pragmatist paradigm is the most appropriate for management research.

The following diagram (Figure 3.1) shows the influence of pragmatist knowledge claims upon the research strategy, data collection methods and analysis which will be discussed next.

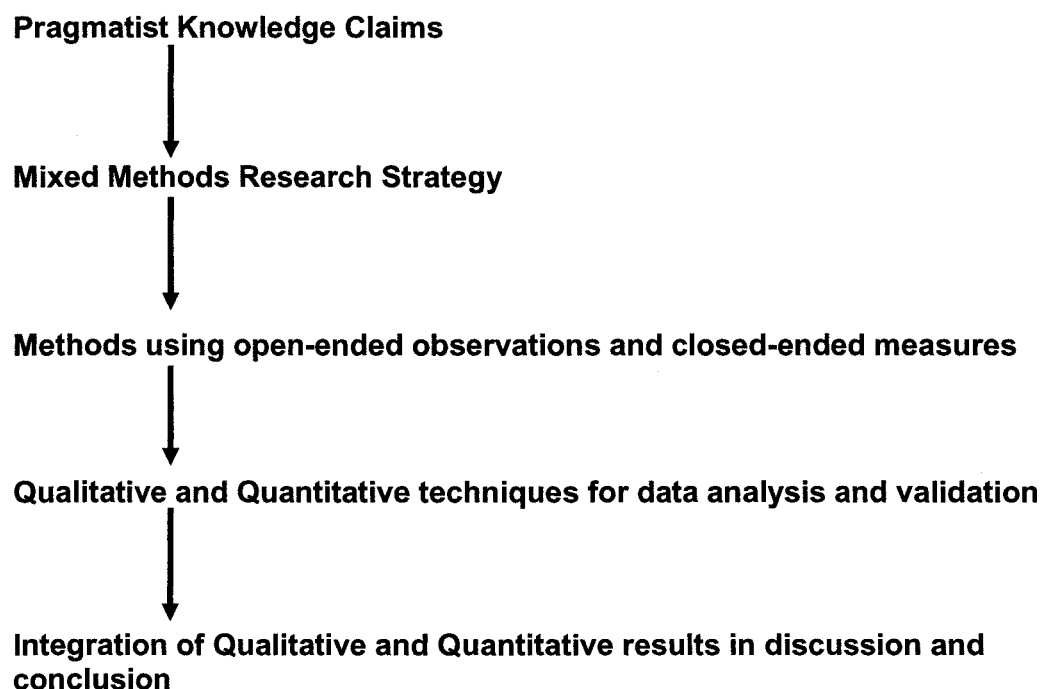


Figure 3.1 A Framework for KAM Research Design (Adapted from Creswell, 2003)

3.4 Research Strategy

Oburai and Wai (2005) argue that a mixed methods approach through their integration and balanced usage can help build new theories and reject the notion that qualitative and quantitative methodologies are opposing and mutually exclusive. They themselves used a combination of case research, grounded theoretic approach and modelling techniques and in doing so felt this led to rigor in application of methodological

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pluralism, data analysis and inferencing. They also refer to Weick (1995, p386) who asks researchers 'not to save theory to label their ultimate triumph but use it as well to label their interim struggles'.

Hackely (2001) says there is a trade off between the precision of quantitative techniques and the complexity-capturing abilities of qualitative ones which may pose limitations for this study.

Strauss and Corbin (1990) suggest qualitative and quantitative research methods can be combined though it is not preferred. Denzin (1970) in Strauss and Corbin refer to triangulation and suggests qualitative data can be used to uncover and understand what lies behind a phenomenon about which little is known. In this case much is known about the phenomenon of trust but not about its relationship in KAM settings within the UK Mortgage Industry.

A sequential exploratory research strategy involving two phases of research was designed to fit with the aims of the study, and a pragmatic approach (Figure 3.2). This involves a qualitative first phase using semi-structured interviews in one organisation to explore the phenomenon of KAM and the integration of trust and KAM themes and constructs. This is followed by a quantitative second phase.

There is no research currently that examines KAM in the UK Mortgage Industry therefore it was decided to conduct exploratory research to identify relevant themes to compare against and up-date existing theory (for example, the processes of trust development identified by Doney and Canon, 1998; the types of trust development discussed by Morgan and Hunt, 1994; Selnes, 1997; and Rousseau et al, 2000 and KAM development as presented by Millman and Wilson, 1999; Pardo, 1999; McDonald, Rogers and Woodburn, 2000; Ojasslo, 2002).

This was useful for possible generation of new items that may not have been confirmed from previous work.

This phase of the research is conducted with the intention of designing a survey instrument that examines the relationship between KAM effectiveness factors, performance and perceptions of trust across the UK Mortgage Industry.

The exploratory interviews therefore help in the design and content validation of a survey instrument to be conducted in the second phase of the research. One of the objectives of the interview analysis stage is also to develop propositions to be examined by the survey instrument to gain understanding of different perspectives between Mortgage Lenders and higher and lower trust perceptions. The interviews

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also enable respondents to become informants for gaining further access to the industry.

A pre-test stage (Figure 3.3) was designed to gain reliability for the qualitative method of collecting data and of the survey instrument. An opportunity arose to implement a web based survey using a relevant industry recognised web site, that of the *Mortgage Strategy Magazine* which enabled a relatively quick and easy way of accessing the industry, capturing data and was straightforward for respondents to complete. Another reason for pre-test is that scales need to be tried and tested several times before a relevant survey instrument can be used (Makela, 1999).

A suitable length of time was left before the next survey was carried out to avoid test bias. It is recognised that using two different methods of implementing the survey instrument (web and face to face) might also produce different results and reduce reliability. Various research (Grandcolas, Rettie and Marusenko, 2003; Harridge-March and Quinton, 2005 for example) confirms poor response rate to web based surveys compared to other types however in this case gaining content validity was deemed to be more important and the database linked to the web site consisted of 11,000 members based in the UK Mortgage Industry. A Key Account Director confirmed the magazine was recognised as 'the industry magazine' and would be read by Key Account and Sales Managers/ Directors. According to Wilson and Laskey (2003) the quality of response produced by an email questionnaire is usually equal or higher than postal surveys but Grandcolas, Rettie and Marusenko (2003) also argue that a problem lies with sample bias when conducting web-based surveys.

This strategy allowed for analysis after each stage of data collection and each contributed to the design of the next phase. Final analysis integrated the results of the mixed methods used.

Exploratory Qualitative Research Objectives:

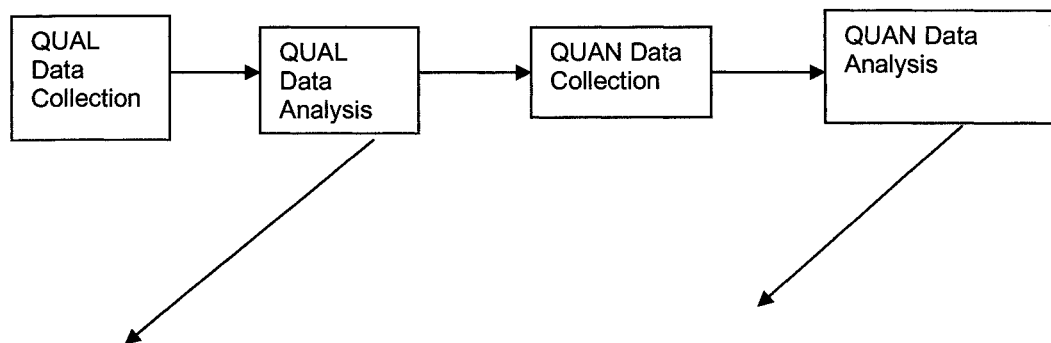
- To identify factors affecting effective KAM;
- To identify issues affecting effective KAM in the UK Mortgage Industry;
- To explore any differences in perspectives of effective KAM between Mortgage Lenders and Intermediaries;
- To explore the impact of perceptions of trust on the effectiveness of KAM;
- To identify relevant items for inclusion in a survey instrument to examine KAM effectiveness across the UK Mortgage Industry.

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Descriptive Quantitative Research Objectives:

- To identify factors affecting effective KAM;
- To identify issues affecting KAM effectiveness in the UK Mortgage Industry;
- To examine differences in perspectives of effective KAM between Mortgage Lenders and Intermediaries;
- To examine the impact of perceptions of trust on the effectiveness of KAM.

Pre-test Phase:



Main Study:

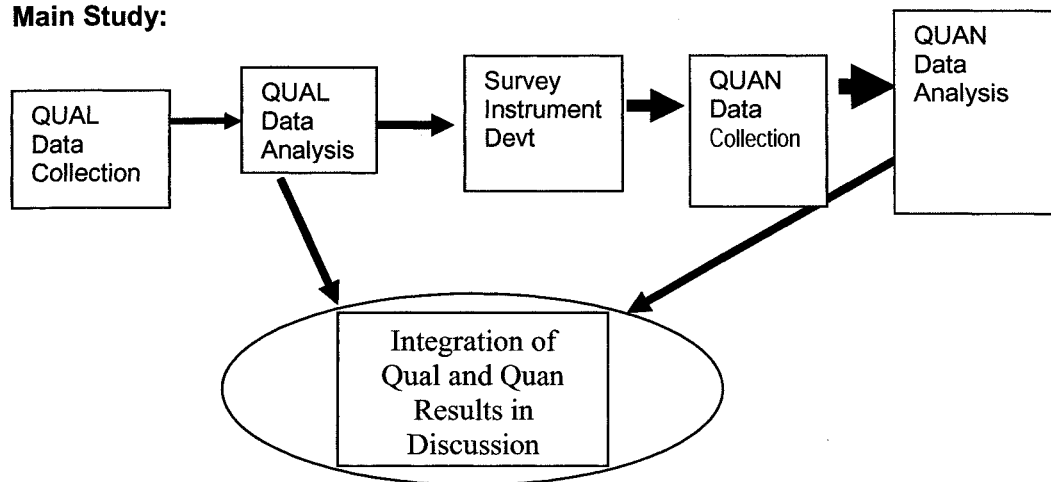


Figure 3.2 The Sequential Exploratory Design (Adapted from Creswell, 2003)

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3.5 Data Collection Methods and Procedures

Methods used were selected to suit the nature of the enquiry and the paucity of research in this area. Using the frameworks that exist as an initial start the approach was one of enabling the extraction of themes to be compared with the theory, further examination through survey then further extraction by interviews to enable triangulation, exploration, induction and deduction as suggested by Hughes et al (2004).

Qualitative Methods and Procedures of Data Collection

Interview Design

A semi-structured interview format was selected to use with individual respondents at their place of work as this would allow sensitivity to be shown, a depth of information to be collected as well as suit their busy schedules.

An interview format (Appendix 3) was developed that made use of aspects of the long interview approach presented by McCracken (1988). This involved the use of a combination of 'Grand Tour' questions, floating prompts, and planned contrast prompts and category questions to allow respondents to tell their own story in their own terms and allow the interviewer to keep as unobtrusive a profile as possible. Respondents were asked to compare two account relationships that demonstrated low versus high trust and discuss differences and similarities in terms of themes identified from the literature (Appendix 3). The idea for this stems from the authors experience of adopting Kelly's grid technique (1995). The objective was to be able to build a picture of differences in characteristics of high trust and low trust key accounts and establish Mortgage Lender versus Intermediary perspectives. Respondents were asked to refer to specific incidents when relevant.

The main framework influencing the interview prompts was derived from Homburg, et al (2002) who identify four themes in key account management:

1. Interorganisational activities e.g. pricing, product development, services, distribution and information sharing.
2. Interorganisational actors e.g. who does what, who with?
3. Multifunctional effort e.g. co-ordination and organisation of resources and processes within the key account organisation.
4. Characteristics of buyers and market environments, e.g. Purchasing centralisation /complexity, demand concentration and competitive intensity.

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The interview format allows for broad themes to be covered and flexibility in questioning and topic discussion with each respondent. This is important as not all respondents will have the same roles and a line of enquiry that fits the individual situation is more natural and less obtrusive. Each interview was transcribed or/and field notes written up.

Interviews conducted prior to the main quantitative study took place shortly after the deadline for compliance to new Regulation and this may have had consequences for survey design. More emphasis was therefore placed upon the impact of regulation compliance during the second phase of interviews.

First Phase Qualitative Sampling Procedure and Interview Sample

A purposeful sample was selected initially with the help of contacts established at an organisation the researcher was familiar with through links with her own organisation. The organisation is one of the top ten UK Mortgage Lenders and had set up a key account department in 2000. The Key Accounts Director enabled access to Key Account Managers who enabled further respondents to be selected through mapping the network of interfaces involved in key account relationship development via a snowballing sampling procedure. Interview respondents in the pre-test phase were as follows:

Three key account managers from the single case organisation

Two intermediary managers (from top mortgage clubs) who were key account clients of the key account managers also interviewed.

Exploratory interviews were conducted between September and November 2003. Two Mortgage Events were attended, a forum in Glasgow in October 2003 and a Mortgage Expo in London, Earls Court November 2003 where people involved in the UK Mortgage Industry, across the whole range of services could be met, for example, IT support and packaging and attendance at talks by keynote speakers was also gained. This enabled the researcher to become more familiar with the Mortgage Industry and gain greater credibility as a researcher. Even with this help it was still fairly difficult to gain interviews as 2003 -2004 was a period of big change with all organisations frantically trying to prepare for Regulation and meet the compliance deadlines of October 2004. It was at one of the forums where support was gained for research from an Editor of one of the two key trade magazines, *Mortgage Strategy*.

The results of the pre- test interviews (Appendix 4) were used to amend the line of questioning for the main study and to guide survey design.

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Main Study Interview Sample

Nine further interviews were gained with key account managers, their clients and others involved in a supporting/directing role, for example, marketing communications co-ordinator, the Key Accounts Director and an Advertising Agency Director between July 2004 and March 2005 (Figure 3.3) using a purposive snowball sampling technique as used for the pre-test. The mortgage value chain framework (Figure 3.4) within which this dyadic sampling process sits offers lenders a variety of options for administration, funding, new business processing and distribution. It is the relationship between lenders and intermediaries (as shown by the heavier dotted line in Figure 3.4) that is being examined in this qualitative study.

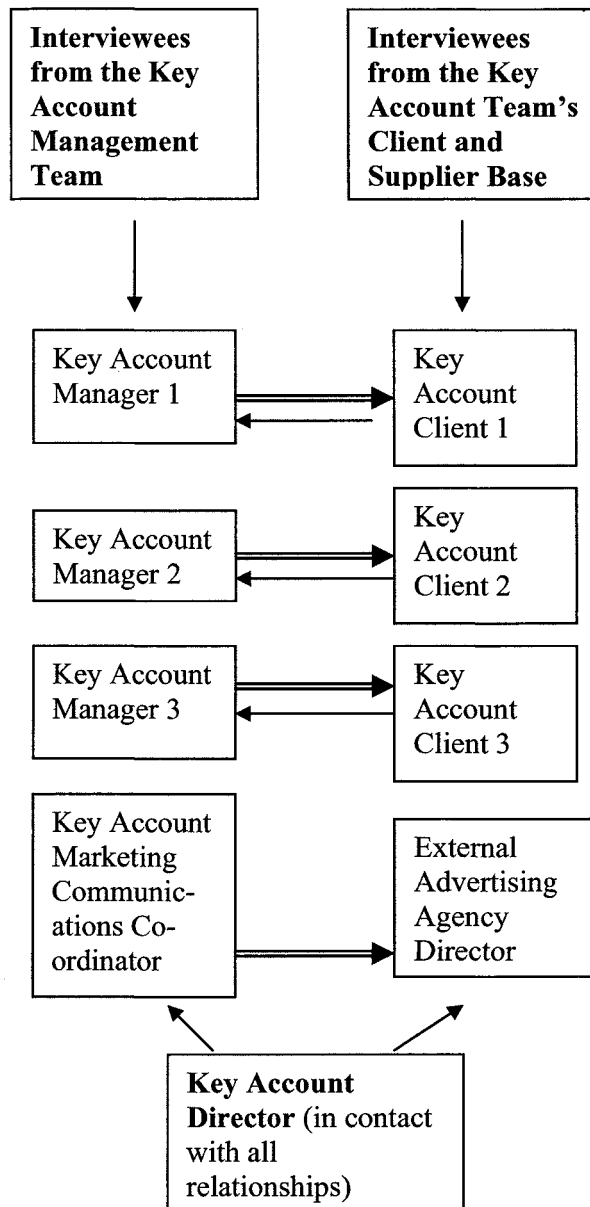


Figure 3.3 Dyadic Interview Sample for the Main Study

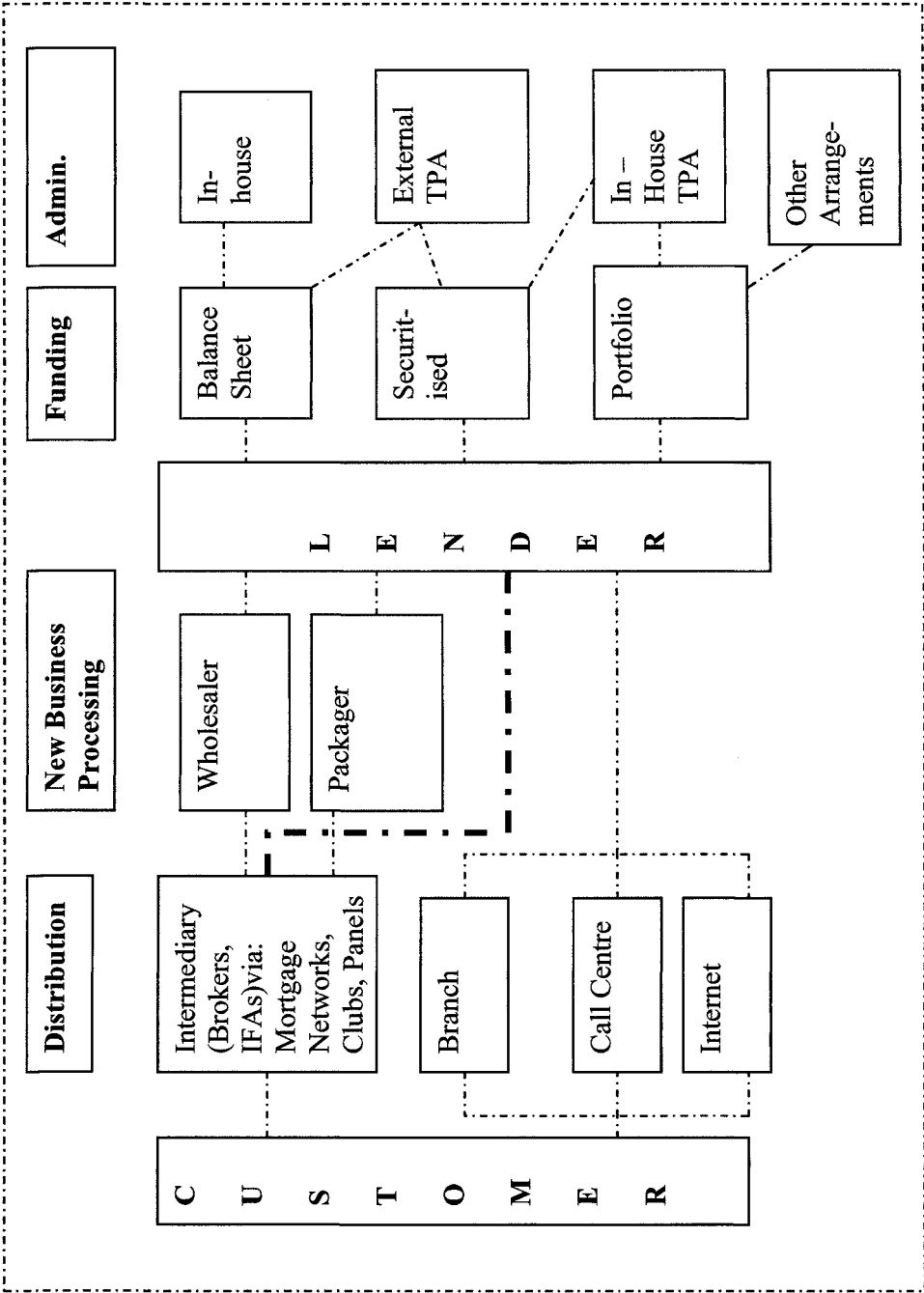


Figure 3.4 The Mortgage Value Chain (Adapted from Walker 2002) Key: TPA = Third Party Administrator

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Quantitative Methods and Procedures for Data Collection

Pre-test Web Based Survey

The pre-test questionnaire (Appendix 6) consisted of two sides so as to encourage ease of completion and included thirty items to be examined. Profile questions regarding the job title of respondents, age of relationship selected, how long respondents had been involved in the relationship and the size and turnover of the respondent organisation, the number of accounts involved in and how many hours a week were spent on dealing with accounts were included in response to literature review findings. As the intention was to use exploratory factor analysis about thirty items is usually necessary in a scale (Sharma, 1996; Robson, 2000) to enable appropriate item reduction to be made. The questionnaire also allowed for comments and non-answer of questions.

Forty three items were included in the questionnaire using a seven-point likert-type scale. The scale was presented to three key account managers interviewed to obtain their views, pilot the survey instrument and allow for further adjustments to be made before conducting a full survey. Makela (1999) points out good scales are not readily developed and proven in a single study. She goes on to say that developing a new scale based on the recognition that a suitable scale does not exist has much more merit than developing a scale without evaluating and using the current knowledge base.

The survey was posted on the *Mortgage Strategy* web site with explanatory comments provided by the researcher about the nature of the research and assuring anonymity for respondents. Profile questions asked for very limited personal information and there was no chance of the responses being linked back to the respondent. The Editor also endorsed the completion of the survey and it was promised that results would be placed in the magazine.

Drop down menus were provided to enable the respondent to click the relevant value that ranged from 1-8 (1 = Don't know or can't answer). Visibility of the University's web link through which the results were captured directly into an Excel spreadsheet for later analysis, gave the survey more status (Dommeyer and Moriarty, 1999). Contact details of the researcher were also provided. Technical assistance with the web design and acquiring web space to receive responses was provided and approved by the researcher's own organisation.

The survey ran for three months between January and March 2004 to allow for response as advised by the Editor. It was also a busy period.

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Though the study was promoted via the *Mortgage Strategy* web site the survey was not sent by email to each member registered with the magazine therefore reliance upon a reader's willingness to access the web site was great. The study was also promoted in the magazine however the researcher had no control over continued prompts to draw attention to the web site. The researcher was able to try out the survey as presented and was satisfied with the mechanism for self-completion. The Editor of the magazine had initially promised to include the survey within the magazine as well but decided it was too lengthy to include.

Scale Development

The content and thematic analysis of the interviews (Appendix 9) were used in conjunction with a variety of scales that exist to examine buyer seller relationships (Morgan and Hunt 1994; Shankar, 1994; Doney and Cannon, 1997; Rousseau and Sitkin, 1998; Selnes, 1998; Sengupta et al, 2000; Coulter and Coulter, 2003;) and scales that exist specifically to examine KAM (Homburg et al, 2002) and conceptual models of KAM and buyer seller relationships (Millman and Wilson 1999; McDonald et al 2000; Svensson, 2001) to develop a suitable scale for examining mortgage lender/intermediary key account development in relation to perceptions of relationship trust (Appendix 5).

Single measurements for Relationship and Supply Chain Trust were included in the overall scale as used by Selnes (1998) and recommended by Svensson (2001).

Bretherton (2003) suggests that predictions of trustworthiness behaviour may be tested best by using perceptions of trust. It is for this reason and for the criticisms raised by Selnes (1998) in particular, in terms of how to classify trust that a single measure for the perception of trust is used

At this stage of the research sub-scales were not devised as it was intended to use exploratory factor analysis to confirm constructs of KAM effectiveness.

Selnes (1998) in particular has been referred to in the design of this scale and his proposition that the greater the satisfaction, willingness to enhance the relationship, perceived competence, communication and ability to handle conflict the more the buyer will trust the supplier accounts for several of the scale items used in this study. The treatment of the above relationship features seems to be the most comprehensive when compared to other literature.

The scale items generated also relate to both supplier and buyer organisations whereas most of the studies referred to in the literature review relate to one organisation perspective so any scales that have previously been used to examine

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supplier-buyer relationships would need to be adapted. Though many of the items included in the scale have been tested in various studies for validity the modification process meant changes to question wording and response options.

Pre-test Survey Sampling Procedure

The web-based survey was carried out between December and January 2004 amongst Mortgage Lenders and Intermediaries using the web site of *Mortgage Strategy* magazine that can be accessed by its 11,000 membership base. There was good co-operation with the Editor of this magazine, however limitations were imposed in that the membership database did not discriminate between members in a way that would help identify those respondents involved in key account relationships. A major concern by the researcher was the timing of the survey. The collaboration time taken to facilitate the survey was much longer than intended. An autumn survey (2003) had been planned but instead it was pushed back to avoid clashing with the October deadline for the industry to meet regulatory requirements for Mortgage Compliance. In order to avoid a busy time the survey ended up being implemented over the Christmas and New Year period which is also not ideal time to gain attention. The aim was to gain completion of the survey by at least 100 intermediary and mortgage lender respondents who were involved in key account relationships.

Main Study Survey Design and Procedures for Data Collection

The literature highlights criticisms that most KAM and Trust research is biased towards one perspective within a business to business relationship dyad and that there are usually differences in perspectives but this is not supported by empirical research. As a result of the pre-test web-based survey it was clear there were differences between mortgage lender and intermediary perspectives. The results of both the pre-test qualitative and quantitative stage led to changes in the survey design from a 44 item scale to 66 items. The main reason for the increase is due to the breaking up of some of the questions, away from, for example, 'if this relationship ended it would be difficult and costly' to 'if this relationship ended it would be difficult and costly for the Mortgage Lender' and 'if this relationship ended it would be difficult and costly for the Intermediary'. Results of the pre-test (Appendix 10) showed that further development needed to be done to make the scale more discriminatory and relevant to respondents in the UK Mortgage Industry.

Further Scale Development

The initial scale (Appendix 6) was based on literature (Appendix 5), interview analysis and face validation.

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Rereading the literature and complementing this with further literature (Schultz, and Evans, 2002; Halliday, 2003; Vangen and Huxham, 2003; Ennew and Sekhon, 2004; Piercy and Lane, 2005; Singh et al, 2005; Spekman, 2005; for example) confirmed the relevance of the previous scale but also highlighted, along with analysis of further interviews, the need to add more items and reflect more strongly relationship mutuality.

The trust literature reveals concern and benevolence as indicators of mutuality (Vangen and Huxham, 2003; Ennew and Sekhon, 2004) and items reflecting this are added to those derived from the KAM literature to include in the scale. This, according to the literature distinguishes a relationship based on dependence from one based upon interdependence which is very relevant to the aims of KAM. This resulted in developing a specific 'concern and benevolence' factor that reflected willingness to nurture the relationship as opposed to simply continuing it, actively showing concern for each other's welfare and demonstrating good citizenship (another emerging theme from the trust literature).

It was felt that the theme of 'adaptation' and 'commitment' as identified from the pre-test interviews and literature review overlapped in terms of items and so were combined into one as the 'commitment' factor. Willingness to adapt products, fee structures, processes for example and willingness to invest in systems and procedures tailored to the relationship, willingness to participate in joint promotion and service quality activities were seen to be evidence of commitment, although sometimes the literature views these as willingness to adapt (Homburg, Workman and Jensen, 2002, compared to Ojassalo (2002).

A growing body of relationship marketing and sales and key account management literature and in particular trust literature shows increasing emphasis upon internal co-operation, cross functional integration and collaboration (Williams, 2001; Dewsnapp and Jobber, 2003; Halliday, 2003; Vangen and Huxham, 2003; Dietz, 2004; Ennew and Sekhon, 2004; Tzokas, and Saren, 2004) and general organisational culture and structure issues affecting the effectiveness of business and relationship building and market orientation (Harris and Piercy, 1999). These concerns were voiced quite strongly in the interviews and led to the 'organisational culture factor'. Interview results in particular highlighted the need for organisations in the relationship to recognise differences in culture and how this affects organisational behaviour.

These aspects also reinforce the need for good quality intra and inter-organisational communication and contact (Schultz and Evans, 2002). This also came through strongly in the interviews therefore the second scale included further items to make up

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the 'Communication' factor in relation ability to access client and KA managers and satisfaction with the nature and frequency of personal contact.

In terms of key account organisational aspects the presence of guidelines for dealing with key account clients reflects an organisations willingness to support key account management and this is linked to formalisation of KAM which is indicative of increasing reference in relationship management literature to typologies of organisation structures (Harris and Piercy, 1999; Hughes et al, 2004). This was not an aspect highlighted in the interviews. The ability of the organisation to match the right key account manager with the right key account client is emphasised in the interviews (4.1.1) and supports the literature (Hughes, Foss, Stone and Cheverton, 2004).

The skills and abilities of key account individuals is emphasised within the literature but is particularly so within the second phase of interviews. In support of findings from Sengupta, Krapfel and Pusateri (2000) the term 'Intrapreneurial key Account Skills' is given to another factor to distinguish these from 'Sales and sales management skills' and includes an item relating to the empowerment of KA Managers to add to those included in the first scale relating to strategic ability to locate and influence resources and deal with conflict. This is further supported by the interview results (Appendix 9). The distinction between willingness to exchange confidential information as opposed to willingness to share information generally needed to be included as evident from interview analysis (Appendix 13) and this is also included in the 'Intrapreneurial Skills' factor.

An 'Expertise' factor was designed to place more emphasis upon understanding the client's market, final customers and the general industry, reflecting the literature, Coulter and Coulter (2003) and Sengupta et al (2000) for example but especially the intermediary perspective shown in the interviews. It was felt that having a strong reputation also demonstrated expertise and competence and so this was combined with the other expertise items.

The seven factors of Key Account Effectiveness finally produced as a result of emerging themes from the literature review, quantitative pre-test results and interview analysis are as follows:

Concern and Benevolence	Intrapreneurial Skills
Commitment	Organisational Culture
Communication	KAM Organisation
Expertise	

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Performance items were included in the Web survey but it was felt these could be improved and so an item asking if organisations helped each other achieve objectives is included in the second scale. A 'Performance' factor mainly reflects literature review themes as the interview results revealed an emphasis on achieving sales volume, cost efficiencies and profit objectives though findings did reveal a willingness for a 'win win' situation.

The new questionnaire design did result in more items to be analysed and this imposes limitations on the type of analysis that can be carried out. A scale of 66 items and six non-scale items to analyse requires a lot of data to be collected in order to carry out factor analysis. A general rule of thumb for the number of cases needed according to Hatcher (1994) is there should be five times the number of variables. This means 330 useable questionnaires are needed to complete some form of factor analysis though Gorsuch (1983) suggests there should be 200 cases regardless of subject-to-variables ratio.

However this new scale is not limited by design constraints for web completion and reflects much more the reality of KAM relationship building and development. It is easier for respondents to make distinctions between perceptions of their organisation compared to their counterpart in the other organisation in the relationship.

Questionnaire Pilot for Main Study

The main study survey (Appendix 7) was piloted by sending it to three known key account managers (different from those used for the pre-test) who confirmed this could be easily completed and was relevant to KA managers in the Mortgage Industry.

Main Study Survey Sampling Procedures and Sample

A survey was carried out in May 2005 at the Mortgage Expo in Manchester using a judgemental sampling technique. Entry to the exhibition was gained through contacts at the Mortgage Lending organisation known to the researcher who confirmed key account managers and clients would be meeting at such a forum. Two hundred exhibition stands were visited and exhibitors (representing intermediary and lender organisations from across the UK Mortgage Industry) were asked if they or anyone else on the stand was involved in Key Account or Major Account type relationships and if so were asked to complete the survey. Each stand had a team of representatives from their organisation and one of the objectives was to gain multiple responses from each stand. Questionnaires were also left at the *Mortgage Strategy* Magazine stand, as agreed with the editor prior to the exhibition so these could also be

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distributed to relevant potential respondents. It was known to the researcher that many intermediary and key account clients would also visit this stand.

Sixty two questionnaires were fully completed and many respondents took the questionnaire away to post. Consideration had been given to the fact that many potential respondents might not have enough time to complete the questionnaire when asked therefore 100 questionnaires attached to a covering letter, business card and stamped address envelope were taken to the exhibition with the aim of gaining late responses.

A detailed profile of respondents is recorded in the analysis section.

Anonymity and confidentiality was assured. An interim analysis of data collected at the Mortgage Expo was conducted for the Academy of Marketing Conference, Dublin, July 2005 (Appendix 14).

In total the survey produced 87 useable questionnaires, 62 useable questionnaires were gained directly from the Expo and 25 returned in the post. Seventeen questionnaires altogether were unusable due to partial completion. Some respondents noted they felt they were not appropriate respondents. Several respondents also left further contact details without prompting, in the event of follow-up interviews being conducted and just general interest in supporting the research. In total there were 50 Mortgage Lender respondents and 30 Intermediary respondents, all of whom were directly involved in KAM.

A key contact working for the Council of Mortgage Lenders agreed to support further distribution of the questionnaire via the Council's database. However permission to do so was blocked by more senior managers who felt they were already supporting enough research projects.

A top Mortgage Lender was contacted to ask if they would be willing to send questionnaires to a sample of their key account clients. They agreed but the main contact went on holiday and the referred contact was only willing to send it by e-mail. Unfortunately no one completed this.

Questionnaire Validity and Reliability

Items taken from previously tried and tested scales (Appendix 5), the qualitative interviews, piloting and use of a pre-test support validity of the scale items developed for this study.

Cronbach tests of scale validity are also carried out to check for internal consistency the results of which are reported in the analysis chapter.

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Although confirmatory factor analysis was unable to be carried out because of the poor ratio of number of items to responses the combination of face validity and statistical tests for reliability enabled support for the final survey instrument. Correlation values and inter-item correlation analysis are presented in the analysis section.

The usefulness of the survey instrument in assessing the effectiveness of KAM relationships from a trust perspective is discussed in Chapter 5.

3.6 Methods of Data Analysis

Qualitative Data Analysis Procedures

Pre-Test Qualitative Data Analysis Procedures

Each interview was transcribed or/and field notes written up and analysed for themes that demonstrated key account and trust development factors. Initially this was done without reference to theory and themes were identified as they emerged from each interview, then brought together. Sample transcripts are provided (Appendix 11). Transcript pages with wide margins allows for codes to be indicated as well as memos/notes and cross-referencing. A process of refinement as suggested by McCracken involves analysing each interview separately and then together. A matrix for recording all the interview results was devised which could also be used for triangulation across data sources and methods (Miles and Huberman (1994). This however was not used as it became too prescriptive and only five interviews were being analysed for the pre-test stage.

The process of analysis helped devise a more relevant pre-test survey instrument and confirmed the direction of further interviews.

Main Study Qualitative Analysis Procedures

Each interview was transcribed (Appendix 11) and then individually analysed for themes using codes (Appendix 13). The industry was undergoing much change and it was felt necessary to continue interviewing to monitor any change in emphasis on relationship development. A process of identification and cross-referencing within each interview took place and overall themes for each highlighted. Extracts that could be used as evidence to support points made were also highlighted. Then all transcripts were analysed together and emerging categories/themes refined (Figure 41).

Differences in perspectives between those involved in the relationship on the supply side (Mortgage Lender) and those on the buying side (Intermediary) and elsewhere in the supply chain were identified and examined. Where possible, differences between perceptions of higher and lower trust were also compared.

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Strauss and Corbin (1990) refer to moving between inductive and deductive reasoning when analysing qualitative data. They argue that the process of deductively proposing statements of relationships then attempting to verify what has been deduced against data as incident by incident is compared, thereby constantly interplaying between proposing and checking, is how theory is grounded. Interpretive processes involve to some extent a deductive approach and this is reflected in this study.

Quantitative Data Analysis Procedures

Pre-test Web Based Data Analytical Procedures

The following statistical analysis was carried out:

- 1) Descriptive statistics.
- 2) Independent samples tests of Mortgage lender and Intermediary responses with all variables.
- 3) Cross-tabulations of Mortgage Lender and Intermediary responses with all variables followed by chi-square tests.
- 4) Non-parametric correlation tests between High and Low Trust and all variables.
- 5) Cronbach tests to assess scale validity.

Quantitative Data Analytical Procedures for Main Study

The purpose of conducting a survey was to further explore, describe and identify strength of relationships between perceptions of trust and KAM effectiveness and performance factors. The nature of the research design precluded causal claims. The survey instrument would need fine-tuning and further testing before a higher level of statistical analysis could be achieved. It was also felt further careful consideration needs to be given to achieving a relevant sample to support such a level of analysis. More commitment from relevant organisations needs to be gained.

As a result of the combination of exploratory interview analysis and review of relevant literature as already discussed, a multi-item summated scale incorporating seven factors for examining key account relationships further was devised. A 'Performance' factor was designed to show the outcomes of a relationship relative to the seven key account relationship factors identified (Table 3.2).

A coding frame was devised (Appendix 8) before data was entered into an Excel Spreadsheet and then analysed using the statistical package SPSS V 12-14.

Missing items were coded as 0 and 'Don't know' answers were coded as 1 and dealt in the same way as a missing item so as to not include them in the statistical analysis.

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Descriptive statistical analysis, cross tabulations and chi square tests, independent sample tests and non-parametric correlation tests were undertaken to test for significance in association, differences and the strength of relationships. Non-parametric Spearman correlation tests were carried out because the data was ranked. Non-parametric techniques were used as distribution normality could not be assumed.

Initial analysis involves examination of all items generally and in relation to trust levels and organisation type. This was carried out to enable an overall feel for the results to be gained as well as further validation of the constructs and support for statements about the differences between Mortgage Lenders and Intermediaries and trust groups.

Analysis next focuses on verifying identified Key Account Relationship factors.

Cronbach alpha tests were undertaken for each of the construct scales to test for reliability and these were modified as a result. Inter item correlations for each scale were examined for low correlations and possible decisions about removal were made. Scale means were also considered.

The following factors were improved by the removal or/and addition of certain items, 'Concern and Benevolence', 'Organisation Culture' and 'KAM Organisation'. Items 28 and 29 (Table 3.2.) were removed from the 'KAM Organisation scale' as it was felt respondents may have misunderstood the meaning of this statement. Items 30 and 31 (Table 3.2) were removed from the 'KAM Organisation Scale' and added to the 'Organisational Culture Scale' as it was felt that KAM guidelines should be an aspect of the overall organisation not just the KAM function. The 'Organisational Culture Scale' score would have been further improved by the deletion of item 37 but as the overall score was still good it was decided it should be left in as interviews had verified this was an important aspect. Item 66 was added to the 'Concern and Benevolence Scale' as it was felt this would reflect concern and benevolence throughout the supply chain which was referred to in some interviews and Svensson (2001).

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RELATIONSHIP PERFORMANCE (12 items)

1. The Mortgage Lender is very satisfied with this relationship.
2. The Intermediary is very satisfied with this relationship.
3. Our companies want to continue the relationship.
4. Our companies are willing to co-operate and enhance the scope of this relationship.
6. Our companies have equal status in this relationship.
7. If our relationship ended the Mortgage Lender would find it difficult and complicated.
8. If our relationship ended the Intermediary would find it difficult and complicated.
9. The Mortgage Lender has realised substantial cost savings through working with the Intermediary.
10. The Intermediary has realised substantial cost savings through working with the Mortgage Lender.
11. Our companies have improved profitability through working together.
23. The Mortgage Lender has helped the Intermediary meet its objectives.
24. The Intermediary has helped the Mortgage Lender meet its objectives.

CONCERN AND BENEVOLENCE (6 items)

5. Our companies make mutual efforts to nurture this relationship.
40. The Mortgage Lender is fair in its business conduct.
41. The Intermediary is fair in its business conduct.
64. Both organisations in this relationship are genuinely concerned for each others welfare.
21. There is good citizenship behaviour from all staff involved in this relationship.
66. There is a high level of trust throughout our supply chain. (Added)

COMMUNICATION (4 items)

12. Our companies pass any information relevant to our business straight on to each other.
13. People at different positions in both organisations are in constant direct communication with each other.
14. The Mortgage Lender is satisfied with the nature and frequency of personal contact with the Intermediary.
15. The Intermediary is satisfied with the nature and frequency of personal contact with the Mortgage Lender.

EXPERTISE AND COMPETENCE (4 items)

16. We understand each other's business, market and trends.
34. The Mortgage Lender understands final consumer needs.
55. The Mortgage Lender has confidence in the Intermediary's reputation.
56. The Intermediary has confidence in the Mortgage Lender's reputation.

Table 3.2 Scale Constructs and Items
(Each item is numbered as it appears in the survey)

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INTRAPRENEURIAL SKILLS/CHARACTERISTICS OF KEY ACCOUNT INDIVIDUALS (15 items)

17. Key Account managers in both organisations work together to support new product/ market development.
35. I have values and beliefs similar to my counterpart in the other organisation.
25. I am willing to share confidential information to enhance this relationship.
26. My counterpart in the other organisation is willing to share confidential information to enhance this relationship.
44. The Key Account Manager works closely with the client to resolve conflicts before they create problems in our working relationship.
27. We engage in positive social interactions to enhance the relationship.
46. The Key Account Manager can access the Client Manager very easily.
47. The Client Manager can access the Key Account Manager very easily.
48. The Key Account and Client Manager in both organisations freely share concerns and openly discuss solutions when problems arise.
49. The Key Account Manager is empowered to make important decisions regarding this relationship.
50. The Client manager is empowered to make important decisions regarding this relationship.
60. The Key Account Manager has the ability to locate/influence personnel or other resources within my organisation to assist management and development of the key account relationship.
61. The Client Manager has the ability to locate/influence personnel or other resources within his/her organisation to assist management and development of the key account relationship.
62. The Mortgage Lender is willing to take risks to enhance the scope of this relationship.
63. The Intermediary is willing to take risks to enhance the scope of this relationship.

COMMITMENT (6 items)

19. The Mortgage Lender is willing to adapt to meet the Intermediary's needs, e.g. product, fee structure, processes.
20. The Intermediary is willing to invest in systems and procedures tailored to the Mortgage Lender.
22. The Mortgage Lender works with the Intermediary to support final customer satisfaction.
18. We participate in joint promotion activities.
32. The Intermediary is willing to take part in joint activities to enhance Mortgage Lender product/service quality.
33. The Mortgage Lender is willing to take part in joint activities to enhance Intermediary product/service quality.

ORGANISATIONAL CULTURE (10 items)

36. Differences between the Mortgage Lender and Intermediary organisational values and culture are recognised by both organisations.
37. Differences between our organisational cultures and values hinders effective relationship development
51. The Mortgage Lender has a teamwork culture.
52. The Intermediary has a teamwork culture
53. There is top management support for key account relationships within the Mortgage Lender organisation.
54. There is top management support for key account relationship within the Intermediary organisation.
38. There is a high level of internal co-operation to support this relationship in the Mortgage Lender organisation.
39. There is a high level of internal co-operation to support this relationship in the Intermediary organisation.
30. The Mortgage Lender has clear guidelines in place for working with Key Account Relationships.
31. The Intermediary has clear guidelines in place for working with Key Account Relationships.

Table 3.2 Scale Constructs and Items (continued)
(Each item is numbered as it appears in the survey)

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KAM ORGANISATIONAL STRUCTURE FACTORS (8 items)

28. Our relationship is highly structured, monitored and controlled within the Mortgage Lender's organisation. (Removed)
29. Our relationship is highly structured, monitored and controlled within the Intermediary's organisation. (Removed)
42. The Key Account function works well with Marketing and Sales in the Mortgage Lender organisation.
43. The Key Account function works well with Marketing and Sales in the Intermediary organisation.
45. An effort is made to match the right Key Account Manager to the Key Account organisation.
57. The companies involved in this relationship have a Key Account organisational structure that mirrors each others'.
58. The Key Account organisational structure in the Mortgage Lender organisation is flexible enough to respond to changing circumstances.
59. The Key Account organisational structure in the Intermediary organisation is flexible enough to respond to changing circumstances.

GLOBAL TRUST

65. A high level of trust exists between our two companies.

Table 3.2 Scale Constructs and Items (continued)
(Each item is numbered as it appears in the survey)

Further statistical tests were carried out using the same techniques as used for the initial analysis to establish if there was an association between these factors and organisation type and if there were any differences between perceptions of trust in relation to these factors.

Trust was recoded to 'hi' 'lo' classifications to make comparisons easier and to enable more meaningful cross tabulations and chi square tests each new construct (factor) was recoded into three levels.

Manual analysis was carried out for analysis of job titles and the last two survey questions regarding success factors and barriers to successful key account relationships allowing for the capture of qualitative data.

Results of an Interim analysis were presented at the Academy of Marketing Conference, July 2005 (Appendix 14) and these are compared with a final analysis of all data made in October 2005 following further data collection from questionnaires posted from contacts at the Mortgage Expo in May.

3.7 Limitations and Constraints of the Study

Initial unfamiliarity with the industry has meant taking more time to slowly build contacts through networking to access the industry. Also as already discussed, the year running up to new mortgage regulation compliance across the UK Mortgage Industry (October 2004) meant potential respondents were quite reluctant to spare time for interview purposes.

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The business relationships being examined are strategically important and in some cases were in the early stages of development and if there is insufficient trust between researcher and respondent, information exchange may not be too easy as the researcher felt there was a status to be maintained and for political reasons some respondents may not have wished to expose their position. The fact the researcher is from a local university known to the individuals being researched in the Mortgage Lender organisation gave her credibility.

Sampling procedures for both quantitative and qualitative research may result in skewed responses particularly so for the web based survey. Purposive and judgement samples were devised and reliance on key informants within the industry being studied may cause bias and also difficulties in timing data collection to suit the study objectives. However, potential bias is compensated for to some extent by the relevance of respondents completing the questionnaire and of those willing to be interviewed. The research strategy, involving a sequential design and pre-test studies aids validation and triangulation.

Low responsiveness, particularly in relation to the Web survey hinders statistical data analysis but as discussed above, the combination of methods of data collection and analysis supports triangulation and the possibility of common themes of results.

A deeper scrutiny of individual items using correlation and t tests to compare with the same techniques applied to analysis of the identified factors enables some compensation for the lack of factor analysis and offers support for reliability.

Content validity is achievable because of the approach to research design using a sequential mixed methods approach and because of many of the items used are from or adapted from tried and tested scales in previous studies.

Generalisability is discussed in the analysis and discussion sections but again since many of the aspects of this research have been applied elsewhere there may be elements that share common results and so may offer the potential for some generalisability.

Overlapping of constructs, themes and possible similarity between items may be an issue. It is very likely that similar items may be grouped under a different construct in other studies, as discussed under scale development. This issue is also highlighted by Homburg, Workman and Jensen (2002) who argue there will be some overlap and use this rationale for justifying their identification of themes rather than being too concerned about specific items.

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Finally, there may be some concerns about the number of variables included in the scale. This as already discussed is partially due to the objectives of this research in terms of looking at relationships from both perspectives of a dyad so that many items are duplicated. This is largely exploratory in nature and the scale needs further refinement. All items included prior to the main study have been confirmed as relevant but further analysis may reveal further reduction is appropriate.

3.8 Ethical Considerations

This research programme adheres to the ethical requirements as stated in Northumbria University's Research Policy document. All interviewees and survey respondents have been assured anonymity and that all information is treated as confidential. A confidentiality agreement was signed with the organisation being examined as the single case and all interview respondents have been offered the opportunity to view their transcripts if they so wish. There has been informed consent. Sensitivity was also shown towards the potential respondents' demanding work schedules and often stressful working conditions.

3.9 Summary of Chapter

This chapter has presented the justification for selecting a pragmatic research approach and designing a mixed methods research strategy. Limitations of this study and ethical considerations have also been presented. A summary of the main stages of this research is provided (Table 3.3) and discussed below.

Two phases of research were conducted (a pre-test phase followed by the main study). In each phase qualitative data was collected through interviews with key account managers from one Mortgage Lender and their clients/contacts from intermediary organisations and the analysis of these were used to support the literature review in informing survey design. Results of interview and survey data analysis from the first phase were integrated and provided a basis for amending design of the main study. Further interviews were conducted during the second stage to confirm and clarify themes found in the first phase and these helped identify factors of key account management effectiveness to be included in the questionnaire using a likert-type question format. These supported the decision to conduct a face-to-face survey with respondents at a Mortgage Expo rather than rely on a web based survey as which did not illicit a good response during the first phase. Data from the surveys were analysed using descriptive statistical techniques, cross-tabulation, chi square tests, non-parametric correlation, independent sample tests and Cronbach alpha tests.

Chapter 3 Methodology

1. Justification for a pragmatic research approach.
2. Selection of a mixed methods research strategy.
3. A sequential exploratory research design (Fig.3.3).
4. Phase 1 Individual face-to-face interviews with three Key Account Managers from one Mortgage Lending organisation and two of their key account clients from two intermediary organisations conducted Sep.- Nov.2003.
5. Interview results were analysed for themes and codes to inform the design of a web based survey instrument.
6. A web based survey was carried out using the ' <i>Mortgage Strategy</i> ' magazine database of UK Mortgage Lenders and Intermediaries targeting individuals involved in key account relationships, Dec.2003- Jan. 2004. A poor response was achieved.
7. Analysis of survey results, integrated with interview analysis and literature review helped adjust design of the main study survey.
8. Phase two of the research began with further interviews with five key account managers from one Mortgage Lending organisation and four of their intermediary contacts (Three key account client managers and one Advertising manager (Fig.3.3)) July. 2004 –Mar. 2005.
9. Analysis of interview results informed main study survey design.
10. Main study survey was carried out at the Mortgage Expo in Manchester, May 2005 amongst 50 Mortgage Lender respondents and 37 Intermediary respondents.
11. Survey results were analysed and integrated with interview results.

Table 3.3 Summary of Different Stages of the Research

Chapter 4 Findings

4.1 Introduction

This chapter presents the results of the main sequential study as informed by the literature review (Chapter 2) and the pre-test interview results (Appendix 9) and survey results (Appendix 10). The main purpose of this chapter is to highlight the relevance of KAM to the UK Mortgage Industry, identify factors of KAM effectiveness and examine the relationship between perceptions of these to perceptions of relationship trust and also to Mortgage Lender and Intermediary perspectives. The results of interviews (sample transcripts Appendix 11) carried out prior to the survey are summarised so that the key themes are presented and their influence on survey design is shown. An initial analysis of survey data, item by item using descriptive statistical analysis, cross tabulations, chi square tests and t tests were conducted using SPSS. These results are used to support the same statistical analysis of key account effectiveness factors. Scores for each factor were recoded into three classifications to enable more meaningful cross tabulations and chi square tests to be carried out. Perceptions of trust were recoded into two categories, high and low relationship trust.

A profile of the respondents in terms of organisation type and perceptions of relationship trust is shown and further profile data (Appendix 12) shows an analysis of respondent job title. Other items examined and referred to are the age of relationship selected, length of involvement with the relationship, size of company, the number of other key accounts worked with and the number of hours spent in dealing with the identified key account.

Open ended questions regarding criteria for successful key account relationships and barriers to them are manually analysed and this is used to support the main analysis of key account effectiveness factors.

A summary of the main findings is provided and a discussion of the issues arising from integration of the mixed methods data collection and analysis then follows with some conclusions about the limitations of the data.

4.2 Interview Findings

Key Themes from interviews

While many aspects of account relationship development overlap some broad themes are identified. They are very similar to those found in the pre-test (Appendix 9) but the wider sample has allowed for these initial results to be further refined. The results show mainly that both sides of the relationship are looking to develop relationships in a mutual way and themes common to both sides of the relationship emerge. The

congruence in perspective may be because of the nature of the sampling of respondents in that key informants were obtained from a snowball procedure and this may have resulted in a positive bias. However this analysis serves to illustrate the interconnectedness of those linked to and involved in key account management relationships.

Organisation Culture

Organisation culture is discussed by respondents in terms of top management buy-in and support, cross functional support, understanding and co-operation. It was recognised by most interviewees that each organisation has its own culture characterised by different values and management styles. While one successful Intermediary organisation is described as traditional, friendly and customer oriented for example, a successful Mortgage Lender is described as 'bullish' and another as 'arrogant'. In terms of decision making this means the more traditional organisation is more hierarchical and takes longer to make decisions. It also means managers are less empowered to move quickly whereas the more bullish type of organisation is able to move very quickly and can be more flexible. Another distinguishing difference between these two cultures is that the more traditional and customer oriented organisation had a closer eye on the longer term whereas the bullish organisation had high expectations of quick results and access to high volumes of business. Some interviewees alluded to the different cultures internally, between departments, for example:

"There is different thinking internally as to the desire for long term relationships, different areas have different priorities", Mortgage Lender, Interview 2.

A major role identified is for those involved in account relationship development to work with the other firm to gain the right support internally and influence the culture to facilitate effectiveness, this includes top management support as well as that from other functional areas. One Key Account manager (ML 1) said they had to work hard to get the recognition for example:

"We actively inform various relevant areas of the business, e.g. sales and marketing, about our plans and try to integrate internal and external links", Mortgage Lender Interview 1.

In particular was the concern that sales and Key Accounts Department needed to work more closely together:

"A National Account Team totally divorced from the sales team does not work. There needs to be integration otherwise people will be working against each other internally", Intermediary, Interview 4.

“There may well be a need for us to set up new links so that KAMs link more closely to the sales area and staff account management”, Mortgage Lender, Interview 2.

Potential internal conflict is demonstrated for example:

“Some Key Relationship Managers are more open than others and easier to work with. Dealing with internal politics and integration is important for Key Account Success”, Mortgage Lender, Interview 2.

“Our relationship worked because we shared the same needs. We circumvented any potential for conflict because we both understood the pressures each side was under”, Interview 7, Intermediary.

The need for a supportive culture links to the need for Key Account individuals to be able to demonstrate political skills in gaining this support:

“Many organisations don’t want to take risks and won’t allow relationship managers the creative freedom to develop. Any Key Account Manager needs to be empowered to do what needs to be done, but not to have free reign and take all the resources”, Intermediary, Interview 6.

One interviewee thought there was a tendency within big organisations for departments to plough their own furrow rather than starting with the market and thinking about what share of the customer’s wallet an organisation can gain. This fits with comments from other interviewees about conflicts between the priorities of different areas within the business. Another respondent confirms this and suggests the presence of a Key Account department can provide ‘organisational glue’:

“Our culture is quite mechanistic, very practically business oriented. It’s task orientation at the top. We, Key Accounts have become the interface within as well as between organisations. Key Accounts can help with a clash of organisation cultures. We provide the organisational glue. This is one of the main reasons we are here”, Mortgage Lender, Interview 3.

There appears to be a slight tension between control and support for empowerment, risk taking and flexibility within organisations themselves:

“The structure of an organisation is very important. If the corporate structure behind the relationship is autocratic and unwieldy then it causes problems. It needs to be flexible”, Intermediary, Interview 6.

Individual Qualities

Both sides of the relationship seemed to be looking for the same individual qualities to work with. Understanding of the different business cultures was seen to be important, for example:

“A good KAM knows what makes the business tick, they have to have knowledge of how each business works. It is a very dynamic industry and knowing what is going on is important”, Mortgage Lender, Interview 4.

“The key account role is the establishment and maintenance of a structured relationship. A good KRM (Key Relationship Manager) has a good

understanding of the market affecting them, is able to network effectively and above all has a nose for entrepreneurial bargaining", Mortgage Lender, Interview 2.

Having political skills and understanding the internal culture was also important, for example,

"If you talk profitability to marketing it pushes their buttons", Mortgage Lender, Interview 5.

Key Account individuals were seen to be the interface between the internal and external stakeholders and able to facilitate change. When for example one client was introduced to the key account's marketing department she was able to suggest that certain product features had no value to her panel members. Changes were made and a higher procurement fee gained.

"The individual KAM can far outweigh the good a company can do. If there is a strong company relationship but the individual is wrong we will ask for a change. You can have a successful relationship regardless but the degree of success comes down to personalities", Intermediary, Interview 6.

"You have to be a bit of a chameleon because different organisations have a different way of doing things", Interview 7, Intermediary.

Taking part in reciprocal exchanges of information was seen as very important and demonstrates understanding of each other's business.

"This client is experienced and has incredible market intelligence and can be trusted to have 'off the record' conversations where important information is exchanged. Top managers listen to him", Mortgage Lender, Interview 2.

"We'll share information with a client because of the trust built up and they will always deliver likewise for us", Mortgage Lender, Interview 4.

Understanding the culture of an organisation while necessary was not seen as important as understanding the dynamics of the individuals they deal with. The importance of key account individuals is strongly suggested by all respondents demonstrating the role of key players as one of co-ordinating, influencing and orchestrating resources, for example:

"The expectations, attitudes and beliefs of the people out there are – with whom we deal are frequently diametrically different to our Key Relationship Managers – the pace at which they work, the way they interact with people and the way in which they want to drive their deals, the way they want us to concede and the way they want to develop themselves and their own projections of their profiles – and all of that baggage is potentially explosive because it stands to wreck you- and that is exactly what Key Accounts deals with", Mortgage Lender, Interview 3.

The idea of a Key Account team with different strengths to bring to it was mentioned, for example:

“As a team we all have different approaches, for example F and B are the strategic thinkers, I is a born salesperson and I am the methodical one,” Mortgage Lender, Interview 4.

Communication

All interviewees mentioned the need for informal personal contact in developing successful relationships. One respondent talks about the need for key players to get out of their Ivory Tower and meet people face to face to demonstrate commitment and trust:

“Enabling a win-win situation, trust, commitment, understanding, resilience, hard work, influencing people. It’s very easy to sit in the Ivory towers but you need to get out into the coal face and find out what is going on. I go out and talk to Branch Managers every now and then”, Intermediary, Interview 7.

A big emphasis was placed on the importance of informal face to face contact to build the relationship, often without discussions of the specific business. Sometimes, it was about general industry changes and trends, changes and events in other companies, who was leaving which company who had been headhunted for certain jobs, sometimes it was about planning for bigger, formal meetings, for example:

“We have quarterly meetings of senior executives, business review meetings and strategic meetings to deepen our relationship at all levels. There is a series of interfaces”, Intermediary, Interview 7.

“Formal meetings in a mature high trust relationship are quite retrospective whereas in lower trust there are fewer interactions, much more formal. When there is high trust, formal meetings are used to enable things to be set on record, used for spin doctoring to buy in stakeholders when you require commitment from others. There are lots of informal meetings when there is high trust, information is exchanged in a more ad hoc way, lots of telephone contact and even social contact,” Mortgage Lender, Interview 8

Social contact was mentioned by a few respondents as important for building business friendships and one stated it was not essential to make personal friendships. A professional relationship was seen as important as were communication efforts that enhance the reputation of the organisation:

“I spend more time with the top 20 Lenders on my panel. It’s not time or cost effective otherwise. Some Lenders I see only once a year, others on a quarterly basis and others on a monthly basis”, Intermediary, Interview 6.

Performance

Speed, flexibility, responsiveness and reputation were criteria for performance evaluation mentioned by both sides of the relationship. However, while recognising such qualitative indicators of performance it is apparent that key account success is

measured mainly by volumes, targets and prices achieved with little analysis from a holistic approach.

One respondent said:

“Some Accounts are ‘supertankers’ and you can’t simply evaluate on numbers. KAMs can perform in areas such as new product development, spotting opportunities for growth”, Mortgage Lender, Interview 2.

Intermediaries were concerned about proc fees, access to other relationships based on other products, pensions, gaining exclusivity for example, as criteria for relationships with Mortgage Lenders.

There was recognition of the importance the role key accounts played in achieving corporate objectives and evidence of industry analysis being taken very seriously and although reliance on key accounts for business is high respondents also referred to other direct channels for selling products. One respondent said for example,

“About 80% of our non direct business comes through Key Accounts via Mortgage Clubs and Broker networks. Independent Financial Advisers (IFA) who belong to a network can gain for example compliance support. Mortgage Clubs involve much looser relationships compared to networks where the IFAs are much more controlled. There has been a shift in the Intermediary Business with 45% mortgage business going through Mortgage Clubs and 55% through broker networks”, Interview 2, Mortgage Lender.

Interview results suggest organisations have a hierarchy of accounts and those intermediaries considered to be in the top of the league for example may be able to exert more control over the Mortgage Lender:

“Most of our key account business is through our top ten Accounts, 5-6 of these are in the ‘Premier Division’ if you like. Most Key Account Managers have six or seven Key Accounts to look after. We are constantly analysing – positioning, league tables, market share and volume through the key accounts”, Interview 2, Mortgage Lender.

By the same token Intermediaries also felt this way about Mortgage Lenders they deemed to be more important than others, for example:

“We have some big Lenders on our panel and as much as I’d like to kick one off it would not be good for business. There are other ways of dealing with difficult Lenders, for example I might more proactively promote and support other lenders’ products”, Intermediary, Interview 6.

This example also shows the importance of individuals being able to influence and avoid conflict. There was evidence of serious planning for the development of a key account:

“We document who we’re going to develop relationships with, how we’re going to manage them and follow through with them” Intermediary, Interview 7.

“Each Account has a development plan. Feedback at Account level is good.

Some accounts are centrally organized so there are fewer points of contact; others need lots of different relationships at different levels. In mature relationships people will become dysfunctional so as to influence position. You need to look at the journey of a relationship, identify the stages of development. There is no formula for how many accounts it is best to manage. Each has different characteristics. You need to hang those characteristics on to each stage of development", Mortgage Lender, Interview 8.

The motivation for developing key accounts to their true potential is demonstrated by one respondent who said:

"There is a buzz in transforming small accounts to big performers. People can be innovative in delivery mechanisms and adding value in the supply chain for example, helping a Broker improve their performance", Mortgage Lender, Interview 8.

Commitment

This could be seen in many forms, for example, investment in time with people, helping to develop or adapt IT processes and systems, pooling of marketing and information resources, providing good service, sharing expertise and showing sensitivity towards each others' competitive positioning. Investment did not have to be exactly reciprocated. Both sides may have different things to offer at different times.

Respondents said for example:

"We are very experienced at understanding economical systems of businesses and business processes. Sometimes our business model does not overlap with that of organisations we serve and so we have to go a long way out of our way to ensure our business model integrates with theirs", Mortgage Lender, Interview 3.

"Some people think that by inviting you to a football match there is a relationship. If you start to calculate how much each side has given it can lead to dangerous behaviours. Clients that recognise the benefits from long term relationships tend to be the switched on entrepreneurial types who have a clear understanding from their own studies of the benefits", Mortgage Lender, Interview 3.

The importance of informal communication in demonstrating commitment is shown:

"Sometimes we just sit and chat, not necessarily about anything specifically related to our business but we will exchange ideas and things we've learned from talking to other people and can build on this. Relationship management is about learning from each other", Intermediary, Interview 6.

There was evidence of mutual marketing communications support both externally and internally which relied on cross functional co-operation. One Intermediary (Interview 5) suggested that too much advertising in the industry was too 'matey' and was in danger of sending the wrong message. As an expert he felt that consumers wanted to gain a sense that organisations would 'do right by them':

"Customers don't want to be patronised but they do want the financial institutions to have greater expertise than them, there needs to be a balance

between friendly and austere”, Intermediary, Interview 5.

This shows the importance of developing reputation and doing so through a co-operative effort between customer interacting staff and marketing communications managers.

Expertise

Apart from the expertise of key account managers and their counterparts in the other organisation, the reputation of the organisation and its ability to embrace new technologies was found to be important. It was suggested KAM needs to draw on expertise from different areas whether it is marketing or IT for example:

“The KAM needs to understand the different emphasis that each account needs”, Intermediary, Interview 6.

“A good KAM can influence organic development of relationships”, Intermediary, Interview 8.

While there was a lot of evidence of expertise playing a big role in business relationship development there was little talk of expertise in relation to the consumer market, the end market. Key Account Managers in particular talked as if they were remote from end customers.

One interviewee said for example:

“Bring back branches, every transaction opportunity is opportunity to build the brand. Build relationships through face to face contact. Sell expertise and concern” Intermediary, Interview 5.

KAM Organisation

The Mortgage Lender under study has identified 100 Key Accounts and they fall within a tiered system of status so the top 20 are given more status. Matching individuals to organisations and individuals and showing sensitivity towards competitive positioning was important. So for example, it would not be a good idea to have the best Key Account Manager dealing with the top three accounts if these were in direct competition with each other. There would be suspicion and less likelihood of openness and high levels of information being exchanged freely. One respondent said for example:

“Divided loyalties can cause problems. It’s better to take three companies to manage who have different core competences. The problem is companies will give the top accounts to the best account managers and therefore they may end up trying to manage top arch rivals”, Intermediary, Interview 6.

The status given to the role of Key Accounts internally appears to be an issue. It was mentioned by a few respondents that they had to work hard to get the recognition within their own company.

The relationship between Key Accounts, Sales, Marketing, Finance, IT and Top Management seems to be very important. Decision making processes could hinder the role of the Key Account Department. As mentioned under organisational culture, one respondent views the key accounts department as the 'organisational glue' so performing a major internal as well as external role. This clearly demonstrates the strategic role of key accounts. The relationship between sales and key accounts seemed to be of particular importance. One respondent said:

"Key Accounts is the organisational glue – we fill the gaps in the matrix of inter and intra organisation communication", Mortgage Lender, Interview 3.

The number of accounts a key account manager has to deal with was also seen as relevant to effectiveness. The number depended on the status of the account but also geographical location for some. The case organisation is expanding its number of key accounts and though more key account managers have been recruited more and more are being allocated to each Key Account Manager.

Trust

It was not intended to discuss trust specifically in the interviews as respondents had been asked to talk about a relationship they considered to reflect higher trust compared to one demonstrating lower trust, however the topic came up in several interviews and its importance is obvious.

Respondents for example, said:

"High trust is never a burden, lower trust is more transactional. In higher trust relationships you take things for granted and there is a higher order of corporate interaction. In low trust relationships, integrity, accuracy and delivery has the highest value, evidence is needed", Mortgage Lender, Interview 8.

"If we are not seen to be honest and open and transparent with our intermediaries at every level then we may never do business with them again", Mortgage Lender, Interview 3.

Being able to reciprocate in making investments for example in IT systems, marketing effort and confidential information sharing were all examples of demonstrating trust.

Respondents for example said:

"This client is experienced and has incredible market intelligence and can be trusted to have 'off the record' conversations where important information is exchanged. Top managers listen to him", Mortgage Lender, Interview 2.

"We'll share information with a client because of the trust built up and they will always deliver likewise for us", Mortgage Lender, Interview 4.

"I conduct millions of pounds worth of business on a handshake knowing my efforts will be reciprocated later" Intermediary, Interview 9.

However, there was a suggestion that there could be too much trust which may not actually be bad for the organisation but a perception of being too close in one

relationship could cause potential conflict. Where one relationship demonstrated immense creativity through two individuals working very closely together and becoming close friends outside the business relationship, it was frowned upon internally in one organisation and the two individuals were moved to other accounts despite the success developed for both organisations.

Drivers of Relationship Building

Mortgage Lenders need access to distribution because branch networks are not big enough to deal with potential customer numbers. Intermediaries want reciprocal business for their products and procurement fees.

Mortgage Lenders can also access channels of communication through developing relationships with Mortgage Clubs, for example, those organised by Zurich and L and G (Legal and General).

One respondent said:

“By developing a close relationship with the head of the Mortgage Club members can be influenced to give us business. We have access to the Mortgage Clubs channels of communications, for example, road shows, workshops, exhibitions, Mortgage Events”, Mortgage Lender, Interview 2.

“We take a holistic approach. It helps a Mortgage Lender’s position to get on to a panel if they have additional relationships e.g. general insurance, financial services. A Mortgage Club has to represent the best that’s in the market”, Intermediary, Interview 7. This was echoed by Intermediary, Interview 6 who said “Mortgage products are the sprat to catch the mackerel”.

“A Mortgage Lender needs to be able to offer a Mortgage Club’s members, exclusivity”, Intermediary, Interview 7.

The changing market was described by one respondent (Intermediary, Interview 5) as supply driven which means organisations are looking from the inside out rather than starting from the outside and tailoring products and services to meet the needs of the market, in particular the consumer. Very few respondents mentioned the needs of the consumer. It was suggested (Intermediary, Interview 5) that consumers do not care about the institution they buy a Mortgage from, just the deal and that Mortgage Lenders are good at managing the process not the customer. However at the business-to-business level it is evident from the interviews that the relationships engaged in were driven by mutual needs and reciprocal behaviour.

One respondent referred to the trend in outsourcing:

“We are outsourcing a lot of our processes and as technology demands there are saving to be made. Intermediaries need to understand our processes, follow conventions and exchange information”, Interview 3, Mortgage Lender.

The nature of the market under new regulation has meant there is more control and

less opportunistic behaviour. One respondent (Intermediary, 6) refers to the intermediary market being very regulatory driven and although rate is very important so is service efficiency as this gets people into the habit of doing business together.

Regulatory influence was seen as good::

“Intermediaries who ‘prostituted’ themselves before would be less able to now”,
Mortgage Lender, Interview 8.

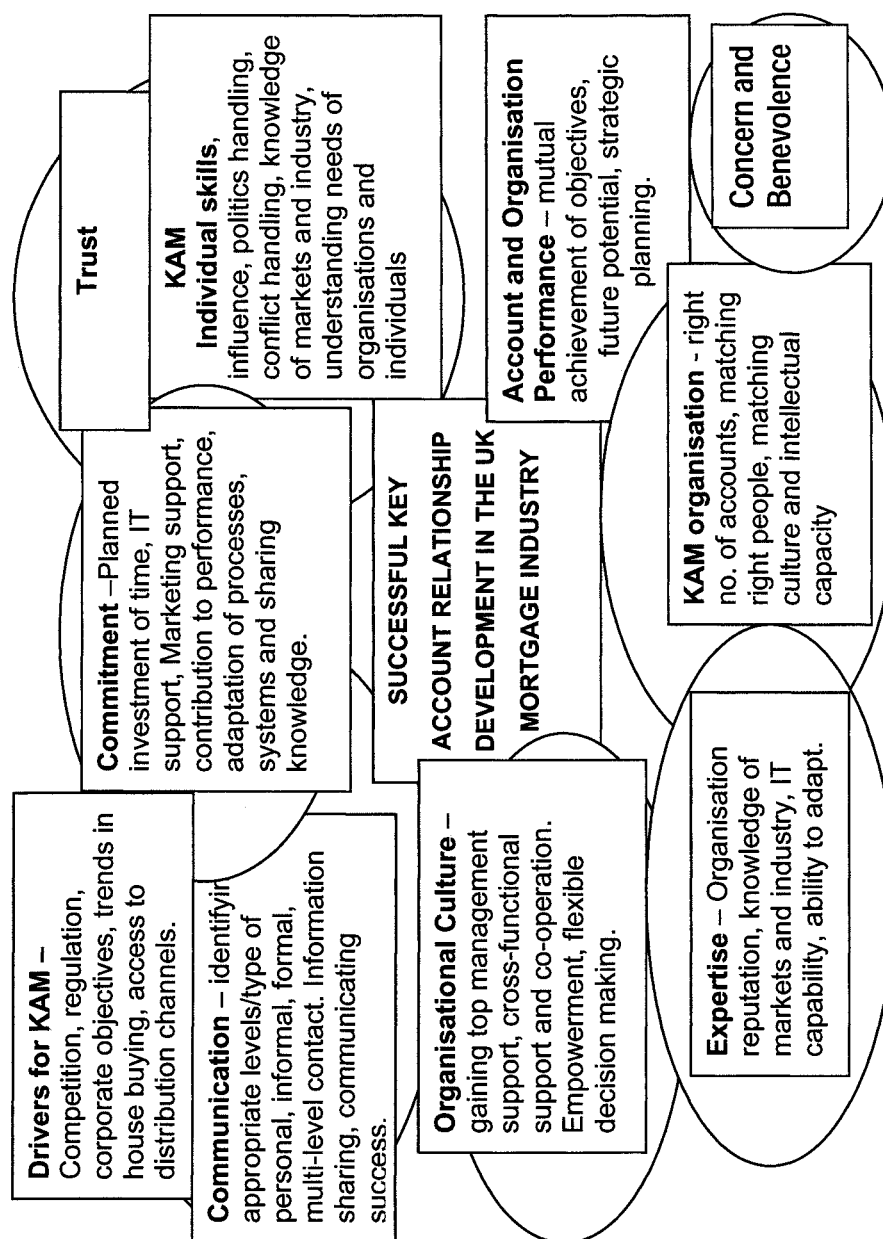


Figure 4.1 Emerging Themes from Main Study Interviews

Summary of Interview Results and Contribution to Survey Development

Interview results indicate there is a need for key account type relationships to be developed and resourced. The market is competitive and aggressive and both Mortgage Lenders and Intermediaries benefit from reciprocal business and access to each others end customers for their products. The regulatory influence in the mortgage industry is also quite strong.

The interview results reported on successful high trust-based relationships engaged in by a successful Mortgage Lender and while Mortgage Lenders and Intermediaries had some different perspectives they mostly showed common understanding in terms of their business relationship needs and goals. The differences highlighted between higher and lower trust relationships were mainly based on tenure and those between Mortgage lenders and Intermediaries were based mainly on organisational culture aspects. Different organisational culture perspectives affected the nature of contact, communication and expectations and emphasised the need of key account individuals to drive successful relationship building between the two organisations concerned.

Overall the results when integrated with key themes from the literature review (Chapter 2) allowed the development of a relevant survey instrument to examine KAM relationships across the Mortgage Industry. Seven factors of key account effectiveness have been identified and a performance factor has also been developed. These reflect trust building processes already identified from the literature as incorporated into the research design discussed in the 'scale development' section (Chapter 3) and all interviews. Each factor is made up of several items (Appendix 7) making up eight sub-scales of the overall survey instrument as follows:

1. **Communication** in terms of personal contact is more important than non personal contact. The amount of and the ratio between informal and formal depends on the stage of relationship development and the objectives of the relationship. Varying degrees of social contact depends upon the individual personalities but is not a condition. A business friendship is anticipated. Communication was thought to be very important to verify understanding of the other party's position and assess for example, whether adaptation is necessary, how much commitment of resources is required. It was also very important in terms of internal cross-functional co-ordination and co-operation. Informal communication is particularly important for demonstrating evidence of trust, for example, off the record conversations during which confidential information would be shared. Satisfaction with the nature and amount of communication is important to relationship success.

2. **Individual Key Account Manager Skills** (Intrapreneurial Skills) are crucial to a relationships success but most important is the ability to work with the counterpart to influence internal stakeholders. This requires political as well as sales skills and the degree of challenge is affected by the nature of the organisations' culture. Ability to handle conflict and foresee problems was also mentioned quite strongly. Key Account individuals on both sides of the relationship talked about enabling and facilitating change through empowered individuals. This also requires easy access to relevant individuals and exchange of highly confidential information at times.
3. **Organisation Culture** was identified as key to relationship success in terms of the requirement for flexible decision making and cross functional and top management support. If the organisation culture hindered relationship development then organisations had to rely even more upon individual Key Account Managers and others involved so as to position themselves and the specific project in a way that would gain favourable support. It was alluded to that the nature of the business culture and ease of doing business can also relate to higher /lower trust based relationships. This can determine the nature of communication, the willingness to exchange information, objective setting and willingness for win-win relationships. When performance is discussed it is meeting targets, volumes, efficiencies and procurement fees that are mentioned mostly by Mortgage Lenders and to some degree the need to develop relationships further. The need for teamwork is also emphasised.
4. **Key Account Organisation** in terms of how it sat within the structure and the culture of the organisation is important, it's status within an organisation, how empowered and resourced individuals were and the number and combination of accounts allocated to managers. The ability to link well with sales and marketing were seen as particularly important. Flexibility in structure was discussed as was empowerment.
5. **Commitment** is most importantly demonstrated through effective communication, contact, working closely and being willing to improve profitability for each other, wanting a win-win situation, adapting products and processes, making idiosyncratic investments that may be reciprocated at some future time but not calculated exactly.
6. **Expertise** is very much determined by an organisations culture and make up of the individuals involved in the relationship and both Mortgage Lenders and Intermediaries made reference to the importance of company reputation and

expertise in terms of partner criteria. This covered aspects such as product quality and ability to respond to market changes, embrace new technologies and make use of their market and company knowledge to progress the relationship and exit in a constructive way when necessary. There was no volunteered discussion of the end consumer by Mortgage Lenders but Intermediaries were more likely to discuss the final customer as they are closer to them in the supply chain. Demonstration of expertise was particularly important early on in the development of new relationships.

7. **Concern and Benevolence** is actively demonstrated throughout the interviews and this is what stood out more than anything else. A sense of camaraderie, particularly between the key individuals in direct communication with each other on both sides of the relationship shone through and a general willingness to show concern for each other's welfare. Good citizenship amongst those involved in the key account process throughout the organisations involved was evident.
8. **Performance** evaluation is very much based on traditional criteria, sales, volumes, potential access to further distribution and new markets. However aspects such as reputation and future potential of client/mortgage lender, speed to market, ease of doing business and expertise for example were also mentioned as important for identifying who to develop Key Account relationships with. A desire for a win-win outcome was strongly expressed as was the desire to develop relationships. There was no suggestion that either organisation was locked into a relationship that would be difficult and costly to exit.

Trust is seen as crucial to relationship success and is discussed by respondents mainly in terms of specific key account individuals and their behaviours, for example in sharing very confidential information, understanding that business will be reciprocated at some point in time and dealing with organisational culture issues and potential conflict, showing concern and citizenship. Mutual efforts showing commitment are important for demonstrating trust. An organisations reputation and expertise contributes to the perceptions of trust. Mortgage Lenders and Intermediaries can be involved in both lower trust and higher trust based relationships because it may be the stage of development they are at that characterises them rather than the lack of willingness to develop a mutual win-win relationship. It was felt that because of trust development if a relationship needed to end this could be done in a constructive way.

In conclusion, the interviews indicate there is a need for KAM and the key account effectiveness factors identified are all linked to trust development throughout the relationship and greater or lesser efforts of each are required for different relationships stages and situations. However the strongest factor in the success of the relationship clearly lies with the intrapreneurial skills of the key individuals on both sides of the relationship who then influence and manage key account effectiveness while orchestrating resources.

4.3 Main Study Questionnaire Findings

Profile Characteristics of Respondents by Perceptions of Trust and Organisation Type

Trust Score	Mortgage Lenders	Intermediaries	Count
Higher Trust (7)	30%	24%	24
Medium Trust (6)	35%	35%	31
Lower Trust (1-5)	35%	41%	32
Count	100% (57)	100% (30)	87

Table 4.1 Profile of Respondents by Organisation Type and Perceived Level of Relationship Trust

Overall the results show a fairly even spread between higher, medium and lower trust levels for all respondents. However, a higher proportion of Mortgage Lenders (30%) compared to 24% of Intermediaries perceive higher trust (Table 4.1) while both score the same for medium trust and Intermediaries have a higher proportion of lower trust scores (41%) compared to Mortgage Lenders (35%). These differences were not found to be statistically significant.

In terms of respondent job titles (Appendix 12) all said they were involved in key account relationships yet their job titles did not necessarily reflect this. A wide variety of job titles were given that could be grouped into five main categories:

1. Those with 'Sales' in the title.
2. Those with 'Relationship' in the title.
3. Those with 'Account' in the title.
4. Those with 'Development' in the title.
5. Those with more general management/marketing/consultant/director type titles.

The figures for all respondents show that 'Business Development' type jobs dominate (29%) followed by 'Sales' jobs (24%) and 'General Management/Director' jobs (24%).

A high proportion of Mortgage Lenders (29%) has 'sales' in their titles. This is suggestive of a sales orientation in Key Account management though 'Business Development' job titles (24%), 'Relationship' type job titles (22%) and 'Account' type jobs (15%) provide a fairly balanced distribution between sales and relationship oriented job titles. The sales jobs mentioned were all at Manager, Senior Manager or Director Level. The number of Mortgage Lenders adopting the title of 'key/national/corporate/business account manager' was fairly small (15%). There was less variety of Intermediary job titles falling mainly into two categories, namely, General Manager/Director types (49%) and Business Development type jobs (40%). This suggests higher levels of management are directly involved in KAM in the Intermediary business compared to the Mortgage Lender but this may also be indicative of the differences in size of organisation with the latter tending to be larger.

Other profile characteristics examined included age of the identified relationship, time involvement of the respondent with the relationship, the number of hours spent in weekly contact with the account, the number of other key account relationships involved with, the number of employees and size of turnover the respondent organisation has. The mean age of the relationship was five years and time involved with by respondents was three years. A reasonably high number of hours, seven on average, is spent in weekly contact but the number of other accounts involved in on average is 50 which may indicate misunderstanding of this question. Questions regarding employee numbers and turnover were not well responded to. In comparing these characteristics by organisation type and perceptions of relationship trust levels there were no statistically significant differences found except in the case of employee numbers whereby the smaller the number of employees the higher the perception of trust in the relationship.

Scale Validity/Reliability

The scale reflects the emphasis placed on themes identified from analysis of all interviews, the literature review and the initial web based survey as discussed in Chapter 2.

This was tested using the Cronbach Alpha test. Reliability overall was very good. A summary of the Alpha scores and overall mean for each factor (Table 4.2) shows this. The results also show mean scores for each factor sit between 'slightly agree' (5) and 'agree' (6) on the seven-point likert-type scale (Appendix 15).

Scale Constructs	Alpha	Mean
Performance	.829	5.01
Concern and Benevolence	.821	5.69
Communication	.818	5.29
Expertise	.866	5.98
Intrapreneurial Skills	.890	5.37
Commitment	.817	5.20
Organisation Culture	.807	5.49
KAM Organisation	.837	5.36

Table 4.2 Reliability and Mean Scores for KAM Factors

Individual item correlations (Table 4.4) also show there is strength in the survey instrument. The scales were adapted after an initial analysis and Cronbach tests for reliability carried out. All factors of Key Account effectiveness correlate with each other which further support the validity of the survey instrument (Appendix 7). In particular strong correlations are between Intrapreneurial Skills and KAM Organisation (.759), Intrapreneurial Skills and Concern and Benevolence (.751), Intrapreneurial Skills and Expertise (.723), Expertise and Organisation Culture (.706), Expertise and KAM Organisation (.733), Expertise and Concern and Benevolence (.781), Expertise and Commitment (.747), Commitment and KAM Organisation (.718). To gain further validity to the survey instrument and its sub-scales, the main body of the results of data analysis are presented in relation to the identified factors.

Findings from Analysis of KAM Effectiveness

Perceptions of Trust in Relation to Key Account Effectiveness

Perceptions of high trust were not strong overall with a mean score of 5.65.

All KAM effectiveness factors correlate with perceptions of high trust (Table 4.3) however not necessarily very strongly. The factors most strongly correlating with perceptions of high trust are 'concern and benevolence' (.752), 'expertise' (.639) and 'intrapreneurial skills' (.589).

Findings show there is little difference between higher and lower trust communication efforts with the 'Communication' factor having the lowest correlation score (.483). Individual items within the 'Communication' factor all showed correlations with trust ranging from .427 to .489 with 'information sharing' having the weakest association with perceptions of trust while items relating to personal communication and contact

score more highly. Findings from t tests however show there is a statistically significant difference between higher and lower trust perceptions for 'general information sharing' but not for 'confidential information sharing'.

A positive relationship between trust levels and the majority of all items is shown. Individual items (Table 4.4) having higher correlation i.e. above .500 reflect the particular areas of high trust characteristics within each correlating factor. Although the 'KAM organisation' factor overall does not correlate strongly with higher trust, results indicate that matching key individuals to the key account is statistically significant. There are many items however that are weakly correlated with perceptions of trust and this combined with the general moderate correlation scores for trust indicate high levels of trust are not necessary for successful relationships. The mean scores for relationship satisfaction and other performance items though (Appendix 20) are quite high.

Factor	Correlation	Sig.
Concern and Benevolence	.752(**)	.000
Expertise	.639(**)	.000
Intrapreneurial Characteristics	.589(**)	.000
Commitment	.568(**)	.000
Performance	.544(**)	.000
Organisation Culture	.535(**)	.000
KAM Organisation	.523(**)	.000
Communication	.487(**)	.000

Table 4.3 Correlations of Perceptions of Relationship Trust with KAM Effectiveness Factors

Performance was found to moderately correlate with relationship trust levels (.544) and this is statistically significant (Table 4.3). This is further supported by results from cross tabulation of performance with relationship trust levels and chi square tests showing the higher the level of relationship trust the higher the level of performance (Table 4.5).

While overall performance moderately correlates with relationship trust, individual performance items (Table 4.4) such as 'improved profitability' and 'perceptions of equal status' are more strongly correlated compared to the performance items of

'relationship satisfaction', 'enhancing future scope of the relationship' and 'realising substantial cost savings' which are weakly correlated.

Item	Correlation	Sig.	Factor
We Have Equal Status	.526	.000	Performance
We Have Improved Profitability	.506	.000	Performance
Both Organisations are Concerned For Each Other's Welfare	.740	.000	Concern and Benevolence
Companies Make Mutual Efforts	.572	.000	Concern and Benevolence
Managers Work Together to Support the Relationship	.545	.000	Concern and Benevolence
There is good citizenship behaviour from all staff involved in this relationship	.539	.000	Concern and Benevolence
There is a high level of trust throughout the supply chain	.758	.000	Concern and Benevolence
The Mortgage Lender has Confidence in the Intermediary's Reputation	.526	.000	Expertise
We Understand Each Other's Business	.501	.000	Expertise
Concerns are Shared	.562	.000	Intrapreneurial
ML is Willing to Take Risks	.533	.000	Intrapreneurial
The Intermediary has a Teamwork Culture	.501	.000	Organisational Culture
KAM Individuals are Matched	.536	.000	KAM Organisation

Table 4.4 Individual Items More Strongly Correlated with Perceptions of Trust

Evidence that higher scores for each KAM effectiveness factor correlate with higher scores for perceptions of relationship trust is further supported by findings from cross tabulations of factors with perceptions of trust. The differences between higher and lower trust groups were found through chi-square tests to be statistically significant for all factors (Table 4.5) but there were insufficient cell counts to look at each item so these results show broad support rather than specific.

Factor	Sig.
Performance	.007
Concern and Benevolence	.000
Communication	.001
Expertise	.000
Intrapreneurial Skills	.001
Commitment	.002
Organisational Culture	.000
KAM Organisation	.001

Table 4.5 Chi Square Tests for Cross Tabulations of KAM Effectiveness Factors and Trust Perspectives

Further support showing a higher level of perceived trust is associated with higher perceptions of KAM effectiveness factors is found in the results of independent means tests (Table 4.6) and this is also backed quite strongly by individual item analysis. The differences between higher and lower trust perceptions were also found to be statistically significant (Table 4.6).

	Relationship Trust	N	Mean	Std. Dev.	Std. Error Mean	Sig.
Performance	Lower Trust	18	4.44	.497	.117	.000
	Higher Trust	40	5.27	.669	.106	
Concern	Lower Trust	30	4.89	.756	.138	.000
	Higher Trust	50	6.16	.557	.079	
Comm	Lower Trust	27	4.61	1.06	.204	.000
	Higher Trust	50	5.67	.918	.130	
Expertise	Lower Trust	28	5.08	1.09	.206	.000
	Higher Trust	50	6.36	.537	.076	
Intrapran	Lower Trust	25	4.80	.828	.165	.000
	Higher Trust	46	5.67	.729	.107	
Commitment	Lower Trust	26	4.43	1.261	.247	.000
	Higher Trust	49	5.58	.767	.109	
Org. Culture	Lower Trust	24	4.94	.757	.154	.000
	Higher Trust	45	5.77	.597	.089	
KAM Org.	Lower Trust	21	4.64	.782	.170	.000
	Higher Trust	45	5.59	.780	.116	

Table 4.6 Differences in Means of Higher and Lower Trust Perspectives of KAM Effectiveness Factors

The following individual items were not found to be statistically significant in terms of differences in trust perceptions:

- If our relationship ended the Mortgage Lender would find it difficult and complicated.
- If our relationship ended the Intermediary would find it difficult and complicated.
- My counterpart in the other organisation is willing to share confidential information to enhance this relationship.
- The Intermediary has clear guidelines in place for working with Key Account Relationships.
- Differences between the Mortgage Lender and Intermediary organisational values and culture are recognised by both organisations.
- The Intermediary is willing to take risks to enhance the scope of this relationship.

A closer look at the mean scores reveals the most important issues are that no matter what the perceptions of trust levels are relationships are perceived to be relatively easy to exit and there is slight agreement that key individuals in both organisations are willing to share confidential information.

In terms of 'criteria for success' there were few differences between higher and lower trust group responses (Table 4.7). The main differences, though slight, were for 'close working together' where the higher trust group (30%) had a higher proportion and for 'open flexible management approach' where the lower trust group had a higher proportion of responses.

Criteria for Successful KAM Relationships	Total Count	ALL %	HT Count	HT %	LT Count	LT %
Close Working Together	29	28	18	30	11	26
Shared Values, Mutual Win-Win	23	22	13	22	10	23
Effective Communication	18	18	11	18	7	17
Excellent Service/Product	17	17	10	17	7	17
Open, Flexible Mgmt. Approach	15	15	8	13	7	17
Total Responses	102	100%	60	100%	42	100%

Key HT = Higher Trust LT = Lower Trust

Table 4.7 Success Criteria for Higher and Lower Trust Groups

In terms of barriers to successful KAM relationships the differences between higher and lower trust perspectives are not as great as those between Mortgage Lender and Intermediary perspectives (Table 4.8). There are only two areas that show differences between low and higher trust perceptions. Lower trust is associated with higher price/fee/budget issues (21%) compared to 19% for higher trust levels and service issues (23%) compared to 15% of high trust responses (Table 4.8).

	ALL Count	ALL %	HT Count	HT %	LT Count	LT %
Different Agendas	21	31%	11	32%	10	29%
Price/Fee Pressures	13	19%	6	18%	7	21%
Service Issues	13	19%	5	15%	8	24%
Politics/Culture	10	15%	5	15%	5	15%
Inflexible Policies/Mgmt.	7	10%	3	9%	4	11%
None	4	6%	4	11%	0	0%
Total Responses	68	100%	34	100%	34	100%

Key HT = Higher Trust LT = Lower Trust

Table 4.8 Barriers to Successful KAM Relationships

Mortgage Lender and Intermediary Perspectives

There are differences between Mortgage Lenders and Intermediaries for all factors of key account effectiveness. However while there are only two KAM effectiveness factors overall that show statistically significant differences between Mortgage Lenders and Intermediaries ('organisational culture' and 'intrapreneurial skills', Table 4.9), individual item analysis shows there are statistically significant differences in some

items within all factors apart from 'communication' (Table 4.10). This also supports trust perspective findings and item mean scores which indicate that organisations are generally satisfied with the type and frequency of contact.

Factor	Sig.
Performance	.611
Concern and Benevolence	.063
Communication	.221
Expertise	.331
Intrapreneurial Characteristics	.034
Commitment	.377
Organisational Culture	.014
KAM Organisation	.080
RelationshipTrust	.326

Table 4.9 Chi Square Tests for Mortgage Lender and Intermediary Perspectives of KAM Effectiveness Factors

The biggest differences between Mortgage Lenders and Intermediaries then overall can be seen in relation to perceptions of 'organisation culture' and 'intrapreneurial skills' but also shows generally Mortgage Lenders feel much more positive about the relationship compared to Intermediaries (Table 4.10). This is further supported by independent sample t tests which show mean scores for Mortgage Lenders are higher across all factors compared to Intermediaries. These differences tested statistically significant for 'Expertise', 'Intrapreneurial Skills', 'Concern and Benevolence' and 'Organisational Culture' (Table 4.11) but mean scores for both Mortgage Lenders and Intermediaries were not high.

Item	Chi Value	Sig.	Factor
We Both Want to Continue the Relationship	15.87	.003	Performance
We Both Want to Enhance the Scope	8.396	.038	Performance
ML Helps INT Achieve Objectives	11.444	.043	Performance
ML is Fair in it's Business Conduct	18.870	.001	Concern and Benevolence
Our Companies Have Equal Status	20.426	.002	Concern and Benevolence
The ML is Willing to Adapt to INT needs	14.840	.022	Commitment
ML Understands Final Customer	20.300	.002	Expertise
I Am Willing to Share Confidential Info.	20.576	.002	Intrapreneurial
We Engage in Positive Social Interactions	18.855	.004	Intrapreneurial
I Have Similar Values and Beliefs	13.468	.009	Intrapreneurial
The Client Can Access the KAM Easily	21.188	.001	Intrapreneurial
ML Has Guidelines for KAM	18.954	.002	Organisation Culture
ML Has a Teamwork Culture	15.522	.008	Organisational Culture
Differences in Cultures are Understood	17.290	.008	Organisational Culture
Differences in Cultures Hinders Relationship	18.410	.005	Organisational Culture
ML has High Level Internal Co-operation	31.480	.000	Organisational Culture
Int. has High Level of Internal Co-operation	20.468	.001	Organisational Culture
ML Has Top Management Support	11.176	.048	Organisational Culture
KAM Works Well With Other ML Functions	10.528	.032	KAM Organisation
ML Key Account Structure is Flexible	18.624	.002	KAM Organisation

Key: ML = Mortgage Leader INT = Intermediary

Table 4.10 Chi Square Test Statistics Showing Individual Items that are Statistically Significant Different Between Mortgage Lenders and Intermediaries

KAM Factors	Org. Type	N	Mean	Std. Deviation	Std. Error Mean	Sig.
Communication	ML	52	5.39	1.06	.15	.227
	Int.	26	5.07	1.14	.22	
Intrapreneurial	ML	48	5.54	.79	.11	.023
	Int.	23	5.01	.92	.19	
Commitment	ML	50	5.36	.95	.13	.114
	Int.	26	4.88	1.32	.26	
Expertise	ML	52	6.14	.88	.12	.044
	Int.	28	5.67	1.03	.19	
Performance	ML	41	5.05	.73	.11	.573
	Int.	17	4.93	.73	.18	
Concern	ML	55	5.85	.81	.11	.019
	Int.	25	5.32	.94	.19	
KAM Org	ML	47	5.38	.88	.13	.232
	Int.	19	5.08	.92	.21	
Org. Culture	ML	46	5.74	.71	.10	.000
	Int.	22	4.99	.54	.11	

Key: ML = Mortgage Lender Int. = Intermediary

Table 4.11 T Test Statistics for Differences in Mean Scores for Mortgage Lender and Intermediary Perspectives of KAM Effectiveness Factors

In relation to 'Performance' factor items, results (Tables 4.9, 4.11 and Appendix 15) show there is general satisfaction with the relationship and willingness to enhance the scope of the relationship as well as to continue the relationship, indicating intentions for longer term development. However the results also show while there is agreement that profits have been made and mutual benefits gained, neither the provider nor client feels their relationship has made substantial cost savings and if the relationship was to end neither side would find it particularly difficult, though overall Intermediaries appear to be in a worse position.

Mortgage lenders score more positively on all performance items indicating inequality, a lack of mutuality or a tendency for mortgage lenders to view their relationship more positively.

Results from analysis of the open ended questions generally support the finding that organizational culture differences may be an issue between Mortgage Lenders and Intermediaries. In terms of success criteria, a higher proportion of Intermediary

responses (35%) relative to Mortgage Lender responses (27%) accounted for 'working closely together' (Table 4.12) This was also true for 'shared values' and 'gaining a win-win situation' (30%) compared to 20% for Mortgage Lenders.

Mortgage Lenders responses were greater than Intermediary responses for 'effective communication', 'excellent service/product' and 'open, flexible management approach'.

Criteria for Successful KAM Relationships	Total Count	ALL %	ML Count	ML %	INT Count	INT %
Close Working Together	29	28	21	27	8	35
Shared Values, Mutual Win-Win	23	22	16	20	7	30
Effective Communication	18	18	15	19	3	13
Excellent Service/Product	17	17	14	18	3	13
Open, Flexible Mgmt. Approach	15	15	13	16	2	9
Total Responses %	102	100%	79	100%	23	100%

Key ML = Mortgage Lender I = Intermediary

Table 4.12 Success Criteria for Mortgage Lenders and Intermediaries

In terms of barriers to successful KAM relationships (Table 4.13) the biggest difference between Mortgage Lenders and Intermediaries is in the proportion of responses to the highest overall barrier, different agendas. While 47% of Intermediaries agreed with this, less than a third (23%) of Mortgage Lenders did.

Mortgage Lenders seem more concerned about pricing and procurement fee issues compared to Intermediaries. Intermediaries did not mention it and their response rate generally was lower than that for Mortgage Lenders.

Mortgage Lender responses (23%) show they are much more concerned about service issues compared to Intermediaries (10%). This includes the amount of contact and information sharing.

Responses for inflexible policies/management were higher for Intermediaries (14%) compared to 9% for Mortgage Lenders.

	ALL Count	All %	ML Count	ML %	INT Count	INT %
Different Agendas	21	31%	11	23%	10	48%
Price/Fee Pressures	13	19%	13	27%	0	0%
Service Issues	13	19%	11	23%	2	9%
Politics/Culture	10	15%	4	9%	6	39%
Inflexible Policies/Mgmt.	7	10%	4	9%	3	14%
None	4	6%	4	9%	0	0%
Total Responses	68	100%	47	100%	21	100%

Key ML = Mortgage Lender Int. = Intermediary

Table 4.13 Barriers to Successful KAM Relationships

Key Account Effectiveness Factors and Overall Performance

'Performance' individual item analysis (Appendix 15) reveals overall there were high mean scores for desire to continue the relationship (6.51) and enhance it for future benefit (6.34). These were the highest scores of all survey items which indicate relationship building intentions beyond a purely transactional type.

Low mean scores for cost savings and ease of exit items but fairly high mean scores for relationship satisfaction (Appendix 15) suggests that relationships may either be in early stages of development or that it is not important to be locked in to a relationship.

All KAM effectiveness factors correlate with 'performance' and the strongest association is with 'communication' followed by the 'commitment', 'concern and benevolence', 'expertise' and 'intrapreneurial skills' factors (Table 4.14). The lowest correlation is that for the 'organisational culture' factor (.524) which supports results from t-tests and chi square tests that show it is the individual behaviours and actions that are perceived as more important than the those of the organisation.

It can be said that the higher the level of KAM effectiveness factor the higher the level of performance. However there was poor response to statements about performance items which may indicate either ambiguity in the statement or an inability to answer because of lack of involvement in such aspects or the plain fact that assessment of performance does not consider such parameters. This lack of response may suggest a weak KAM orientation overall.

There is a reasonable correlation between perception of trust within the relationship and performance (.544) so it can said the higher the trust level the greater the

performance but it is not strong. Chi square tests also show cross-tabulations between performance and KAM effectiveness factors are statistically significant.

Factor	Correlation	Sig.
Communication	.697(**)	.000
Commitment	.666(**)	.000
Concern and Benevolence	.650(**)	.000
Expertise	.614(**)	.000
Intrapreneurial Skills	.613(**)	.000
KAM Organisation	.582(**)	.000
High Trust	.544(**)	.000
Organisation Culture	.524(**)	.000

Table 4.14 Correlations of Performance with KAM Factors

In terms of criteria for success a fairly high number of respondents (38%) did not answer in relation to this topic but there is a clear grouping of types of responses (Appendix 16) by those who did that focus mainly on organisational culture aspects and individual contact (Figure 4.2). The most commonly cited criteria for success was 'close working together' and this accounts for almost a third (29%) of all responses, followed closely by 'shared values, mutual benefits and looking for a win-win situation' (23%). 'Effective communication' (18% of responses) ranged from points made about regular contact to communication at all levels and quality communication that included timely feedback. Excellent service aspects (15% of responses) included being supportive and having quality products/product ranges to gain competitive positioning. An open approach, flexible management and responsiveness accounted for 15% of responses also.

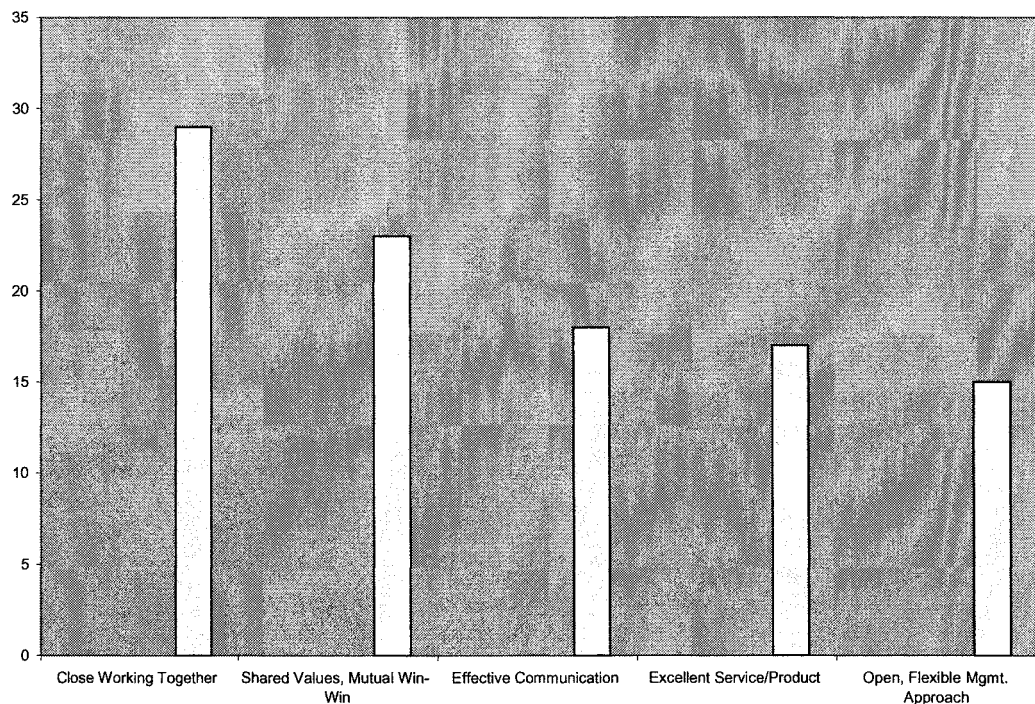


Figure 4.2 Frequency of Responses of Criteria for Successful Key Account Relationships (All Respondents) (Murray 2005)

In terms of barriers to successful KAM relationships (Fig. 4.3) a fairly high number of respondents did not answer this question also (34%) but again there were distinct categories of issues that could be identified and mainly linked to organisational culture aspects.

The largest category of responses was 'different agendas' accounting for almost a third (31%) of all responses made. Further analysis shows that this can relate to differences between organisations as well as within, for example between sales and management. This can link to/overlap with other stated barriers such as political issues and inflexibility of policies and corporate culture leading to lack of responsiveness and effective decision making.

Pricing, budgetary and procurement fee demands were mentioned by 13 respondents. Service issues (18% of respondents) included aspects such as, lack of contact, inability to track electronically, unwillingness to share information.

A small number of respondents (4) stated they felt there were no barriers to their relationship and one intermediary (R6) thought 'trust' was both a success criteria and barrier.

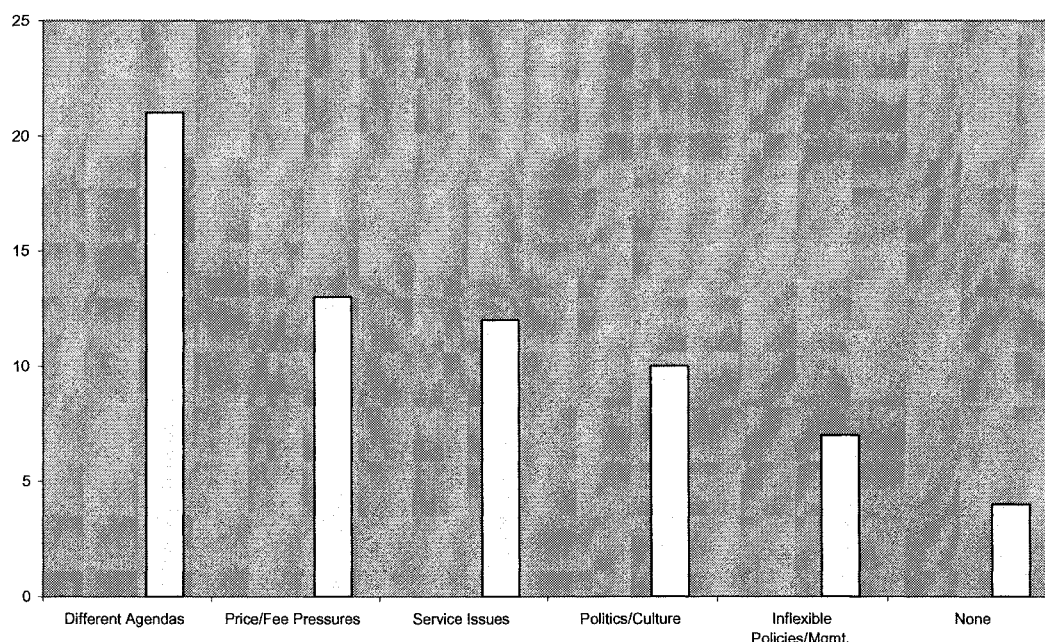


Figure 4.3 Frequency of Responses for Barriers to Key Account Relationships (All respondents) (Murray 2005)

4.4 A Summary of Key Findings Arising From Comparison and Integration of Interview and Questionnaire Results

The Need for KAM in the UK Mortgage Industry

Interview results reveal the main driver for key account management in the UK Mortgage industry is competitive activity in a high sales volume market therefore driving the need to gain access to more distribution channels to increase sales volume. Economies of scale through technology and outsourcing of various IT and administrative services can be gained as well as access to new markets. These were clearly identified from the interviews, confirming the literature and so did not need to be included in the survey (Walker 2002). There is a high degree of reciprocation so that mortgage lenders and intermediaries can be both providers and clients to each other therefore supporting further the relevance of Key Account Management. The market is dominated by key players on both sides of the relationship and access to their distribution channels is highly sought after.

Trust Perceptions in Relation to Key Account Effectiveness

The survey results indicate there is a relationship between higher trust and higher scores for perceptions of all key account effectiveness factors however they also indicate that it is not necessarily a strong relationship. It must be noted that the mean

score for relationship trust was 5.65 which indicates respondents do not strongly agree there is high trust in the relationship.

Interview respondents mentioned lower trust to be more closely linked to the newness of a relationship but still said trust was important. Newer relationships needed placed trust which requires evidence of reputation, track record, brand strength and market position for example. Survey results did not show any link between higher trust and tenure.

Trust Perceptions in Relation to KAM Effectiveness

Interview respondents talked of high sales volume, profit and opportunities for new market development when discussing high trust relationships.

Survey results show perceptions of trust do not correlate strongly with performance but there is enough evidence to support the idea that the higher the perception of trust the greater the perception of performance. There were moderate correlations between trust and achievement of objectives however ease of exit and a lack of agreement about cost savings for both higher and lower trust respondents indicates companies are not locked into relationships. Interview discussions also suggest this. There is a moderate correlation between perceptions of trust and improving profitability.

When asked to identify criteria for success performance aspects such as achieving greater profitability and cost savings were not mentioned by higher trust respondents. Lower trust respondents were more concerned with performance items such as price/fee/budget/service issues compared to higher trust (Table 4.7). Survey analysis of criteria for success generally indicates more emphasis upon relational aspects for performance such as close working together for both higher and lower trust groups rather than financial criteria whereas the interview respondents as well as focusing on relational aspects made it clear the relationships had to achieve financial objectives and that there was a sales orientation.

Though differences between the two groups were not great a higher proportion of higher trust respondents compared to lower trust respondents stated 'working closely together' as important (Table 4.7) which supports the view that organisational culture is an issue. 'Differences in agendas' was cited as an issue more by higher trust than lower trust respondents indicating concerns for relational aspects of the relationship. A higher proportion of the lower trust group stated the need for 'flexible management' and a 'win-win, mutual relationship' with 'shared values' for success compared to the higher trust group indicating a desire for more trusting behaviour in the relationship. Both high and lower trust groups stated 'excellent service and product' for success and 'effective communication'.

Concern and Benevolence and Perceptions of Trust

Both interview and survey results (for all concern and benevolence items) indicate high levels of mutual demonstrations of concern and benevolence within and across both companies and this is the factor that most strongly correlates with higher trust.

Communication and Perceptions of Trust

Interview respondents when asked to talk about higher trust key account relationships emphasised the importance of personal, informal contact and in particular the role of the intrapreneurial key account manager on the provider side and his or her counterpart on the client side. Survey results also emphasise the role of personal contact and this is linked to expertise in terms of understanding each others' business and demonstrating concern and benevolence in higher trust relationships. Results show there is satisfaction in terms of personal contact for both higher and lower trust based relationships. Interviews in particular illustrate the need for verification early on of expertise and of understanding each others' business. Interviews showed that lower trust was linked to more formal communication that needed demonstration of expertise while higher trust was linked to more informal communication. Interview results placed much more emphasis compared to survey results upon information sharing and in particular confidential information sharing between key individuals and organisations indicating a broader industry reluctance to do this.

Expertise and Perceptions of Trust

Expertise in terms of understanding each others business is strongly associated with higher levels of trust and this is emphasised in both the interview and survey results. This is particularly important when a new account is being developed as this gives proof of trustworthiness. However there is low correlation between perceptions of trust and sharing confidential information. This contradicts suggestions by interview respondents that in a high trust relationship information sharing and in particular confidential and sensitive information will be shared.

Intrapreneurial Skills and Trust

While this factor shows a positive relationship with higher trust there were particularly strong correlations between higher trust and Mortgage Lenders taking risks and with both sides sharing concerns. Survey results support the interview results that place a very high emphasis on intrapreneurial skills as crucial to the success of key account relationships. Many examples were given of initiatives being driven by two creative individuals working closely together. Since organisational culture differences appear to be the biggest issue for organisations much reliance is placed upon the individuals involved. The interview and survey results indicate evidence of strong interpersonal trust development. However, one interview respondent suggested that perhaps too

much trust in individuals can affect internal perceptions causing some conflict within organisations.

Commitment and Perceptions of Trust

Interview results indicate demonstrations of commitment, for example investing in IT systems and adapting processes to meet each others needs and survey results generally support these findings. However they highlight a consensus by both higher and lower trust groups that there was a weak association between higher levels of trust and the mortgage lenders willingness to adapt to suit the intermediary's needs.

Organisation Culture and Perceptions of Trust

The interviews indicate that in high trust relationships there may be organisational culture issues but strong intrapreneurial skills cope with these because they are used to identify potential problems and by understanding organisational behaviour can deal with them. As interviews identified lower trust to be associated with lack of tenure, it is possible the relationships were too new to be involved in cultural clashes. Survey results also show a positive relationship between the organisational culture factor and higher trust and though there was a strong correlation between higher and lower trust groups in relation to understanding differences between cultures the differences between these groups in relation to cultural issues hindering the relationship were not significant. Success criteria and barriers to success focussed on organisational culture issues but again there were little differences found between higher and lower trust groups. Close working together was most important for success for both groups followed by shared values and a mutual win-win approach. Both groups indicated the biggest barrier to be different agendas and other organisational issues focussed on politics and inflexible policies and management. Organisational issues then are relevant to both higher and lower trust indicating that this needs to be taken notice of.

KAM Organisation and Trust

Interviews stressed the need for empowerment of key account individuals and although the relationship between the KAM organisation factor and higher trust was not strong the survey results did show there was no significant difference between higher and lower trust groups for guidelines for KAM within the intermediary organisation.

A Mortgage Lender and Intermediary Perspective of KAM Effectiveness

Independent means tests (Table 4.11) show Mortgage Lenders score more highly than Intermediaries for all factors and for all items. These differences were statistically significant for the intrapreneurial, expertise, concern and benevolence and organisational culture factors but only for 20 items overall.

Mortgage Lender and Intermediary Perspective of Performance

In terms of performance, interviews reveal a focus on gaining access to distribution channels to increase sales volume. Key accounts are seen as hugely important to the success of both organisations. Both mortgage lenders and intermediaries need high volume sales and are willing to reciprocate therefore showing a degree of interdependency. Other performance indicators were mentioned in terms of giving key account status such as a track record, reputation, market position. Both sides had clear ideas about who they wanted to do business with and it is clear that while both sides try to be fair and want to collaborate neither wants to be locked in to dependency. It appears that there is a degree of interdependence. Intentions to continue and enhance the relationship were made strongly by interviews and survey data. However mortgage lenders had a higher opinion of their performance compared to intermediaries in the survey data. According to the survey results neither Mortgage Lender nor Intermediary has realised substantial cost savings through working together and exit would not be difficult.

Generally speaking both mortgage lenders and intermediaries are involved in a high number of key account relationships and number of contact hours varied across a wide range (mean of 6). For all profile characteristics there were no significant differences between mortgage lender and intermediary. Interview results indicate that gaining key account status is valued by the intermediary and that it is something that mortgage lenders take the lead on rather than intermediaries. Interviews also indicated that while currently satisfied with the number of accounts being handled by one individual there were concerns this was likely to increase in the future.

Higher missing data for the performance factor compared to other factors indicates respondents were unable to complete these statements easily. Interview respondents also were unable to talk about how key account performance was evaluated other than meeting objectives, mainly sales and profit.

Mortgage Lender and Intermediary Perspective of Concern and Benevolence

Interview results reveal strong demonstrations of concern and benevolence on both sides of the relationship whereas survey results show mortgage lenders to be perceived to have higher status in the relationship though the mean results for perceptions of equality were not high. There were significant differences between Mortgage Lender and Intermediary perception that Mortgage Lenders were fair in business.

Mortgage Lender and Intermediary Perspective of Communication

A closer look at the communication factor reveals there is reasonably high satisfaction with the nature and frequency of personal contact for both Mortgage Lender and

Intermediary. Personal contact and communication is not an issue between Mortgage Lender and Intermediary. Interviews reveal that informal contact in particular is important for relationship success and this links closely with intrapreneurial skills of key account individuals.

Mortgage Lender and Intermediary Perspective of Expertise

Interview results stressed the importance of understanding each others business and this was particularly emphasised by intermediaries. Demonstrations of expertise and good reputation were important for key account status. While survey results indicate that both sides understood each other's needs, were willing to share information and had confidence in each others reputations they also reveal reluctance by Mortgage Lenders to understand final consumer needs.

Mortgage Lender and Intermediary Perspective of Intrapreneurial Skills

Both interview and survey results show the need for both mortgage lenders and intermediaries to be able to demonstrate political and influencing skills to gain internal and top management support and deal with conflict. KAM empowerment and the role of the key account manager were particularly stressed as very important by interview respondents. While neither interview nor survey respondents saw a great need to socialise Mortgage Lenders perceived they socialised more so than Intermediaries. Interviews implied a professional business relationship is more important than becoming best friends. Survey results do stress the importance of sharing the same values and being able to gain easy access to the key account individuals. While sharing information generally is viewed positively survey results show there is a statistically significant difference between Mortgage Lenders and Intermediaries regarding sharing of confidential (strategic) information with Mortgage Lenders perceiving themselves to do this well.

Survey results however show that overall there were significant differences between Mortgage Lenders and Intermediaries perceptions for this factor with Mortgage Lenders scoring more highly.

Mortgage Lender and Intermediary Perspective of Commitment

While interview results indicate that both sides are willing to demonstrate commitment survey results suggest there is a difference between them and Mortgage lenders appear to be more committed though interview results do suggest caring about the end customer was perceived as a more of a role for the Intermediary. The interviews suggest Mortgage Lenders take the lead in KAM initiatives and demonstrated more examples of investment, for example in promotional activity.

Mortgage Lender and Intermediary Perspective of Organisational Culture

The biggest differences between Mortgage Lenders and Intermediaries are concerned with areas of organisational culture. While interview results show that organisational culture issues are managed proactively by the intrapreneurial skills of key account managers the survey results highlight this as a weakness for relationship success.

Analysis of success criteria supports the statistical tests showing organisational culture aspects to be a main issue between Mortgage Lenders and Intermediaries and emphasising the role of the intrapreneurial key account contact. In terms of the analysis of barriers to successful relationships (Table 4.13) the biggest difference between mortgage lenders and intermediaries was for 'different agendas'. Mortgage Lenders were more concerned about pricing and procurement fee issues and service issues compared to Intermediaries indicating a difference in emphasis between mortgage lenders and intermediaries and perhaps more concern over performance issues.

Support for the differences between Mortgage Lenders and Intermediaries is found in the item analysis showing differences in perceptions especially relating to organisational culture.

Interviews suggest internal conflict and politics was more characteristic of the mortgage lender rather than the intermediary.

Mortgage Lender and Intermediary Perspective of KAM Organisation

Interview results indicate that KAM as a concept is firmly embraced by both Mortgage Lender and Intermediary but it is the Mortgage Lender who drives initiatives in the main. It is the Key Accounts Department in the Mortgage Lender organisation that also drives KAM as a concept forward and has to work hard at gaining recognition and support from top management as well as from other functional areas. It was suggested that this is changing and as the success of Key Accounts is becoming more known there is greater willingness to appreciate their role in achieving growth for the whole company and acting as a buffer between business clients and the sales side of the organisation. Interview results suggest there is some internal conflict and a greater need for co-operation and empowerment of key account individuals. Survey results show that there is general agreement that top management support the role of KAM in both organisations but generally the intermediary does not embrace a formal KAM organisation in the same way as does the Mortgage Lender.

Summary of Issues Arising from Data Analysis

Interview results present a more positive picture compared to the survey results but they were based on one organisation's network of relationships from which the majority of non-direct business is gained, therefore very important strategically. Survey respondents however were from the whole spectrum of organisations and types of key account relationships within the whole industry. The interviews present characteristics of successful Key Account relationships within the UK Mortgage Industry. They show that differences between higher and lower trust relationships are due to tenure rather than differences in performance and that lower trust or newer relationships needed more visible evidence of reputation and expertise and communication was likely to be more formal compared to higher trust relationships. Mortgage Lender and Intermediary perspective differences were not made clear from the interview results but common issues for example, the importance of 'intrapreneurial' skills of key individuals to compensate for organisational culture issues were emphasised.

The survey data however makes the distinctions between higher and lower trust more clearly and in particular between Mortgage Lender and Intermediary organisations. Trust group differences relate to organisational culture, intrapreneurial skills, concern and benevolence and expertise while Mortgage Lenders score more highly than Intermediaries for all items and the greatest differences are for organisation culture and intrapreneurial skills factors. The differences between mortgage lender and intermediary may be due to a tendency on the part of Mortgage Lenders to over estimate their position or a genuine sense of inequality. It is also possible that Intermediaries do not place as much importance upon key accounts as Mortgage Lenders do or they do not have the same degree of formalisation of key account programs as suggested by survey results.

However, whether Mortgage Lender or Intermediary or higher/lower trust groups are being talked about interview and survey results indicate relationships are clearly not locked in. Intentions to continue the relationship and enhance its scope were generally positive as was satisfaction and recognition that by working together, profitability improved but there was little agreement that good cost savings had been made and relationships were not perceived as difficult to exit.

Both interview and survey results emphasise the importance of the role of key individuals and organisational culture for successful relationship development and clearly indicate the biggest issue is that of organisational culture necessitating the pivotal role of intrapreneurial managers on both sides of the relationship to compensate for weaknesses in internal communication and co-operation. These

individuals play an important political role and in the successful relationships identified are strategically placed and empowered to orchestrate resources to achieve Key Account objectives. In particular their personal and informal contact is crucial although communication at all level of interfaces was seen as important. Both interview and survey results report satisfaction with communication efforts.

Interview intermediary respondents emphasised the need for empowered Key Account individuals who are willing to share confidential information more so than mortgage lenders who placed more importance on key account organisation and performance. Intermediary interview respondents also expressed greater interest in the end customer compared to mortgage lenders, mainly because they are closer to them in the supply chain.

Success criteria and barriers to success mentioned by both mortgage lenders and intermediaries focus on relational efforts and organisational culture issues rather than performance requirements.

Interview respondents also gave many examples of commitment demonstration though survey results indicate higher commitment from mortgage lenders compared to intermediaries.

The need for formal KAM organisation is demonstrated more by Mortgage Lenders than Intermediaries in both interview and survey results and generally results indicate KAM initiatives are led by Mortgage Lenders even though according to interview results gaining key account status is sought after by Intermediaries. While interview results talked of sensible numbers of key accounts being handled by key individuals there are indications of a growing ratio of accounts to individual and survey results showed in some cases large numbers of accounts being handled by one person. Job title analysis also reveals a higher involvement of top management in the Intermediary organisation compared to the Mortgage Lender and this may be because of size differences with the latter tending to be larger.

Despite the demonstrations of concern and benevolence within the relationships examined there is support for the view that the UK mortgage industry is generally, fairly sales oriented and there is more scope for the development of relationships with both sides engaging more proactively for mutual benefits.

The results indicate generally there is a relationship between higher trust and KAM effectiveness factors and performance however results also support the idea that a high level of trust is not necessary for successful KAM relationships. There are differences in perceptions between Mortgage Lenders and Intermediaries for all items

but these are not necessarily statistically significant. Overall, the results indicate evidence of the relevance of KAM and the need for, placed trust, knowledge based trust and a sensible level of relational trust.

4.5 Limitations and Issues with the Data

The survey is limited by the large number of items (66), only 87 responses and for some questions large numbers of missing data means this analysis can only give some indications of possible patterns of KAM effectiveness and therefore should be treated as exploratory. The survey (though modified) was carried out twice and interview results were gathered over a year allowing triangulation to give more strength to overall finding and scale validity. The limited volume of data meant higher levels of analysis could not be carried out. There may very well be sample bias as this was taken from a major exhibition where it is possible organisations tend to send sales representatives rather than key account managers to these events. Grouping the data into key constructs makes analysis easier but at the same time weakens the strength of each individual item.

Overall, a mixed methods approach has been useful for the exploratory nature of this study so that the interviews inform the survey design in a way that is more relevant to the Mortgage Industry than relying on theory alone. The interview results show more positive perceptions of KAM in the UK Mortgage Industry which may be due to sample bias but both methods of data collection give results that between them shed new light on KAM from a theoretical as well as practical perspective and in particular show its application within a new context. The next chapter will discuss this and issues raised by the study.

Chapter 5 Discussion

5.1 Introduction

This chapter discusses issues raised from the literature review in relation to key findings from analysis of interview and survey results and the objectives of this study. There are several key issues that emerge from the literature which need to be addressed by this discussion: the relevance of KAM as a business model and views on dependency, how KAM should be identified and organised, factors that influence key account relationship effectiveness, the role of the individual as well as the organisation in relationship development, the extent to which trust is needed and differences between supplier and buyer perspectives. Implications for practice arise from this discussion and are presented.

5.2 The Need for KAM in the UK Mortgage Industry

A fundamental issue highlighted in the literature (Hennenberg, Pardo and Mouzas, 2005; Piercy and Lane, 2005) is to do with understanding the role and purpose of KAM. The philosophy behind KAM is one of collaborative exchanges (Hennenberg, Pardo and Mouzas, 2005) and this implies mutual actions and benefits yet much evidence (Millman and Rogers, 1997; McDonald, 2002; Cherveton, 2002; Piercy and Lane, 2003, 2005, 2006) suggests it is more often than not viewed as a means for the supplier to create value for the benefit of the customer. Interview results present a picture of collaboration and mutuality whereas the survey results present a picture of exchange that is biased towards the interests of the Mortgage Lender. This study shows that while Mortgage Lenders do tend to lead the way in KAM, Intermediaries want key account status for their own reputation and procurement fees awarded for selling the Mortgage Lenders products but also because it provides further opportunities for them to sell their products to the Mortgage Lenders end consumers too. There is a high degree of reciprocity which is peculiar to the Mortgage Industry. The results indicate that there may be some inequality and some Intermediaries may be more dependent upon Mortgage Lenders than others but it is clear there is potential mutual gain both in the short term and the future. This study found support for the conceptual model of three types of value driven key account relationships possible proposed by Henneberg et al (2005) and also considers the conditions are appropriate for Intermediary networks to develop the fourth type of key account relationship suggested by them, the proprietary buyer value type. At the moment Mortgage Lenders lead the way with KAM initiatives but this can easily change as Intermediary networks become more important to the Mortgage Lender and more sophisticated.

While interviews present examples of relational value KAM the survey results suggest there is a mixture of 'proprietary', 'relational' and 'exchange' value types evident. Piercy and Lane (2005) argue they found relationships to be either of the 'exchange' or 'proprietary' type which defeats the collaborative purpose of KAM according to Henneberg et al (2005). Much of the key account literature (McDonald et al, 1999; Cheverton, 2002; Cheverton et al, 2004) does mainly discuss KAM in terms of how it benefits the supplier which flaws the theory that is based on mutual collaboration but it is also acknowledged supplier activities are in response to purchaser demands. Buttle (2004) supports the idea that KAM can be 'buyer' initiated for the benefit of the 'buying organisation'. This study shows that relationships are not mainly based on the supplier providing benefits for the buyer and in particular contradicts the views of Piercy and Lane (2005, 2006).

The literature (Millman and Wilson, 1994; McDonald et al, 1997; Pardo, 1997; Holt and Millman 2000; McDonald, Rogers and Woodburn, 2000; Ojasalo, 2001; Workman et al, 2003; Piercy and Lane 2005; Wengler et al 2006) identified that certain market conditions make KAM very relevant, namely, risk, uncertainty, product diversity, increasing change and increasing competition for example. Product proliferation, aggressive competition, the concentration of suppliers, buyer networks, a huge, disloyal, end user base, a complex supply chain and a high sales /profitable market identified by the interview results makes KAM very appropriate for UK Mortgage Industry and this confirms financial services literature (Walker, 2002; Markham, 2003; Seager, 2003; Cheverton et al 2004). In terms of conditions the continued growth of investment in housing alone is conducive to Key Account Management development. The biggest barrier to this will be in the form of competition and who can keep up with or be one step ahead of IT development to provide processes and systems to improve timeliness and cost effectiveness.

While Piercy and Lane (2003, 2005, 2006) fundamentally challenge the relevance of KAM as a viable option for achieving competitiveness this study supports some of the criticisms raised by them regarding dependency in that it finds organisations prefer not to be locked into relationships that are difficult to exit but disagrees with other suggestions regarding KAM relevance. Piercy and Lane (2005) could be accused of contradiction when they criticise organisations practising KAM for giving too many accounts key account status yet also criticise some firms for having all their eggs in one basket and rendering themselves vulnerable to customers.

Key account identification is an issue raised in the literature and relates to how customers to be designated for key account status are identified and how to identify

the right amount of relational effort needed for successful Key Account development. It was not raised as an issue by respondents however. Piercy and Lane (2005) point out several follies of adopting KAM which can be avoided, the main one being the need for organisations to be able to identify which accounts are the most appropriate for KAM status, supporting concerns by MacDonald et al (1997), Millman and Wilson, (1997) Lemmens and Donaldson (2005). This study shows that a large number of accounts are given key account status. Mortgage Lenders suggest this is because there are about 100 mortgage panels/networks which top Mortgage Lenders would want to target and there are about 20 Mortgage Lenders these Intermediary networks would want to target. Interviews showed that Mortgage Lenders have a league table of who is most important and so their identified top 20 would receive more relational effort and benefits than the others. It would seem the right number of accounts to be awarded key account status is dependent upon the nature of the industry. There are high volume sales to be achieved through the Intermediary networks distribution channels and the Mortgage Lender has developed sophisticated IT systems or outsourced its IT facilities to cope with the volume. There is a huge variety of products a mortgage lender can use to target different clients with. The issue of how so many key account clients can be served this status without some conflict remains unanswered but is not one raised by Mortgage Lenders at present.

5.3 Factors of KAM Effectiveness

Interview results and a review of the literature enabled characteristics of effective KAM to be identified and used in a survey instrument to measure KAM effectiveness across the industry. An overall perspective shows that KAM effectiveness is fairly average with mean scores for each factor between 5 and 6. Results support the literature review in that the following factors are relevant indicators of KAM effectiveness: Concern and Benevolence, Communication, Expertise, Intrapreneurial Skills, Commitment, Organisational Culture and KAM Organisation. All factors were linked to higher performance but in particular were the concern and benevolence, expertise and intrapreneurial skills.

Concern and Benevolence

There is a lack of discussion of this in the KAM literature but it is addressed within the Trust literature (Ganeson, 1994; Lewicki and Bunker, 1998; McAllistair, 1995; Williams, 2001). Demonstrating care and concern according to the literature shows willingness to go beyond the cognitive perceptions of predictable, dependable behaviour and is linked to higher trust. This is strongly supported both in the interview and the survey results indicating perceptions of fairness in business, mutual efforts to nurture the

business and good citizenship behaviour within the respondent organisation. This also reflects institutional as well as individual support and links to a teamwork culture, greater involvement and information sharing. The Care and Concern factor was most strongly correlated with higher levels of perceived trust and Intrapreneurial skills emphasising the role of involvement by key individuals.

Communication

Sengupta, Krapfel and Pusateri (2000) suggest key account effectiveness is linked to perspectives of communication quality and Schultz and Evans (2002) refer to the importance of strategic collaborative communication. There is an important distinction to be made from general, every day communication between various interfaces across and within the collaborating organisations and that which is of strategic importance, the latter falling largely to the role of the key account managers which will be discussed under 'Intrapreneurial Skills'. Deitz (2004) highlights the importance of informal communication and this is supported by the interview findings in particular.

This study shows that communication efforts were not seen as an issue. Both Mortgage Lenders and Intermediaries were satisfied with the nature and frequency of contact. Companies are passing relevant information on to each other and there are people in both organisations in constant direct communication with each other. Interviews showed that key individuals were effective at orchestrating communication between the various interfaces. Informal contact was particularly emphasised within the interviews and this supports the literature for example Schultz and Evans (2002).

How the Key Account function relates to sales and marketing seems to be an issue for the case organisation and this was reflected by intermediaries who said there needed to be key account manager empowerment and integration of key accounts with sales. Internal communication efforts are an issue and this study reinforces issues raised in previous studies (Williams, 2001; Dewsnapp and Jobber, 2003; Halliday, 2003; Vangen and Huxham, 2003; Dietz, 2004; Ennew and Sekhon, 2004; Tzokas and Saren, 2004).

Expertise

This relates to that of individuals and that of the organisation. The KAM literature (Coulter and Coulter, 2003 and Sengupta, Krapfel and Pusateri, 2000, for example) emphasises the importance of understanding the client's market, final customers and the general industry and this was particularly emphasised from an intermediary perspective shown in the interviews. It was felt that having a strong reputation also demonstrated expertise and competence and this according to the trust literature (Williams, 2001) supports the building of deeper trust and shows the role of

institutional trust. According to Ganeson (1994) reputation (which can be demonstrated by individuals and organisations) confirms credibility.

An organisations reputation reflects perceptions of expertise and is useful for organisations to assess each others position. Interviews emphasised the need to understand each others business and to be able call upon different expertise as and when necessary. Survey results show that organisations had confidence in each others reputations and clearly demonstrate good understanding of each others business however understanding final customer's needs which is an activity listed by McDonald et al (2000) was not scored very highly. This is also a weakness highlighted by Piercy and Lane (2005).

Intrapreneurial Skills

The role identified by Millman and Wilson (1995) and Holt (2001) as boundary spanner can be observed in the UK Mortgage Industry. The interviews and survey results show it is the 'intrapreneurial' key account manager and their counterpart in the buying organisation who are pivotal to key account relationship success and this builds on earlier work. The results indicate that the role and nature of contact with the key Account Manager is crucial throughout relationship development though as McDonald (2000) suggests, it is appropriate to recognise that while a key account manager may have strengths in business development he or she may not have the same motivation for a damage limitation role if the relationship starts to go wrong. Interview results confirmed an organisations willingness to change individual KAMs to suit the type of organisation and the stage of development but also according to the individual's skills and experiences. Continuity was perceived as important by Intermediary interview respondents and both sides say they want personal contact and particularly important is the informal contact which supports findings by Schultz and Evans (2002).

Interview and survey results indicated a lack of interest in the end user market and this reinforces one of Piercy and Lane's (2005) criticisms of KAM. The interviews made it clear organisations needed to respond to changing customer needs based on social and environmental trends, for example the collapse of the pension market and switch to investment in housing.

While satisfaction with communication generally was quite high as was being able to access key individuals in the respective organisations, exchange of confidential information which is more strategic was not strongly supported by the survey results. Having similar values and beliefs and engaging in positive social interactions to enhance the relationship as suggested by Ganesan (1994) were also not highly scored.

Ability to freely discuss concerns, make important decisions and influence resources to assist the development of the key account relationship were supported by survey results. These aspects were also strongly emphasised in the interviews. Taking risks however were not strongly scored.

Identification of Value (mutual) and verification of strategic intent is an issue reported in the literature (Holt and Millman, 2000). Interview results suggest that reliance upon key account individuals is also extended to the monitoring of performance and arranging meetings to discuss ways of improving performance.

While it has been suggested that the growing evidence of coordinated teams to manage key accounts is in response to the use of purchasing teams on the buyer side (Hutt, Johnston and Ronchetto, 1985, in Homburg, Workman and Jensen, 2002) the literature shows a dedicated key account manager co-ordinating various internal actors and resources is still talked about more than teams. The interview findings support this.

Spekman (2005) refers to Anderson and Robertson's (1995) findings that buyers often have a greater loyalty towards the key salesperson than the company they represent. Pardo (1999) also supports these views and suggests the key account manager is a facilitator serving the external network (the key account customer and the environment) and the internal network (the supplier's resources). The internal role argues Pardo (1999) is not one characterised by a hierarchical link between the account manager and 'team' but one that is dynamic and about animating people requiring a real exchange of information that is 'constant, valuable and prepared in advance.'

This study shows the key individual to be prominent, and interviews in particular show reliance on one key person but supported by a team based in key accounts was relevant and the Key Accounts department is depicted as proactive in gaining top management and cross functional support for the key account manager role.

The role of the individual becomes more important according to the trust literature as the relationship develops because the source of trust moves from process based evidence to an appraisal of the individual's characteristics (Deitz 2004). This is supported by the interviews and survey results that show great reliance on the individual key account manager and his or her counterpart in the buying organisation. This contradicts Coulter and Coulter (2003) who argues the more expertise and knowledge of each other the less important the role the individual plays. This study argues the role changes but does not become more or less important.

This study suggests that it is the strength of the role of the Key Account Manager and counterpart in the buying organisation that facilitates a place for KAM organisation. Special management skills are needed and clients value the contact and need empowered individuals to be able to identify and resolve potential conflict. A magically integrated system as proposed by Piercy and Lane (2003 and 2005) and idealised in the literature still has to be managed by people.

Commitment

Sengupta, Krapfel and Pusateri (1997) suggest a win-win can be achieved by reciprocal relationship specific investments where interdependency can be created rather than dependency. Ojasalo (2002) also emphasizes the importance of commitment in KAM because customer relationships are built on mutual commitment (Berry and Parasurman, 1991; Morgan and Hunt 1994).

Transaction specific investments and adaptation while referred to in the KAM literature is discussed much more within the trust literature. Survey results indicate mortgage lenders are more proactive than intermediaries but the interview results suggest both sides are committed though it is clear from the interviews mortgage lenders do generally take the lead. Piercy and Lane (2005) criticises KAM theory for talking of strategic collaborative efforts and joint board room decision making while the trust literature (Vangen and Huxham, 2003 for example) suggests small wins as important and for more involvement of the non-key players. Interviews provide examples of both joint strategic decisions at board level being taken as well as small wins projects.

Organisational Culture

A growing body of relationship marketing and sales and key account management literature and in particular trust literature shows increasing emphasis upon internal co-operation, cross functional integration and collaboration (Dewsnapp and Jobber, 2003; Halliday, 2003; Vangen and Huxham, 2003; Dietz, 2004; Ennew and Sekhon, 2004; Tzokas and Saren, 2004) and general organisational culture and structure issues affecting the effectiveness of business and relationship building and market orientation (Harris and Piercy, 1999). These concerns were voiced quite strongly in the interviews and in particular highlighted the need for organisations in the relationship to recognise differences in culture and how this affects organisational behaviour. These aspects also reinforce the need for good quality intra and inter-organisational communication and contact (Schultz and Evans, 2002) which is supported by the interviews. This study strongly suggests organisational culture is the biggest issue for key account relationships. This confirms previous research, in particular Homburg et al (2002) who identify the most successful KAM organisations as those called 'Top Management

KAM and Middle Management KAM. The need for top management support (Homburg et al, 2002 and McDonald, 2000) was found to be supported by the interviews and was evident according to the survey results. Interview results displayed evidence of some true esprit de corps, heavy top management involvement operating from central headquarters, dedicated sales/key account managers and extensive use of teams. Homburg et al (2002) found that in the top management cluster access to marketing and sales as well as non-marketing and non-sales resources is low. They suggest the reason for this is that top management might negotiate umbrella contracts which operative teams carry out with highly standardised procedures. This conflicts with the interview findings in that gaining top management support had to be really worked at as did gaining support from other functional areas. There seemed to be a conflict between KAM and Sales and Marketing.

Homburg et al (2002) do suggest that there are two types of key account organisation that are most successful, one where there is management support but also good cross functional support and the other where there is much more influence and control by top management which may not necessarily be good for the longer term. The interviews reveal that the single case being examined was quite unique because the key account director had been appointed over key accounts from an assistant director level therefore the role had status to begin with. Because of this he was able to gain support more easily from top management though the interviews did report cross functional conflict, particularly so with sales and marketing. The survey results revealed that there may be many types of KAM organisation that exists and confirms the variety found by Homburg et al (2002).

KAM Organisation

A review of the literature reveals issues related to organisational aspects such as KAM organisation structure, degree of cross functional co-operation, top management support and formality of KAM programmes (Homburg et al, 2002; McDonald, 2000) and these are also echoed in the interview and survey results. Differences in organisational culture and agendas between supplier and client were particularly emphasised in the interviews and survey results.

While McDonald et al (1996) found the relational development model (Millman and Wilson, 1994) one of the most useful for analysing relationships/potential relationships in seller/buyer dyads Holt (2001) is critical that it implies only the later stages of development have any value for organisations and this gives strength to Piercy and Lane's (2005) argument regarding relevance to practice. Homburg et al (2002) also criticise these models and argue their findings did not support the continuum

especially the assumption that activity intensity, the use of teams and top-management involvement all increase along the continuum.

Several researchers have made use of the original Millman and Wilson (1994) conceptual model (McDonald et al 1996; McDonald et al, 2000, for example) yet there seems to be emphasis by more recent researchers (Cheverton, 2002, Cheverton et al 2004) on the relevance of the bow-tie to diamond stages (Figs. 2.3-2.5) (implying these are the more realistic approaches). Buttler (2004) further supports this and Murray (2002) observed that key business relationships in the Higher Education sector for example did not demonstrate structures beyond the mid KAM (diamond) stage. Cheverton (2002) in fact ignores discussion of this final stage and suggests the diamond shape as a realistic design to aim for and Cheverton et al (2004) warn against adopting the integrated/synergistic design. This integrated/synergistic stage implies reliance on sole supplier status which for many reasons Piercy and Lane (2005) suggest is 'strategic folly'. Sengupta et al (2000) suggest the type of KAM relationship that is most appropriate for organisations is that which best suits the orientation of both supplier and buyer, their own organisational design and culture, resources available, as well as the environment in which they operate and this is supported by this study.

The way KAM is operated in the UK Mortgage Industry makes its success very reliant upon key individuals who are skilled at gaining and orchestrating resources to facilitate the development of key account relationships. In applying the various conceptual models it appears that key account relationships in the UK Mortgage Industry fall somewhere between bow-tie (Fig. 2.3) and diamond shape (Fig.2.5). This study suggests the need for the removal of the final stage of KAM development (Fig.2.6) previously depicted by Millman and Wilson, 1994 and 1995; McDonald et al, 1996; McDonald et al, 2000. This would also go some way to addressing Piercy and Lane's (2003, 2005) criticisms that the theory is not relevant to organisations practising KAM. Mean scores for all items indicate that relationships have not developed as strongly as they could if they were to satisfy the criteria for integrated key account relationships (Millman and Wilson, 1994 and 1995; McDonald et al, 1996; McDonald et al, 2000. Formal guidelines were favoured by Mortgage Lenders but were not strongly scored. Other issues in relation to organising for KAM relate to concerns about the span of control, the number of accounts individuals will look after and the amount of time spent dedicated to key accounts (Homburg et al (2002). Coulter and Coulter (2003) conclude that the organisational abilities of the firm for example to adjust the structure to meet a key accounts needs or to increase the number of interfaces is important and this is supported by Homburg et al (2002) who also indicate that to be effective, managing

five accounts is a reasonable. Interview results demonstrated organisational ability to adjust the number of interfaces as suggested by the literature but it was not easily done and survey results show less ability generally to be flexible and large numbers of accounts being handled by one person. This may reflect the lack of KAM development within the industry.

Performance Evaluation

Firms clearly are not taking as far reaching an approach to performance evaluation as the literature suggests is necessary and as discussed already it falls largely on the individual key account and counterpart manager to monitor and manage performance on an account by account basis to meet corporate objectives. This continues to be an issue for academics (Ryals and Rogers, 2006).

Warnings by Piercy and Lane (2003 and 2005) that many buying firms may be able to take advantage of the benefits that key account status brings them with little in return for the supplier firm cannot be supported as the evidence indicates Mortgage Lenders are leading the way and though there is a great deal of reciprocation it would seem the relationships are predominantly based on exchange value for the Mortgage Lender. However warnings should be heeded as Intermediary networks have the potential to turn the tables and as the results show exit is not difficult or costly. The concerns voiced by Piercy and Lane (2006) regarding potential for anti-competitive violations by KAM initiatives are perhaps less of a threat in an industry so highly regulated as the UK Mortgage Industry is.

The key account literature reveals that the identifying of accounts as key accounts continues to be an issue because it leads to too many accounts gaining key account status (Pardo, 1999; McDonald 2000; Cheverton, 2002; Henneberg et al, 2005; Piercy and Lane, 2005; Ryals and Rogers, 2006; Wengler et al, 2006) and may result in suspicion by some clients and even abuse of their position. Interview results confirm that while there is a lack of rigour applied to key account identification there was little evidence of opportunistic behaviour within the UK Mortgage Industry. The main criteria for selection of partner are volume potential and access to distribution channels. Examples were given in the interviews of creativity and innovation that evolved rather than being planned and degrees of this were dependent upon the particular chemistry between two individuals in the buying/supplying organisation. The mortgage company being examined does have a tiered system of key accounts with the top 25 being given more special treatment than the middle and lower tiers.

A practical issue is one of number of accounts an individual manager can look after and survey results indicate a generally higher number than the literature suggests is

the norm. Perhaps it is time for KAM theory to reconsider the position on how many accounts should be given key account status. There is contradiction. Why would sensible firms wish to render themselves vulnerable to dependency upon one or two companies if it has a choice not to? If a business relies heavily on key account business but has a large number of key accounts to serve and does so with a large variety of products, is able to make use of other channels to get their products to market and has opportunities for specialisation then the idea of serving many key accounts may not be such an issue. In a regulated industry such as the UK Mortgage Industry the suspicions of abuse of power presented by Piercy and Lane (2005, 2006) may not be as big a concern compared to other sectors.

While satisfaction was high for both sides of the relationship and the willingness to continue was high, the willingness to enhance the scope of the relationship was low, especially for Intermediaries which was not evident in the interview results.

While McDonald (2000) suggests KAM is good because Models of relationship development (Millman and Wilson, 1997; McDonald et al, 2000) imply that performance improves over time Piercy and Lane (2005) suggest otherwise. Interview and survey results indicate a positive effect on profitability of key account management. In the case of the Mortgage Lender being used for interviews key accounts provide 80% of non-direct sales so adds strategic value to the business.

Piercy and Lane (2005) point out the risks involved in KAM to both supplier and buying organisation. They emphasise the need to understand the customer's end-use market. Changes in the key account's end-use markets could result in the need for new strategies that existing suppliers may not be able to deliver on and Piercy and Lane (2005). Trust alleviates risk so should become a factor within KAM evaluation.

The conditions in the UK Mortgage Industry encourage organisations to specialise and it appears that firms recognise this and this allows for sensitivity to be practised for example, if a supplier is serving a major client's arch rival then it makes sense to have different Key Account Managers assigned to these. It appears that this is a challenge, to be able to serve so many key accounts and yet make them feel special.

It is arguable whether it is necessary to aim for the integration stage as suggested by McDonald, Millman and Rogers (1996) and Millman and Wilson (1995) and this study supports Holt and Piercy and Lane (2005) in disregarding it.

5.4 Trust Perceptions and KAM Effectiveness

Generally there is evidence of trust processes at work in the UK Mortgage industry but this is done largely through the individual KAM and his or her counterpart in the buying organisation. The literature suggests organisational support is needed for effective trust building and discusses the relevance of placed trust (Williams, 2001). While this study shows reputation of companies to be perceived positively there is a lack of evidence of placed trust being nurtured. This has implications for the efforts being made by Key Account individuals in that there is a heavy reliance upon them.

This study shows the conditions required for trust such as vulnerability, risk and incomplete information (Morgan and Hunt, 1994; Mayer, Davis and Schoorman, 1995; Lewicki and Bunker, 1996; Doney and Cannon, 1997; Ganeson, 1988; Rousseau et al 1998; Blois, 1999; Deitz 2004) exist in the UK Mortgage Industry. As well as competitive market conditions and need for access to Intermediary distribution channels for example, the nature of the products which are service oriented, intangible, bought for the longer term and the benefits of which are not immediately gained implies the need for trust building throughout the supply chain. Interview results present a 'savvy', disloyal end customer yet there is little recognition by Mortgage Lenders of the need to build trust with them. The lack of effort towards the development of institutional or placed trust may render Mortgage Lenders to threats suggested by Piercy and Lane (2005) who warn of organisations ignoring their end user market.

The literature (Doney and Canon 1997; Deitz, 2004; Vangen and Huxham, 2005) for example, suggests that trust building processes provides insight into the direction that efforts need to be made in business relationships and Ennew and Sekhon (2004) propose that it is demonstration of signals of trustworthiness that are important rather than trying to measure or manage trust. This study finds that the KAM effectiveness factors identified can demonstrate signals of trustworthiness and the higher the score the higher the level of perception of trust. Higher levels of trust are also associated with higher levels of performance though the mean score for perceptions of trust was moderate. This study supports the work of Doney and Canon (1997) and Ganeson (1998) in their acknowledgement of the influence of idiosyncratic investments such as customer-specific adaptations on feelings of trust and a buyer's trust in a supplier being influenced by encounters with the salesperson. Whitener, Brodt, Korsgarrrd and Werner (1998) talk of the relevance of one sided transaction specific investments and practise of this was evident from the interviews. Doney and Canon (1997) also found through the process of intentionality buyers attribute benevolent motives towards those salespeople they perceive as similar to themselves which is not supported by this

study. The interviews and survey results indicate business friendship was relevant but the formation of deep, emotional bonds were not.

The role of communication in demonstrating trust was found to be very important and the entrepreneurial efforts of key individuals in terms of working closely with the other organisation, identifying potential conflict and resolving this are also strongly associated with perceptions of higher trust. The interviews in particular refer to high trust relationships and informal contact being more important than formal contact. This builds on the work of Homburg et al, (2002). This study also shows communication efforts by the key individuals are important throughout the relationship and unlike McDonald et al (2000) does not suggest that personal interaction becomes less important as the relationship develops and trust builds. It does support the idea that signals of trustworthiness needs to be monitored constantly and communication efforts to verify possible changes in markets and organisational direction for example is paramount (Vangen and Huxham, 2005). As differences in perspective between Mortgage Lender and intermediary have been found this study suggests even more strongly the need for verification of intentions and for frequent contact. It may also be because of the lack of cross functional integration that the strength of the individual communication and interaction by the intrapreneurial key account individuals is shown. While this study shows satisfaction with general communication and expertise on both sides there is a weakness in the willingness to exchange strategic, collaborative information as indicated by the survey results which differs from interview findings.

This study finds the impact of the KA manager for successful KAM in the UK Mortgage Industry is great and supports Sengupta et al (2000) who found that there is a strong relationship between intrapreneurial ability and customer trust which is positively related to perceived Key Account Salesperson effectiveness.

Survey respondents support the interview results in that criteria for successful relationships suggested was close working and the biggest barrier was different agendas which relates to organisational culture issues. It is possible to suggest that while individuals can be trusted the organisation may not be as much and this supports Ojasalo 2002 who found firms may be more committed to the individual than the firm. Interview results allude to the need for organisations to project their trustworthiness (placed trust). This relies on marketing effort and top management support and in particular effort towards the end-user.

This study does not support Henneberg et al (2005) who hypothesise that 'higher level value facets' such as trust and commitment become more important with the progression of the relationship. On the contrary this study strongly suggests trust is

crucial from the start to the end of a business relationship but different types of trust with different types of relational effort are required at different times. New relationships for example need more evidence of expertise and more formal communication efforts are required whereas established successful relationships need more informal and relational effort. However changes in circumstances, market or organisational or individual can call upon calculative, knowledge based, placed trust or relational based trust at any time. There is also support for the idea of the circularity of trust (Bretherton, 2003) and the relevance of reciprocal behaviour (Vangen and Huxham, 2005). Schultz and Evans (2002) found that perceptions of key account representative communication informality, bi-directionality, frequency and strategic content were indicators of trust and synergistic solutions and this is particularly relevant to the UK Mortgage Industry where there is heavy reliance upon the key account individual

This study presents evidence of calculative, knowledge based and relational trust being practiced in key account relationships but deep, affect based trust was evident by default rather than design and suggests that relationships need to be constantly reviewed at all levels and communication efforts particularly personal and informal contact needs to be maintained at all stages of development.

This discussion also highlights a difficulty in the linkage of trust and KAM theory. Trust theory talks of the circularity and reciprocal nature of trust whereas KAM theory talks of its linearity and incremental nature. The role of trust in developing and maintaining relations within and between firms (Wood and Brewster, 2006) is evident but not strongly so and this may reflect the regulatory nature of the UK Mortgage Industry.

5.5 Mortgage Lender and Intermediary Perspectives of KAM Effectiveness

Piercy and Lane (2005) suggest many buying firms view selling firms as delusional about their importance to their key account clients and to some extent this study supports this view as Mortgage Lenders scored more highly than intermediaries on all survey items and in particular the biggest differences related to organisation culture. Differences in organisational culture, and agendas between supplier and client were emphasised in the interviews and survey results.

Intermediaries mentioned the aggressive nature of some mortgage lenders and one interviewee talked about subtle ways of dealing with firms who throw their weight around but are obviously important to the relationship. Generally speaking the results of this study show despite some differences of opinion there is a willingness to support key account relationships by both sides and there was no evidence of the disenchanted buyer as identified by Pardo (1999).

McDonald et al (2000) suggest that as well as differences between supplier and buying company perspectives they also exist between the supplier company and Key Account Manager. Similar views on organisational issues were found by this study. While those managers interviewed gave good examples of how conflict is managed, demonstrated quality communication and expertise for example, the problem of cross functional co-operation and recognition from top management and others within the organisation is an issue for the mortgage industry. Although not raised as an issue, the fact there was unwillingness on the part of the Mortgage Lenders to recognise the importance of the end customer reveals another aspect that needs tackling and confirms Piercy and Lanes (2005) criticisms of neglecting the end-user market.

This study supports Holt and Millman (2000) Schultz and Evans (2002) who propose KAM initiatives that build customised research into the value proposition so that a deeper understanding of perspectives is gained internally as well as externally.

5.6 A Dyadic Trust Perspective of Key Account Effectiveness

From the above discussions a new conceptualisation of the role of trust in KAM can be presented (Fig. 5.1 and 5.2) that will serve to help practice.

Figure 5.1 illustrates the presence of trustworthiness factors that exist in and between organisations involved in the relationship that affects the nature of key account relationship development. The type and degree of trust present allows development of a relationship that determines the degree of dependence or interdependence to suit both supplier and client.

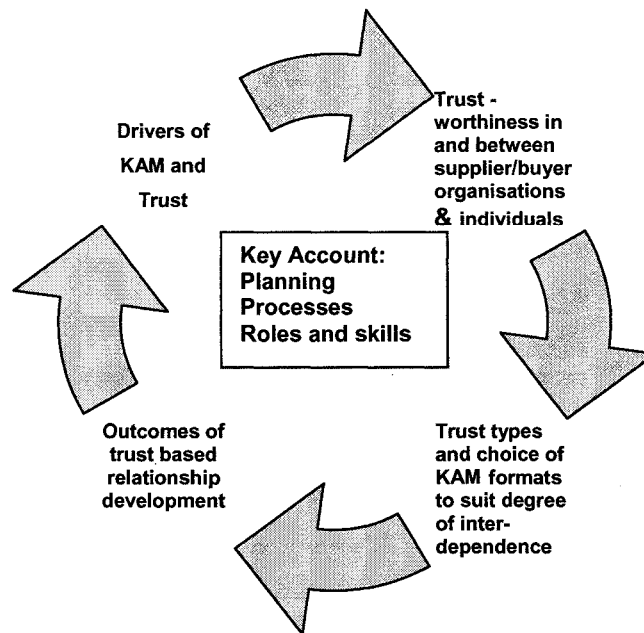


Fig. 5.1 The Circularity of Trust in Key Account Relationship Management

Figure 5.2 helps to explain how drivers within the business environment determine the relevance of KAM initiatives and shows that demonstrations of trustworthiness can be categorised as organisational or individual. Key Account Managers through their behaviour and actions, need to display intrapreneurial skills as well as expertise, concern and benevolence, good quality strategic communication and commitment and need to be supported by the organisational culture so that cross functional co-operation can be gained. Organisations involved in KAM through internal and external marketing communications efforts can demonstrate concern and benevolence, commitment, expertise in relation to each other. Relevant and timely communication, a supportive organisational culture and appropriate Key Account organisation format with empowered individuals reinforces trust in organisations by other organisations and throughout the supply chain to the end customer. This conceptual diagram shows the linkage between different levels of trust development alongside the different levels of KAM development and illustrates that deep relational trust is not necessary for successful KA relationships.

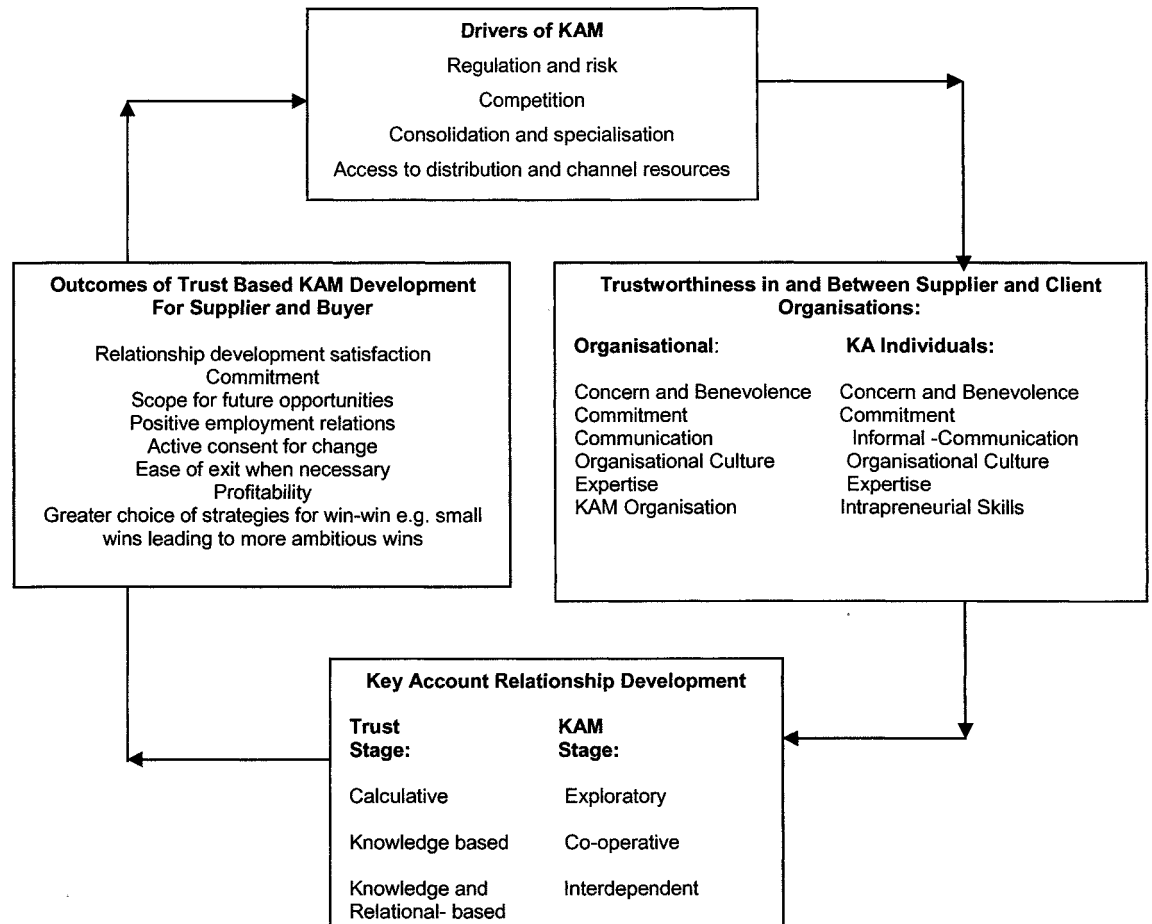


Fig. 5.2 Conceptual Figure of a Dyadic Trust Perspective of Key Account Relationships in the UK Mortgage Industry

5.7 Limitations/Usefulness of Research Methods

Overall this study has been successfully carried out to meet the research objectives and the mixed methods approach proved to be very useful in collecting data to challenge and build on existing theory.

The research approach was designed to be simplistic and exploratory/descriptive because there is so much conflict in the literature as to the relevance of KAM, how it should be managed, how to identify key accounts and how trust can be conceptualised. Further complexity was imposed by the decision to take a dyadic perspective.

Interview respondents were asked to base their responses to prompts about key account management on a key account relationship they perceived to have high trust. This helped to draw out characteristics of relationships associated with higher trust in a more realistic manner than simply asking someone to talk about trust in an identified relationship. It was felt that this enabled a more relevant survey instrument to be developed. Using a snowball type sample for interview respondents proved to be successful and perhaps could have been used more extensively. Despite well established practise in many industry sectors KAM has been under researched especially in the Financial Services Industry (Hughes, Foss, Cheverton and Stone, 2004). It was important therefore to provide a picture of what is going on in the Industry, further supporting a mixed methods approach. Literature was drawn on to add to the interview results. By referring to the Trust literature this has supplemented the existing KAM literature and helped to address some of the issues raised in the KAM literature.

A possible problem with the survey design however lies with the inclusion of perhaps too many items to enable the best completion rate. Relevance of content was considered above ease of completion. The web based survey was very poorly completed and this has already been discussed in Chapter 3. This also slowed down the research process as organising the facilitation of a web based design proved more difficult than anticipated. Piloting did eliminate some questions and helped to rephrase more difficult ones and this stage supported the main survey development. At the Mortgage Expo in Manchester the *Mortgage Strategy* magazine desk helped gain intermediary respondents. A major organisation had offered to facilitate the sending of the survey to its key account clients but when delegated to a more junior person to carry out he insisted on sending it by email to clients. As expected there was no response. The person who had authorised it at the time was on holiday and by the time he'd got back it was all too late.

On reflection, the interviews although difficult to organise and limited by time available to respondents proved hugely supportive of survey development and of the survey results. The reliance on one organisation to gain interviews using a snowball sampling technique proved useful but it may have been more relevant to gain access to at least four or five other Mortgage Lenders that operated KAM to get a broader feel for KAM implementation and practise. Interviews were mostly with people who would talk very favourably about the relationship with little criticism of the other party. There is a danger that too rosy a picture is painted of trust and KAM in one organisation. Gaining access to the right people was difficult and despite willingness and enthusiasm of key individuals this does not mean all the right doors open. More research on who best to

talk to would have been more relevant. More careful targeting of survey respondents rather than reliance on promises of support from key account individuals to access organisations for survey distribution would also have resulted in more and more timely responses.

Results from using the survey instrument did not demonstrate strength of association of KAM effectiveness factors with organisation type or trust and this may be because there were so many items to assess. The number of items may also have resulted in there being too much to examine and possible overlapping of factors identified. This was compensated for by examining items individually as well as grouped under key account management effectiveness factors. Performance items had the highest number of missing data. This may reflect a lack of consideration by the industry for some of these 'softer' items.

This research would have been easier to do if either seller or buyer perspectives were examined rather than both. It is difficult enough researching the mortgage industry in terms of terminology but trying to develop a survey instrument that could apply to both in the KAM relationship meant that some items were missed out. This survey instrument for example does not ask about key account selection and performance criteria used in the industry. Interviews revealed consistent reference to sales volume and access to distribution channels as important so this was not followed up in the survey instrument. Interviews also revealed that little is known by organisations about competitors' KAM programmes. This sheds light on possibilities for further research. This research would also benefit from follow up interviews with a greater variety of organisation types to draw out the underlying reasons for differences between Mortgage Lenders and Intermediaries.

Singh et al (2005) suggest that together, firms and regulatory and intermediary agents can work co-operatively to satisfy consumer needs and enhance societal well being but this research really only considers dyads and skims the surface in relation to understanding interconnectedness.

Overall the mixed methods approach has allowed for more imaginative conceptualisations of the relationship between trust and KAM development to be drawn and for challenges of the theory to be made compared to relying on a single method/methodology. The research methods used have enabled a realistic approach to examining KAM practise and therefore results in realistic implications for those involved in KAM.

5.7 Implications for Practice

The above discussion (5.2-5.6) has made it clear that KAM is relevant as a business model to the UK Mortgage Industry. There are several implications for its adoption and development outlined below which both Mortgage Lenders and Intermediaries need to consider in relation to their key account relationships.

Raising Awareness and Understanding of KAM

There is a wide variety of job titles relating to KAM activities which suggests it would be easy to misunderstand job roles and definitions in Mortgage Lender and Intermediary organisations. Clarification of these and communication both internally and externally, encompassing all the interfaces within the relationship is crucial from the beginning and throughout the relationship. Greater promotion of the benefits of KA activities needs to be continually communicated internally to gain support for, avoid suspicion of and resentment towards KAM by other functional and management areas of the business. While Mortgage Lenders are taking the lead in initiating KAM, it should be viewed as a business model that can create value for both supplier and customer. Intermediaries therefore need to be more proactive.

Understanding Different Perspectives between Mortgage Lenders and Intermediaries

Mortgage Lenders scored more highly on all key factors of effectiveness compared to Intermediaries indicating there are differences in perspectives that need to be addressed. In particular differences were most strong in relation to 'organisational culture', 'intrapreneurial skills', 'expertise' and concern and benevolence'.

Interview results present a picture of collaboration and mutuality whereas the survey results present a picture of exchange that is biased towards the interests of the Mortgage Lender. Results of this study indicate there may be some perceptions of inequality and some Intermediaries may be more dependent upon Mortgage Lenders than others.

The biggest differences related to organisation culture. Differences in organisational culture, and agendas between supplier and client were emphasised in the interviews and survey results.

As well as differences between supplier and buying company perspectives they also exist between the supplier company and Key Account Manager. Similar views on organisational issues were found by this study. While those managers interviewed

gave good examples of how conflict is managed, demonstrated quality communication and expertise for example, the problem of cross functional co-operation and recognition from top management and others within the organisation is an issue for the mortgage industry.

KAM initiatives need to build customised research into the value proposition so that a deeper understanding of perspectives is gained internally as well as externally. This can help to create a culture of mutual learning that takes into account feedback and lessons learned from both sides. This requires expertise and willingness to co-operate on both sides of the relationship and Mortgage Lenders in particular need to understand their perceptions of success may be different to those of the Intermediary and there may be a different set of pressures facing them.

Creative efforts can be made to develop a learning culture. Mortgage Clubs and Intermediary networks could for example support 'best practice breakfast clubs' that meet and provide a forum for learning from each other. This could be extended to include organisations from the whole supply chain and involve interaction between different levels of management. It may be useful to involve the Council of Mortgage Lenders, Association of Intermediaries and interested University partners as arbitrary parties. A spin off from such ventures could involve research collaboration with the objective of promoting KAM as a positive business model and improving practices. Practitioners can meet academic researchers in this field and practitioners from other industries through symposiums and conferences organised by the Sales Research Trust and SAMA (Strategic Account Management Association) for example. Such participation can provide inspiration for new ideas as well as training for newer managers involved in key account relationships. Mortgage Lenders can invite Intermediaries to learning forums and vice versa.

In understanding the process and transference of trust and signals that demonstrate trustworthiness the pitfalls associated with different perspectives by supplier and buyer and the lack of verification of strategic intention and direction can be avoided and relevant relational efforts appropriately resourced.

Improving Performance Evaluation

There are several issues that need to be addressed in relation to performance evaluation. Firstly, while there was evidence of criteria other than volume potential and access to distribution channels for Mortgage Lenders and procurement fees for Intermediaries (reputation, track record, future market opportunities, for example), there was little evidence of 'softer' criteria being used for performance evaluation.

Given the biggest issues facing successful KAM are related to 'organisational culture' aspects, it seems highly relevant to include these in performance evaluation. Some of the success factors identified were for example, 'shared values', 'mutual win-win', 'close working together' while barriers to success were 'different agendas', 'internal politics', 'inflexible policies and management'. While satisfaction was high for both sides of the relationship and the willingness to continue was high, the willingness to enhance the scope of the relationship was low which has implications for collaboration efforts. The communication factor was most positively related to performance. Items included in this factor need to be taken note of when evaluating performance, in particular the exchange of strategic information. The 'intrapreneurial skills' of key account individuals are crucial in compensating for weaknesses in organisational culture and also need to be taken more notice of when evaluating performance.

This study shows that a large number of accounts are given key account status. The issue of how so many key account clients can be served this status without some conflict remains unanswered but is not one raised by Mortgage Lenders at present. Evaluation of the costs to serve key account clients remains a challenge generally for key account management practice but is not one to be ignored.

There are risks involved in KAM to both supplier and buying organisation and both need to understand the customer's end-use market. Changes in the key account's end-use markets for example could result in the need for new strategies that existing organisations in the relationship may not be able to deliver on. Trust alleviates risk therefore evaluation of demonstrations and signals of trust is relevant both at an individual and organisational level.

Both sides of the relationship need to work together to identify success factors, criteria for key account status and how best to evaluate performance. All the key account effectiveness items contained in the survey instrument (Appendix 7) may serve as a useful starting point for reviewing performance criteria.

Understanding the Role of Trust

The UK mortgage industry satisfies all the characteristics required for trust to be relevant. As well as competitive market conditions and need for access to Intermediary distribution channels for example, the nature of the products which are service oriented, intangible, bought for the longer term and the benefits of which are not immediately gained by end customers presents organisations with vulnerability, risk and incomplete. Recognition of the role of trust and when to reinforce different types of

trust, for example, placed trust, knowledge based trust and relational trust will be very useful to Key Account Managers.

A distinction can be made between individual and organisational trust. Placed trust is demonstrated through an organisations reputation for example and is very important at the beginning of the relationship but also supports the further development of the relationship. It is the signals of trustworthiness that lead to trusting relationships and it is proposed that the identified factors of key account effectiveness: concern and benevolence, expertise, communication, commitment, organisational culture and KAM organisation should be managed and evaluated. In taking a trust perspective openness and information exchange can lead to agreement about what both buyer and seller wants from the relationship and matching resources accordingly and so compensates for any initial inequity in the relationship. It implies that a KAM orientation based on mutual learning is relevant and also provides for a more resilient organisation.

Informal communication networks and the invisible side of relational development should not be underestimated.

Greater organisational support is needed for effective trust building and this can be achieved through developing positive perceptions of company reputation to enhance trust that is placed in organisations which in turn may reduce the burden of reliance on Key Account individuals.

Interview results present a 'savvy', disloyal end customer yet there is little recognition by Mortgage Lenders of the need to build trust with them. The lack of effort towards the development of institutional or placed trust may render Mortgage Lenders to competitive threats.

The influence of idiosyncratic investments such as customer-specific adaptations on feelings of trust, for example, a client's trust in a Mortgage Lender being influenced by encounters with the key account salesperson, should be appreciated. It is possible to suggest that while individuals can be trusted the organisation may not be as much. One sided transaction specific investments such as educating or raising awareness of new IT systems or mortgage application processes, suggesting ways a client can improve performance, offering promotional support play an important part in developing trust and progressing a relationship so that possibilities for later reciprocation of effort and share of success may be gained.

The role of communication in demonstrating trust and commitment was found to be very important and the intrapreneurial efforts of key individuals in terms of working closely with the other organisation, identifying potential conflict and resolving this are also strongly associated with perceptions of higher trust. The interviews in particular refer to high trust relationships and informal contact was considered to be more important than formal contact especially as a means of exchanging strategic information. This study also shows communication efforts by the key individuals are important throughout the relationship.

The idea that signals of trustworthiness needs to be monitored constantly and communication efforts made to verify possible changes in markets and organisational direction for example is paramount. As already discussed results in this study show that for successful relationships it is suggested close working together is necessary and that the biggest barrier is organisational culture issues such as organisations having different agendas. Perceptions of key account representative communication informality, bi-directionality, frequency and strategic content are indicators of trust and synergistic solutions and this is particularly relevant to the UK Mortgage Industry where there is heavy reliance upon the key account individual. The interviews and survey results indicate business friendship was relevant but the formation of deep, emotional bonds were not.

While new relationships need more evidence of expertise and more formal communication efforts are required established successful relationships need more informal and relational effort. However changes in circumstances, market or organisational or individual can call upon calculative, knowledge based, placed trust or relational based trust at any time.

Key Account Management Effectiveness Factors:

This study strongly suggests the following factors for KAM effectiveness can be used by both Mortgage Lenders and Intermediaries to benefit their relationships. These factors help to demonstrate trustworthiness within the relationship leading to trust development which is positively linked to profitability and gaining mutual benefits.

Communication

Key Account effectiveness is linked to perspectives of communication quality and while this study shows general communication efforts were not seen as an issue, Key Account individuals play an important role in facilitating strategic collaborative communication. There is an important distinction to be made from general, every day communication between various interfaces across and within the collaborating

organisations and that which is of strategic importance. This study highlights the importance of informal communication and KA individuals play a strong role in this and in orchestrating direct communication between the various interfaces. The nature and frequency of contact relevant to each relationship, organisation culture and relationship stage needs to be agreed between Mortgage Lenders and Intermediaries. Internal communication efforts are an issue and this study reinforces the need for greater collaboration across functions and in particular more integration between key account roles, sales and marketing as suggested by Intermediaries.

There continues to be an issue regarding cross-functional co-operation, in particular between Key Accounts, Sales and Marketing which may be reduced with internal marketing efforts. The KAM organisation needs to communicate internally as well as externally (better quality and more strategic communication) and this relies on the key account individuals in particular but all customer contact interfaces and top management support to facilitate the development of trust placed in the organisation. The involvement of non-key individuals by key individuals is important. The strategic role of the key account individual and the incumbent skills and expertise needs to be recognised even if there is not a formal KAM structure. This has implications for recruitment and training.

Marketing communications efforts are needed to enable the organisation's reputation to be enhanced generally and also to support the efforts of the key account individuals. External advertising and other communication efforts need to promote the idea that they will 'do right by their customers' whether business or otherwise. Professional marketing efforts at relevant Trade Fairs and Road Shows with specific objectives to for example learn about other practice, network, and gain feedback on own performance, in a different environment should be taken very seriously. Therefore they should be attended by senior managers and their impact evaluated.

Generally, key account organisations need to develop good communication habits for example:

- Informal meetings between key account individuals can be arranged to rehearse their role at more formal meetings where they may need to influence various functional areas or higher levels of management;
- Nurture 'champions' for the relationship within each other's organisations;

- Work closely with relationship partners to identify new business opportunities and monitor relationship performance;
- Agree on nature and frequency of contact to suit the relationship.

Expertise

This relates to that of individuals and that of the organisation in understanding the client's market, final customers and the general industry and this was particularly emphasised from an intermediary perspective in this study. A strong reputation also demonstrates expertise and competence and this supports the building of deeper trust and shows the role of institutional trust through confirmation of credibility.

An organisations reputation therefore is useful for organisations to assess each others position. While this study shows that organisations had confidence in each others reputations and that they clearly demonstrate good understanding of each others business understanding of final customer's needs received low scores, especially by Mortgage Lenders. Organisations need to respond to changing customer needs. This suggests greater involvement by KA individuals in external communication efforts are needed to influence and demonstrate greater understanding of the final customer. This can influence the intermediary's perception of Mortgage Lender expertise. This also reinforces the need for greater collaboration between KA individuals, sales and marketing.

Demonstrations of expertise is particularly important at the beginning of a relationship when evidence of trust is not high and demonstrations of an organisation's credibility is important throughout the relationship to enable reputation and placed trust effects to be gained.

Concern and Benevolence

Demonstrating care and concern shows willingness to go beyond developing perceptions of predictable, dependable behaviour and is linked to higher trust. Mutual efforts to nurture the business and good citizenship behaviour within the relationship enhances perceptions of fairness in business, internally and externally. The role of the individual key players within a KA relationship is crucial in this but there is also the need for institutional as well as individual support and this can be demonstrated through a teamwork culture, greater involvement and information sharing.

Commitment

At the moment Mortgage Lenders lead the way with KAM initiatives but this can easily change as Intermediary networks become more important to the Mortgage Lender and more sophisticated or Mortgage Lenders become less important to Intermediaries.

A win-win can be achieved by reciprocal relationship specific investments where interdependency can be created rather than dependency. Transaction specific investments and adaptation for example, education of new IT initiatives, willingness to seek feedback on new systems, willingness to attend extra meetings to solve problems, suggestions for improving profitability or cutting costs, joint promotional activities, attendance at social events demonstrate commitment. Survey results indicate mortgage lenders are more proactive than intermediaries though interview results suggest both sides are committed. However it is clear from the interviews mortgage lenders do generally take the lead.

There is a place for both strategic collaborative efforts at Board level but also smaller win-win projects at a more functional level involving non-key players.

Intrapreneurial Skills of Key Account Individuals

Intrapreneurial skills relate to creatively solving customers problems, being innovative around the firms constraints, getting internal resources allocated to the relationship, taking risks in trying new approaches. Results of this study show it is the 'intrapreneurial' key account manager and their counterpart in the buying organisation as 'boundary spanners' who are pivotal to key account relationship success. The role and nature of contact with the key Account Manager is crucial throughout relationship development. An organisations willingness to change individual KAMs to suit the type of organisation and the stage of development but also according to the individual's skills and experiences is important. Intermediaries in particular also value continuity in the relationship. This has big implications for recruitment, selection, training and ability to match the right key account individual with the right key account client for example.

Ability to freely discuss concerns, make important decisions and influence resources to assist the development of the key account relationship is important. Mutual willingness to take risks can lead to very creative solutions and enhancement of market opportunities but this is not easy to facilitate and may take extraordinary commitment by some extraordinary individuals. The point is when that 'extraordinary' opportunity arises managers need to be open-minded and recognise the value of creative talents that may present themselves even if not planned or organised for.

Reliance upon key account individuals is also extended to the monitoring of performance and arranging meetings to discuss ways of improving performance. They can facilitate the identification of 'value' and help verify strategic intent of both sides of the relationship.

While there is growing evidence in other sectors of coordinated teams to manage key accounts in response to the use of purchasing teams on the buyer side in the UK Mortgage Industry, currently it is evident that a dedicated key account manager co-ordinating various internal actors and resources is the norm. The key account manager is a facilitator serving the external network (the key account customer and the environment) and the internal network (the supplier's resources). At present Intermediaries may have a greater loyalty towards the key salesperson/account manager than the company they represent but this position may not always prevail. KAM initiatives in the UK Mortgage Industry should take more notice of practice in other sectors. In any case the role of the key account individual whether on the Mortgage Lender or Intermediary side is a dynamic one that requires ability to animate people and constantly facilitate exchange of valuable and well prepared information.

The key account team and counterparts in the intermediary organisation need to be proactive in gaining top management and cross functional support for the key account relationship.

Key account managers and their counterparts are very important in enabling the transfer of trust from process based evidence to appraisal of the individual's characteristics and this continues throughout the development of a relationship.

Special management skills are needed and clients value the contact and need empowered individuals to be able to identify and resolve potential conflict.

Organisation Culture

Organisations involved in KA relationships need to recognise differences in culture and how this affects organisational behaviour. Organisational cultural differences present the biggest barrier to effective key account management development. Differences in communication, decision making styles and appreciation of various pressures both Mortgage Lenders and Intermediaries face need to be allowed for so as to prevent potential conflict. These aspects also reinforce the need for good quality intra and inter-organisational communication, contact and top-management support. This has implications for training therefore not just in terms of understanding the culture of different

organisations but recognition that there may very well be culture clashes within an organisation.

Placed trust in the organisation is crucial at the beginning of a relationship as is the ability of the individual managers to transfer trust through their expertise, actions, informal contact and exchange of information and demonstration of commitment. The development of a learning culture within organisations to learn about internal roles as well as external roles will support key account management practice.

KAM Organisation

The survey results revealed that there may be many types of KAM organisation that exist and the most appropriate for organisations is that which best suits the orientation of both supplier and buyer, their own organisational design and culture, resources available, as well as the environment in which they operate. There does not need to be a very formal structure. A flexible and entrepreneurial collaboration rather than a more traditional, stable, long term relationship based on 'enlightened self-interest' is more relevant to cope with changing market conditions.

This study found the way KAM is operated in the UK Mortgage Industry currently makes its success very reliant upon key individuals who are skilled at gaining and orchestrating resources to facilitate the development of key account relationships. In applying the various conceptual models it appears that key account relationships in the UK Mortgage Industry fall somewhere between bow-tie (Fig. 2.3) and diamond shape (Fig.2.5).

Organisations need to pay attention to concerns about the span of control, the number of accounts individuals will look after and the amount of time spent dedicated to key accounts. The organisational abilities of the firm for example to adjust the structure to meet a key accounts needs or to increase the number of interfaces is important but this study shows there is a lack of ability generally to be flexible and there are large numbers of accounts being handled by one person. This has implications for customer satisfaction and this is a challenge, to be able to serve so many key accounts and yet make them feel special. Handling too many key accounts may result in suspicion by some clients and even abuse of their position.

5.8 Summary of Chapter

This chapter shows this study confirms much of the literature but also challenges it and provides valuable insight to those involved in key account management and the key account management effectiveness factors identified are particularly relevant.

Discussions confirm that despite criticisms by Piercy and Lane (2005) there is a need for KAM in the UK Mortgage Industry and supports Henneberg, Pardo, and Mouzas (2005) in the idea of a variety of relationship types based on 'value'. There is evidence of proprietary, exchange and relational value based KA relationships. The conceptualisations of KAM by Millman and Wilson (1994) and adapted by McDonald, Millman and Rogers (1997) and McDonald et al (2000) can be challenged. This study supports the relevance of the co-operative/mid-kam and interdependent/partnership KAM structures (Fig. 2.4-2.5) but also supports Piercy and Lane (2005) and Cheverton (2002) that the final integrated/synergistic KAM stage (Fig. 2.6) is not practical.

The literature is supported in terms of internal marketing efforts and organisational culture issues being cited as the biggest problem for KAM and criticisms of the narrow approach to performance evaluation.

Despite the evidence of relational efforts between key individuals, organisations are not locked in, they are easy to exit and demonstrate a degree of interdependence and mutuality.

The relevance of taking a trust perspective is shown. The trust literature adds to KAM theory and enables KAM theory to overcome some of its shortfalls. It emphasises the need for concern and benevolence, it can help focus on the need for verification of strategic intention and help partners to establish priorities and the correct relational effort needed. Trust is not highly scored and not strongly related to performance but this study does support Ennew and Sekhons' (2004) suggestion of identifying trustworthiness factors. There is support for trust being important from start to finish in a business to business relationship but with different emphasis being applied at different times. Placed trust in the organisation is crucial at the beginning as is the ability of the individual managers to transfer trust through their expertise, actions, informal contact and communication, exchange of information and demonstration of commitment. Halliday's (2003) view that knowledge based trust is all that is required may be right. This is especially so given the weakness of organisation culture to support the role of the individual key account manager

The reliance on key individuals in each organisation questions the relevance of KAM but also suggests their strategic role and also implies this compensates for the weakness in organisational culture aspects and may even suggest that the UK Mortgage Industry is in the early stages of KAM adoption. This study also supports the view by Homburg et al (2002) that there are in fact many KAM formats open to organisations and what works best according to Sengupta et al (2000) is that which

best suits the orientation of both supplier and buyer, their own organisational design and culture, resources available, as well as the environment in which they operate.

Chapter 6 Conclusions

6.1 Introduction

The main purpose of this study is to examine how a dyadic trust perspective can support the effectiveness of key account relationships. In doing so this study has examined the need for KAM in the UK Mortgage Industry, identified factors for effective key account relationship management, analysed a trust perspective of Key Account relationship effectiveness, analysed Mortgage Lender and Intermediary perspectives of Key Account relationship effectiveness and discussed implications for practice. The results of this study have been achieved through a mixed methods research strategy and these have been discussed in relation to KAM and Trust literature. This final chapter aims to draw together all the strands of research, analysis and discussions in relation to the objectives of the study highlighting the limitations and strengths of the research, contributions to KAM and Trust research and possibilities for future research. Ethical considerations are discussed and contributions to the author's own self development presented.

6.2 How Can a Dyadic, Trust Perspective Support Effective Development of Key Account Relationships in the UK Mortgage Industry?

A dyadic, trust perspective of key account relationships has enabled issues raised in the KAM literature about its relevance in practice to be addressed. This study supports the view by Henneburg et al (2005) that a variety of KAM relationship types are available to organisations and that while proprietary KAM seems to dominate there was evidence of exchange and relational types and potential for buyer proprietary.

This study also confirms Mortgage Lenders as suppliers have an inflated idea of their success compared to Intermediary perceptions and this supports general criticisms of KAM (Piercy and Lane 2005) that purchasers get fed up with supplier delusion about their importance. This gives strength to the argument for developing trust as a trust based relationship implies openness and relevant dialogue to verify expectations on both sides of the relationship.

A review of the trust literature helped produce a more meaningful survey instrument for examining KAM because KAM theory simplifies the role of trust too much. The trust literature enables recognition of the importance of various types of trust interacting in different ways from the start of the relationship. The type of trust that is required for a new relationship is different to that required for a mature relationship for example, the former requiring much more evidence of reputation and skills and formal contact. A trust perspective allows recognition of when knowledge based trust is necessary and

when relational trust may be necessary. The reciprocal nature of trust based relationships allows for understanding of how much commitment for example needs to be made. Trust plays many roles but most importantly it enables evidence of predictability, capability and intentionality in Key Account relationships and transference of this evidence which are essential for the successful development of key account relationships. Trust development enables KAM development. Trust development allows individuals to behave in different ways at different stages of the relationship. Trust development serves as an indicator that relationships need to move in different directions, backwards or forwards or sideways and sometimes abandon or adapt policy and procedures, products and services and even people. This study also supports Ennew and Sekhon (2004), in that a distinction is made between individual and organisational trust. Placed trust is demonstrated through an organisations reputation for example and is very important at the beginning of the relationship but also supports the further development of the relationship. It is the signals of trustworthiness that lead to trusting relationships and it is proposed that the identified factors of key account effectiveness: concern and benevolence, expertise, communication, commitment, organisational culture and KAM organisation should be managed and evaluated.

A trust perspective also gives more recognition to the role of the individual. Trust is considered as important to KAM development, the trust theory shows it is the experience of interactions that confirms benevolence and so this further supports the role of the individual. There is talk of the hopelessness of organisations, weaknesses in structure and their inability to function properly, Tzokas and Saren (2004) for example, whereas this study suggests less talk of structure and more emphasis is needed on the informal communication networks and the invisible side of relational development that is missed.

This study strongly criticises the relevance of the last stage of Key Account relationship development depicted in the KAM models of Millman and Wilson (1994) and McDonald et al (2000) and suggests that a modified diamond shape (partnership/interdependent) is what should be aspired to. Unlike the theory of KAM (Millman and Wilson, 1994; McDonald et al, 2000) which states integrated KAM structure is the preferred practice this study suggests that in the UK Mortgage Industry it is the co-operative/mid-kam and interdependent/partnership type KAM that may be more relevant. It is the KAM actors who are important and so much focus by McDonald et al (2000) for example on cross-functional integration and co-operation is possibly overstated. This study demonstrated KAM can be orchestrated by individuals who develop a team to support the key account relationship and organisations did not

want to be locked into the integrated type of KAM. This dyadic perspective reveals a degree of mutual support and interdependence and satisfaction with the relationship yet ease of exit.

The most important aspect of this research in the context of the UK Mortgage Industry has been the perceived positive role of the Key Account individual compensating for the perceived negative role of the organisation culture. Whether or not there is perceived higher or lower trust, whether or not there is one sided dependence or mutual dependence, whether an account is a Key Account or not, whether an organisation is an Intermediary or a Mortgage Lender what is crucial to perceived higher performance, is the Intrapreneurial skills of those key individuals working inside the purchasing as well as the supplying organisation. Their role is important from the start of the relationship and continues and should not be understated. While the nature of the role changes with familiarity and implementation of programmes, processes, structures and multilevel interfaces to facilitate the ease of doing business there is no room to reduce the attention to monitoring and support to management by exception as suggested by McDonald, Rogers and Woodburn (2000). In taking a trust perspective openness and information exchange can lead to agreement about what both buyer and seller wants from the relationship and matching resources accordingly and so compensates for any initial inequity in the relationship.

The market conditions in the UK Mortgage Industry are appropriate for KAM to develop and rather than reject KAM as an unrealistic business model as do Piercy and Lane (2005, 2006) this study suggests a KAM orientation based on mutual learning (Bretherton, 2003) is relevant. There is much evidence to suggest that some companies engage in good KAM practice and that co-operative efforts are made within certain relationships but volume and price seem to be the main drivers for the relationships encountered and presently Mortgage Lenders are driving KAM initiatives and performance criteria is limited.

A new conceptualisation of the role of trust in KAM has been presented (Fig. 5.1 and 5.2). Figure 5.1 illustrates the circularity of trust and that the presence of trustworthiness factors in and between organisations involved in the relationship affects the nature of key account relationship development. The type and degree of trust present allows development of a relationship that determines the degree of dependence or interdependence to suit both Mortgage Lender and Intermediary. Figure 5.2 helps to explain how drivers within the business environment determine the relevance of KAM initiatives and shows that demonstrations of trustworthiness can be categorised as organisational or individual. This conceptual diagram shows the linkage

between different levels of trust development alongside the different levels of KAM development and illustrates that deep relational trust is not necessary for successful KA relationships.

6.3 Implications of Research for Practice

This study provides valuable insight into KAM practice in the UK Mortgage Industry which has undergone significant change since Regulation in 2004 and will be useful to managers. Although much literature talks of the importance of trust this study suggests it is not relevant to ask a manager to measure trust or manage it specifically. It is relevant to recognise that individuals have perceptions of trust of other individuals and organisations and that managing the signals of trustworthiness are relevant. The identified factors for key account effectiveness presented in the survey can serve as useful guidelines for managing key accounts as they also demonstrate signals of trustworthiness. These factors can be used specifically to add to the limited range of performance criteria of key accounts currently adopted by the industry.

It is evident that Mortgage Lenders take the lead in KAM initiatives and though there is evidence of mutual care and concern greater efforts can be made by both organisations to achieve a win-win through reciprocal relationship specific investments and create interdependency rather than dependency. Where there is interdependency there does not have to be initial equal amounts of investment, in the knowledge that reciprocation may occur later. Perceptions of inequality can be reduced by the facilitation of the trust-building loop process (Vangen and Hauxham, 2003) so that conflicting views and varying levels of commitment for example are taken into account. This would also allow for the adoption of a KAM relationship type that suits the orientation of both supplier and buyer, their own organisational design and culture and resources available as well as the environment in which they operate. There are several alternative formats available for KAM organisation and it need not be too formal which may suit smaller organisations. The co-operative format (Fig.2.4) is attainable as there is much willingness by both Mortgage Lender and Intermediary to co-operate and the partnership format (Fig. 2.5) is one to be aspired to.

This study supports recommendations by Holt and Millman (2000) and Bretherton (2003) that suggest mutual learning takes place, for example by building research into the value proposition that takes into account feedback and lessons learned from both sides. This requires expertise and willingness to co-operate on both sides of the relationship. Mortgage Lenders in particular need to understand their perceptions of success may be different to those of the Intermediary.

A big issue facing KAM organisations is that of the organisational culture and the degree of co-operation across functions and from top management. This study suggests there is strong reliance on key account individuals to facilitate successful KAM and they could be supported by more effective internal marketing activities to raise awareness of the role of key accounts. These individuals could also be supported by the organisations external marketing efforts to build reputation and improve the perception of trust that is placed in the organisation. This applies to both the selling and buying organisation as for both sides this was useful as criteria for partner selection. As there is so much reliance upon key individuals it is natural for some to develop relationships based on deep relational and often emotional ties. The literature and survey results suggest knowledge based trust and a level of relationship based on business friendship is all that is necessary. Top management needs to view key account relationships as a strategic contribution.

Informal communication and close working together needs to be fostered as this is the main mechanism for transferring trust and can be supportive of formal communication. Organisations need to work on improving trust that is placed in the institution and this can be done by effective marketing communications effort internally as well as externally.

An issue that confirms concerns identified in the literature is that to do with the number of key accounts one organisation may have. If an organisation has 100 key accounts how does it manage that status? This has to be considered or else the client may not respond in a proactive way. Key Account Management is something that should be done with the client not done to. Interview results suggest this is not an issue as there is a hierarchy of status amongst the key accounts but care needs to be taken this is understood.

Survey results revealed a lack of interest by Key Account managers in the end consumer which is something Piercy and Lane (2005) warn about. It reflects further lack of internal co-operation and indicates the need for sales, marketing and key accounts to share information and discuss the implications of such.

A greater willingness to share confidential information by both sides would help demonstrate commitment and is easily reciprocated.

The industry is in the early stages of KAM development and Intermediaries could be more proactive in initiating KAM activities as currently this study suggests Mortgage Lenders are taking the lead and if Intermediaries do become more pro-active Mortgage Lenders may then have more demands placed upon them.

6.4 Research Success, Contributions and Limitations

This research has successfully fulfilled its objectives. This study will be useful to those academics researching KAM and Trust in business to business relationships and it is especially relevant to those researching the financial services industry as there is a lack of KAM research in this area. This study extends the theory and practice of KAM in the context of the UK Mortgage Industry. The nature of this study provides some new insights into how KAM operates in the UK Mortgage Industry by integrating conceptualisations of KAM and trust and is particularly interesting given the Regulatory changes that have been imposed upon the industry in 2004. Applying and building on previous work (McDonald et al 2002, Millman and Wilson, 1994; Pardo, 1999; Sengupta et al, 2000; Ojassalo, 2002; Cheverton et al, 2002; Hughes et al, 2004) it can be seen that the UK Mortgage Industry is not characterised by relationships that are locked into an integrated structure. This study supports Sengupta et al (2000) in their suggestion that the type of KAM relationship that is most appropriate is that which best suits the orientation of both supplier and buyer, their own organisational design and culture and resources available as well as the environment in which they operate and extends their work by suggesting that the facilitation of the trust-building loop process (Vangen and Hauxham, 2005) allows this to be managed. The notion of 'integrated KAM' being the ideal KAM scenario as proposed by McDonald et al (2002) is rejected and this supports some of the criticisms presented by Piercy and Lane (2005). The need for a formal KAM programme for key account relationship success as suggested by McDonald et al (2002) for example, is not necessary and this supports the view of Henennberg et al (2005) who propose there are a variety of alternative approaches to identifying key account relationship value and also Homburg, Jensen and Workman (2001) who suggest successful KAM can be managed with various degrees of formality and cross functional and top management support. This study finds support for Ploetner and Ehrets' (2006) idea of flexible and entrepreneurial forms of collaboration who also recognise the need to explore many more types of 'partnership'.

The integration of KAM and Trust literature improves the way trust is depicted in KAM theory and rather than just viewing trust as important to KAM it can be understood in terms of its complexity and different types. Understanding calculative, knowledge based, relational and placed trust enables understanding of different relational effort needed and compensates for the possible lack of formal KAM programmes. This study therefore suggests a more detailed view of trust should be incorporated into conceptualisations of KAM and that its circularity should be emphasised rather than its linearity (Figs. 5.1 and 5.2). This study supports Ennew and Sekhon (2004) by proposing it is the demonstration of trustworthiness that needs to be managed. Attempts to measure trust would in itself demonstrate distrust.

This study agrees with Holt (2001) in her criticism of KAM models that imply only the later stages of development have any value for organisations and this gives strength to and also Homburg et al (2002) who argue the assumption that activity intensity, the use of teams and top-management involvement all increase along the continuum is false.

A mixed methods approach allowed reflections from those in the industry to supplement existing theory to develop a more relevant survey instrument to analyse KAM relationships across the UK Mortgage Industry. While interview respondents painted a more positive and relational approach to KAM, survey results suggested less interdependent KAM and trust orientation. This, as discussed earlier in Chapter 3, is likely to be an effect of sampling bias. The integration of results demonstrate however the relevance of KAM to the UK Mortgage Industry and challenge critics of such practice.

The lack of survey data prohibited strong conclusions about KAM and trust orientation however there was sufficient evidence to illustrate that KAM and Trust orientations are generally not very high in the UK Mortgage industry and that KAM is being led by Mortgage Lenders.

The research strategy had to be modified because of difficulties in access to respondents. Originally the intention was to send the survey to one organisation's key account managers and their clients but this was not possible. Two stages of research allowed the interview format and survey design to be improved upon.

On reflection the survey instrument was a success but it needs modification for further studies (Appendix 7) as some questions were poorly answered which may be due to misunderstanding or inability to answer because of the respondents' lack of familiarity with the subject. The idea of comparing Mortgage Lender and Intermediary perspectives and using perceptions of trust to evaluate key account effectiveness

factors identified from the literature and interview results proved to be worthwhile and this format could be replicated in another context. As discussed in Chapter 4 content validity was gained.

This study does have some limitations in that interviews were based on one organisations leads, survey data was biased towards mortgage lender respondents and the survey instrument did contain a high number of items to be analysed due to the dyadic perspective. However, overall the research approach has enabled a realistic perspective of an important management concept that confirms its relevance as a business model and the need for further research in this area and in particular in relation to the financial services context where the adoption of KAM initiatives is relatively new.

6.5 Further Research

This research would benefit from follow up interviews to draw out the underlying reasons for differences between Mortgage Lenders and Intermediaries from a greater variety of organisation types.

This study covered a wide range of KAM topics. As individuals are recognized to be so important in the facilitation of KAM it would be useful to understand the individuals' predisposition towards trust.

An issue highlighted in the literature (Singh, Jayanti, Kilgore, Agarwal and Gandarvakottai (2005) and Svensson (2001) is that of the need to research the interconnectedness of market relationships. As KAM is relatively new in the UK Mortgage Industry it would be relevant to undertake longitudinal case studies to follow the development of such practise (Hughes et al, 2004) and evaluate its effect on the whole supply chain and to appreciate the impact of Regulation more greatly.

An issue raised by this study, confirming concerns in the literature is that of how organisations select and evaluate their key accounts and this would be useful to follow up.

This study could be replicated in other contexts to make comparisons and develop KAM theory and build on the work of Homburg et al (2001) in particular to identify modes of KAM organisation which continues to be an area of concern.

6.6 Ethical Considerations

Great care was taken to avoid interview respondents being placed in a difficult position, so that questions were not asked of personal situations. Confidentiality and

anonymity has been assured and the University Regulations regarding research have been adhered to.

6.7 Personal Development

The author's self development is documented in Appendix 17.

Several conference papers and working papers linked to this thesis have been presented, lecture material developed as well as contributions to short course work (Appendix 18) and work for future publication is in progress shown in the CV (Appendix 19).

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APPENDICES

Appendix 1

Top Ten UK Mortgage Lenders

Rank	Name of Group	Residential Mortgage Assets £bn	Estimated Market Share
1	HBOS	129.3	22%
2	Abbey National	73.3	12.4%
3	Lloyds TSB	56.6	9.6%
4	Barclays	51.0	8.6%
5	Nationwide BS	49.1	8.3%
6	The Royal Bank of Scotland	37.0	6.3%
7	Northern Rock	22.6	3.8%
8	Alliance & Leicester	22.0	3.7%
9	HSBC Bank	16.7	2.8%
10	Bradford & Bingley	16.1	2.7%

Source: Mintel Mortgage Report 2003

Appendix 2

Ideal Key Account Manager Characteristics (McDonald, Rogers and Woodburn, 2000)

People Skills:

- Communication skills
- Leadership
- Credibility – boardroom to postroom

Thinking Skills:

- Analytical skills
- Creativity and flexibility
- Strategic thinking
- 'Boundary spanning'

Administration/project management skills

Relevant Knowledge:

- Technical – product and applications in the customer's business

Subject Knowledge:

- Industry/market understanding
- Financial understanding
- Computer literacy and appreciation of information systems
- Cultural skills and language
- Legal understanding

Personal Qualities:

- Integrity
- Selling/negotiating skills
- Resilience/persistence
- 'Likeability'

Appendix 3

Interview Questions and Prompt Format (not necessarily strictly adhered to, depending on respondent and circumstances)

1)

Please tell me about the nature of the market at the moment in terms of issues facing the mortgage industry and how these impact upon the competition intensity, market structure, demand concentration, Mortgage Lender supplier behaviour and Intermediary purchasing behaviour.

2)

For the purpose of the remainder of the interview please can you choose two firms you have a key account relationship with and if possible choose at least one that is based on a high level of trust and one which has a lower level of trust. I would like you to think of these firms as firms 1 and 2.

Profile Questions

For both firms:

How long have you had a relationship with these firms?

How likely is it you will be doing business with these firms during the next year?

How likely is it you will be doing business with these firms during the next three years?

How important are these firms to your business?

Main Interview

For both firms:

Why do you want to form key account relationships?

Tell me about how this relationship got started and how it has developed.

What key account training have you had? (Probe)

In what ways are firms 1 & 2 different/similar?

In terms of:

What is done/activities such as pricing, product development, sharing

Information, systems etc

Who does what and with whom e.g. involvement of others, social interaction, events, ability to identify potential conflict and resolve it, creativity, entrepreneurial ability, contact patterns, top management support, shared values.

How formally organised e.g. organic, strictly controlled, do virtual systems impact? How?

What is most valued by you in your relationships and vice versa

How successful are these relationships?

What are the criteria for selection of partners/key accounts?

Willingness to adapt/customise?

Willingness to share information?

Reliability?

Consideration of your firm's interests?

Reputation?

Performance?

Expectations?

Satisfaction?

Social interaction?

Contact patterns?

Expertise?

Power?

(Use laddering to expand on these and give examples where possible to illustrate points)

Appendix 4

Initial Pre test Interview Themes and Codes Used for Analysis

Themes	Codes
<u>Trust Drivers:</u>	TD
New relationships needed	TD1
Unfamiliar Environment	TD2
Risk	TD3
Resource need	TD4
Access to distribution channels	TD5
Access to expertise	TD6
Competition	TD7
Develop established relationships	TD8
<u>Trustworthiness:</u>	TO
<u>Organisational:</u>	
Communication	TO1
Control	TO2
Planning	TO3
Shared values	TO4
Similar structures	TO5
Adaptation	TO6
Internal commitment	TO7
Shared status	TO8
Reputation	TO9
Ethics	TO10
Social interaction	TO11
Trusting beliefs	TO12
Co-operation	TO13
Information exchange	TO14
Understanding diff. org.values	TO15

Individual:	T1
Intrapreneurial skills	T11
Sales skills	T12
Conflict handling	T13
Competence	T14
Commitment	T15
Liking	T16
Interaction	T17
Social/informal interaction	T18
KAM /Trust Stage	KTS
Exploratory/Calculative	KTS1
Basic/Knowledge	KTS2
Collaborative/Relational	KTS3
Interdependent/Affective	KTS4
Outcomes	O
Exit difficulty	O1
Efficiencies	O2
Supply chain trust	O3
Satisfaction	O4
Continuity	O5
Enhancement	O6
Profitability	O7

Appendix 5

Initial Scale Development Linked to Themes from the Literature

Trust (Selnes, 1998) A high level of trust exists between our two companies

Outcomes of Key Account Effectiveness:

Exit difficulty (McDonald, 2000; Millman and Wilson, 1999; Morgan and Hunt, 1994; Ojassalo, 2002; Selnes, 1998)

If our relationship ended we would find it difficult and complicated.

Cost savings (Blois, 1998; MacDonald, 2000; Millman and Wilson, 1999; Morgan and Hunt, 1994; Ojassalo, 2002; Selnes, 1998)

We have realised substantial cost savings through working together.

Satisfaction (Kumar and Stern, 1992; Morgan and Hunt, 1994; Selnes, 1998) Our companies are very satisfied with each other.

Relationship continuity (Selnes, 1998)

Our companies want to continue the relationship.

Enhancement and scope (Selnes, 1998)

Our companies are willing to co-operate and enhance the scope of the relationship.

Supply chain trust (Svensson, 2003)

Trust is synchronised throughout our supply chain.

Key Account Effectiveness:

Reputation

Our companies have confidence in each other's reputation. (Doney and Canon, 1997; Ganesson, 1994; Selnes, 1998)

Values

Our organisations have similar values to each other (McDonald, Millman and Rogers; 1997; Selnes, 1998)

Shared status (MacDonald, Millman and Rogers, Ojassalo, 2002; Selnes, 1998)

We have shared status.

Communication (Selnes, 1998; Coulter and Coulter, 2003; Sengupta, Krapfel and Pusateri (2000)

Any information at all relevant to our business together is passed straight on.

People at all levels in both organisations are in constant communication with each other.

Competence (Selnes, 1998; Doney and Canon, 1997; Coulter and Coulter, 2003)

We understand each other's business, market and trends.

Commitment (Selnes, 1998; Doney and Canon, 1997, Morgan and Hunt, 1994)

We provide advice to each other about new product development.

We help each other plan promotional activities.

We participate in joint promotion activities.

Adaptiveness

We are willing to adapt to meet each other's needs. (Homburg, Workman and Jensen, 2002)

The client is willing to take part in joint activities to enhance supplier quality (Svensson, 2001).

The Mortgage Lender understands final customer needs. (Svensson, 2001)

The Mortgage Lender works with the client to support final customer satisfaction. (Svensson, 2001)

Internal Co-operation (Homburg, Workman and Jensen, 2002; Pardo, 1999; Rousseau, Sitkin, Birt and Camerer, 1998; Williams, 2001)

Our companies have a teamwork culture.

There is top management support for this relationship within our companies.

Our relationship is highly structured, monitored and controlled.

Key Account Organisational Structure (Coulter and Coulter, 2002; McDonald, Millman and Rogers, 1997)

The Key Account organisational structure in both companies mirror each other'

Themes Relating to Individuals

Values (Doney and Canon, 1997; Bretherton, 2003, Morgan and Hunt, 2004)

Our key contacts have values and beliefs similar to each other.

Similarity (Coulter and Coulter, 2003)

Our key contacts are very similar to each other.

Liking (Coulter and Coulter, 2003; Doney and Canon, 1997)

I socialise informally with principal persons in the account organisation to build and enhance friendship.

Conflict Handling (Selnes, 1989; Doney and Canon, 1997; Coulter and Coulter, 2003)

Our key contacts are good at resolving conflicts before they create problems in our working relationship.

Our key contacts have the ability to openly discuss solutions when problems arise.

Intrapreneurial Skills of Key Account Managers (Sengupta, Krapfel and Pusateri (2000))

The KAMs have the ability to locate personnel or other resources within their organisation to assist the key account.

Sometimes the Key Account Managers have to take risks by trying new approaches.

Appendix 6

Pre-test Mortgage Lender and Intermediary Key Account Relationship Web Survey Instrument

Introduction

Thank you for completing this questionnaire. I am investigating the development of key account relationships between Mortgage Lenders and Intermediaries. All information will be confidential and anonymity is assured. If you have any comments to make regarding the design and content, I would be very interested to receive them. A summary of the results will be published in *Mortgage Strategy*.

For convenience, whether you are the Mortgage Lender or the Intermediary, I refer to the principal persons responsible for the account in both organisations as Key Account Managers. Please do not complete this if you are not involved in a key or major account relationship.

Sharon Murray
Senior Lecturer in Marketing
Northumbria University

Mortgage Lender and Intermediary Key Account Relationship Survey

Please select ONE particular firm you consider to be a major or key account you are involved in on which to base your responses.

SECTION A

Are you one of the principal persons responsible for managing this account? Yes ☐ No ☐

Please tick if you are completing this questionnaire as a Mortgage Lender ☐ or an Intermediary ☐

What is the age of this relationship? Less than 1 Year ☐ 2-5 Years ☐ 6-10 Years ☐ More than 10 years ☐

How long have you been dealing with this account? Less than 1 Year ☐ 2-5 Years ☐ 6-10 Years ☐
More than 10 years ☐

How many hours do you spend on average each week in dealing with this account?

How many key accounts do you manage?.....

How many employees does your firm have? Please tick:

1-5 ☐ 6-20 ☐ 21-100 ☐ 101 -199 ☐ 200-499 ☐ 500-1000 ☐ 1000+ ☐

SECTION B

Please read each statement and decide to what extent it applies to your specific relationship by circling one of the following:

8 (Strongly agree) 7 (Agree) 6 (Slightly agree) 5 (Neither Agree or Disagree)
4 (Slightly disagree) 3 (Disagree) 2 (Strongly disagree) 1 (Don't know or can't answer)

1. A high level of trust exists between our two companies.	8	7	6	5	4	3	2	1
2. My company is very satisfied with this relationship.	8	7	6	5	4	3	2	1
3. I believe the account company is very satisfied with this relationship.	8	7	6	5	4	3	2	1
4. Our companies want to continue the relationship.	8	7	6	5	4	3	2	1
5. Our companies are willing to co-operate and enhance the scope of the relationship.	8	7	6	5	4	3	2	1
6. Our companies have equal status in this relationship.	8	7	6	5	4	3	2	1
7. If our relationship ended my company would find it difficult and complicated.	8	7	6	5	4	3	2	1
8. If our relationship ended the other company would find it difficult and complicated.	8	7	6	5	4	3	2	1
9. My company has realised substantial cost savings through working with the other company.	8	7	6	5	4	3	2	1
10. I believe the other company has realised substantial cost savings through working with my company	8	7	6	5	4	3	2	1
11. Our companies have improved profitability through working together.	8	7	6	5	4	3	2	1
12. Our companies pass any information relevant to our business straight on to each other.	8	7	6	5	4	3	2	1
13. People at different positions in both organisations are in constant direct communication with each other.	8	7	6	5	4	3	2	1
14. We understand each other's business, market and trends.	8	7	6	5	4	3	2	1
15. We provide advice to each other about new product development.	8	7	6	5	4	3	2	1
16. We help each other plan promotional activities.	8	7	6	5	4	3	2	1
17. We participate in joint promotion activities together	8	7	6	5	4	3	2	1
18. We are willing to adapt to meet each other's needs.	8	7	6	5	4	3	2	1
19. There is good citizenship behaviour from all staff involved in this relationship.	8	7	6	5	4	3	2	1
20. The Mortgage lender works with the Intermediary to support final customer satisfaction.	8	7	6	5	4	3	2	1
21. There is a high level of trust throughout our supply chain.	8	7	6	5	4	3	2	1
22. Staff in different positions in both organisations participate in joint social activities.	8	7	6	5	4	3	2	1
23. Our relationship is highly structured, monitored and controlled within both organisations.	8	7	6	5	4	3	2	1
24. The Intermediary is willing to take part in joint activities to enhance Mortgage Lender product/service quality.	8	7	6	5	4	3	2	1
25. The Mortgage lender understands final customer needs.	8	7	6	5	4	3	2	1

26. I have values and beliefs similar to my counterpart in the account organisation. 8 7 6 5 4 3 2 1
27. Differences between my own and the account's organisational values and culture are recognised. 8 7 6 5 4 3 2 1
28. There is a high level of internal co-operation to support this relationship in my company. 8 7 6 5 4 3 2 1
29. There is a high level of internal co-operation to support this relationship in the other company. 8 7 6 5 4 3 2 1
30. I socialise informally with principal persons in the account organisation to build and enhance friendship. 8 7 6 5 4 3 2 1
31. The Key Account Managers are good at resolving conflicts before they create problems in our working relationship. 8 7 6 5 4 3 2 1
32. The Key Account managers have the ability to openly discuss solutions when problems arise. 8 7 6 5 4 3 2 1
33. My company has a teamwork culture. 8 7 6 5 4 3 2 1
34. I believe the account company has a teamwork culture 8 7 6 5 4 3 2 1
35. There is top management support for this relationship within my company. 8 7 6 5 4 3 2 1
36. There is top management support for this relationship within the other company. 8 7 6 5 4 3 2 1
37. My company has confidence in the other company's reputation. 8 7 6 5 4 3 2 1
38. My company has a strong reputation in the UK Mortgage Industry. 8 7 6 5 4 3 2 1
39. The Key Account organisational structure in both companies mirrors each other's. 8 7 6 5 4 3 2 1
40. The Key Account organisational structure in my company is flexible enough to adapt to the other company's needs. 8 7 6 5 4 3 2 1
41. The Key Account organisational structure in the other company is flexible enough to the other company's needs. 8 7 6 5 4 3 2 1
42. The Key Account Managers have the ability to locate personnel or other resources within their organisation to assist management of the key account. 8 7 6 5 4 3 2 1
43. Sometimes the Key Account Managers have to take risks by trying new approaches. 8 7 6 5 4 3 2 1

What do you think are the main success factors for this relationship?.....

What do you think are the main barriers for this relationship?.....

Thank you for completing this questionnaire and if you wish please make any further comments below

Appendix 7

Main Study Survey Instrument (Distributed at Mortgage Expo, Manchester 2005)

May 2005

Dear Key Account Client/Manager,

Mortgage Lender and Intermediary Key Account Relationship Survey

Please can you spare 10minutes to complete this questionnaire?

I am investigating the development of key account relationships between Mortgage Lenders and their Key Account Clients as part of a Doctoral Programme of Study. All information will be confidential and anonymity is assured. This research is being supported by *Mortgage Strategy* in which a summary of the results and implications for best practice will be published. This survey is being supplemented by in-depth interviews that have all ready been carried out.

If you require any further information, please do not hesitate to contact me. I appreciate you must be very busy and thank you for your time in completing this questionnaire and returning it to me at the address below. If you have any comments to make regarding the design and content of this survey, I would be very interested to receive them.

Yours sincerely,

Sharon Murray
Senior Lecturer in Marketing
Newcastle Business School
Northumbria University
Northumberland Road
Newcastle-Upon-Tyne
NE1 8ST
Tel: 0191 227 3039
sharon.murray@unn.ac.uk

Please select ONE particular firm with which you have a key account relationship on which to base your responses.

SECTION A

What is your job title?

Are you are completing this questionnaire as a Mortgage Lender? ☐ or an Intermediary? ☐

What is the age of this relationship?

How long have you been dealing with this account?

How many hours do you spend on average each week in dealing with this relationship?

How many other key account relationships are you involved in?.....

How many employees does your firm have?

What is the estimated turnover of your company per annum? (please give a broad indication)
.....

What is the estimated turnover of the other company per annum? (please give a broad indication)
.....

SECTION B

Please read each statement and decide to what extent it applies to your specific relationship by circling one of the following:

	7 Strongly agree	6 Agree	5 Slightly agree	4 Neither Agree or Disagree	3 Slightly disagree	2 Disagree	1 Strongly disagree	0 Don't know or can't answer
1.The Mortgage Lender is very satisfied with this relationship.	7	6	5	4	3	2	1	
2.The Intermediary is very satisfied with this relationship.	7	6	5	4	3	2	1	
3.Our companies want to continue the relationship.	7	6	5	4	3	2	1	
4.Our companies are willing to co-operate and enhance the scope of this relationship.	7	6	5	4	3	2	1	
5. Our companies make mutual efforts to nurture this relationship.	7	6	5	4	3	2	1	
6. Our companies have equal status in this relationship.	7	6	5	4	3	2	1	
7. If our relationship ended the Mortgage Lender would find it difficult and complicated.	7	6	5	4	3	2	1	
8. If our relationship ended the Intermediary would find it difficult and complicated.	7	6	5	4	3	2	1	
9. The Mortgage Lender has realised substantial cost savings through working with the Intermediary.	7	6	5	4	3	2	1	

10. The Intermediary has realised substantial cost savings through working with the Mortgage Lender.	7	6	5	4	3	2	1
11. Our companies have improved profitability through working together.	7	6	5	4	3	2	1
12. Our companies pass any information relevant to our business straight on to each other.	7	6	5	4	3	2	1
13. People at different positions in both organisations are in constant direct communication with each other.	7	6	5	4	3	2	1
14. The Mortgage Lender is satisfied with the nature and frequency of personal contact with the Intermediary.	7	6	5	4	3	2	1
15. The Intermediary is satisfied with the nature and frequency of personal contact with the Mortgage Lender.	7	6	5	4	3	2	1
16. We understand each other's business, market and trends.	7	6	5	4	3	2	1
17. Key Account managers in both organisations work together to support new product/ market development.	7	6	5	4	3	2	1
18. We participate in joint promotion activities.	7	6	5	4	3	2	1
19. The Mortgage Lender is willing to adapt to meet the Intermediary's needs, e.g.product, fee structure, processes.	7	6	5	4	3	2	1
20. The Intermediary is willing to invest in systems and procedures tailored to the Mortgage Lender.	7	6	5	4	3	2	1
21. There is good citizenship behaviour from all staff involved in this relationship	7	6	5	4	3	2	1
22. The Mortgage Lender works with the Intermediary to support final customer satisfaction.	7	6	5	4	3	2	1
23. The Mortgage Lender has helped the Intermediary meet its objectives.	7	6	5	4	3	2	1
24. The Intermediary has helped the Mortgage Lender meet its objectives.	7	6	5	4	3	2	1
25. I am willing to share confidential information to enhance this relationship.	7	6	5	4	3	2	1

SECTION B continued

Please read each statement and decide to what extent it applies to your specific relationship by circling one of the following:

8 Strongly agree 7 Agree 6 Slightly agree 5 Neither Agree or Disagree
 4 Slightly disagree 3 Disagree 2 Strongly disagree 1 Don't know or can't answer

26. My counterpart in the other organisation is willing to share confidential information to enhance this relationship.	7	6	5	4	3	2	1
27. We engage in positive social interactions to enhance the relationship.	7	6	5	4	3	2	1
28. Our relationship is highly structured, monitored and controlled within the Mortgage Lender's organisation.	7	6	5	4	3	2	1

29. Our relationship is highly structured, monitored and controlled within the Intermediary's organisation.	7	6	5	4	3	2	1
30. The Mortgage Lender has clear guidelines in place for working with Key Account relationships.	7	6	5	4	3	2	1
31. The Intermediary has clear guidelines in place for working with Key Account Relationships.	7	6	5	4	3	2	1
32. The Intermediary is willing to take part in joint activities to enhance Mortgage Lender product/service quality.	7	6	5	4	3	2	1
33. The Mortgage Lender is willing to take part in joint activities to enhance Intermediary product/service quality.	7	6	5	4	3	2	1
34. The Mortgage Lender understands final consumer needs.	7	6	5	4	3	2	1
35. I have values and beliefs similar to my counterpart in the other organisation.	7	6	5	4	3	2	1
36. Differences between the Mortgage Lender and Intermediary organisational values and culture are recognised by both organisations.	7	6	5	4	3	2	1
37. Differences between our organisational cultures and values hinders effective relationship development	7	6	5	4	3	2	1
38. There is a high level of internal co-operation to support this relationship in the Mortgage Lender organisation.	7	6	5	4	3	2	1
39. There is a high level of internal co-operation to support this relationship in the Intermediary organisation.	7	6	5	4	3	2	1
40. The Mortgage Lender is fair in its business conduct.	7	6	5	4	3	2	1
41. The Intermediary is fair in its business conduct.	7	6	5	4	3	2	1
42. The Key Account function works well with Marketing and Sales in the Mortgage Lender organisation.	7	6	5	4	3	2	1
43. The Key Account function works well with Marketing and Sales in the Intermediary organisation.	7	6	5	4	3	2	1
44. The Key Account Manager works closely with the client to resolve conflicts before they create problems in our working relationship.	7	6	5	4	3	2	1
45. An effort is made to match the right Key Account Manager to the Key Account organisation.	7	6	5	4	3	2	1
46. The Key Account Manager can access the Client Manager very easily.	7	6	5	4	3	2	1
47. The Client Manager can access the Key Account Manager very easily.	7	6	5	4	3	2	1
48. The Key Account and Client Manager in both organisations freely share concerns and openly discuss solutions when problems arise.	7	6	5	4	3	2	1
49. The Key Account Manager is empowered to make important decisions regarding this relationship.	7	6	5	4	3	2	1
50. The Client manager is empowered to make important decisions regarding this relationship.	7	6	5	4	3	2	1
51. The Mortgage Lender has a teamwork culture.	7	6	5	4	3	2	1
52. The Intermediary has a teamwork culture	7	6	5	4	3	2	1

53. There is top management support for key account relationships within the Mortgage Lender organisation.	7	6	5	4	3	2	1
54. There is top management support for key account relationship within the Intermediary organisation.	7	6	5	4	3	2	1
55. The Mortgage Lender has confidence in the Intermediary's reputation.	7	6	5	4	3	2	1
56. The Intermediary has confidence in the Mortgage Lender's reputation.	7	6	5	4	3	2	1
57. The companies involved in this relationship have a Key Account organisational structure that mirrors each others'.	7	6	5	4	3	2	1
58. The Key Account organisational structure in the Mortgage Lender organisation is flexible enough to respond to changing circumstances.	7	6	5	4	3	2	1
59. The Key Account organisational structure in the Intermediary organization is flexible enough to respond to changing circumstances.	7	6	5	4	3	2	1
60. The Key Account Manager has the ability to locate/influence personnel or Other resources within my organisation to assist management and development of the key account relationship.	7	6	5	4	3	2	1
61. The Client Manager has the ability to locate/influence personnel or other resources within his/her organisation to assist management and development of the key account relationship.	7	6	5	4	3	2	1
62. The Mortgage Lender is willing to take risks to enhance the scope of this relationship.	7	6	5	4	3	2	1
63. The Intermediary is willing to take risks to enhance the scope of this relationship.	7	6	5	4	3	2	1
64. Both organisations in this relationship are genuinely concerned for each other's welfare.	7	6	5	4	3	2	1
65. A high level of trust exists between our two companies.	7	6	5	4	3	2	1
66. There is a high level of trust throughout our supply chain.	7	6	5	4	3	2	1

What do you think are the main success factors for this relationship?.....

.....

What do you think are the main barriers for this relationship?.....

.....

Thank you for completing this questionnaire.

Appendix 8

Coding Frame for Main Study Survey

Section A

SPSS CODE

(Questions 2-6 code as number given)

1. Are you a Mortgage Lender or Intermediary?	ML = 1 Int =2	Type
2. What is the age of this relationship?		Age
3. How long have you been dealing with this account?		Long
4. How many hours do you spend on average each week in dealing with this relationship?		Hours
5. How many other key account relationships are you involved in?		Number
6. How many employees does your firm have?		Employees

Section B Code all responses as number circled (1-7) 0= No answer or DK

SCALE CONSTRUCTS AND ITEMS (by statement number)

RELATIONSHIP OUTCOMES/PERFORMANCE

1. The Mortgage Lender is very satisfied with this relationship.	MLSatisf
2. The Intermediary is very satisfied with this relationship.	Intsatisf
3. Our companies want to continue the relationship.	Continue
4. Our companies are willing to co-operate and enhance the scope of this relationship.	Enhance
6. Our companies have equal status in this relationship.	Equal
7. If our relationship ended the Mortgage Lender would find it difficult and complicated.	MLEnd
8. If our relationship ended the Intermediary would find it difficult and complicated.	IntEnd
9. The Mortgage Lender has realised substantial cost savings through working with the Intermediary.	MLSave
10. The Intermediary has realised substantial cost savings through working with the Mortgage Lender.	IntSave
11. Our companies have improved profitability through working together.	Profit
23. The Mortgage Lender has helped the Intermediary meet its objectives.	MLHelpobj
24. The Intermediary has helped the Mortgage Lender meet its objectives.	Inthelpobj

CONCERN AND BENEVOLENCE

5. Our companies make mutual efforts to nurture this relationship.	mutual
40. The Mortgage Lender is fair in its business conduct.	MLFair
41. The Intermediary is fair in its business conduct.	IntFair
64. Both organisations in this relationship are genuinely concerned for each others' welfare.	Welfare

21. There is good citizenship behaviour from all staff involved in this relationship	Citizen
66. There is a high level of trust throughout our supply chain.	SuppChaTru

COMMUNICATION

12. Our companies pass any information relevant to our business straight on to each other.	Info.Share
13. People at different positions in both organisations are in constant direct communication with each other.	CoComm
14. The Mortgage Lender is satisfied with the nature and frequency of personal contact with the Intermediary.	MLconsatis
15. The Intermediary is satisfied with the nature and frequency of personal contact with the Mortgage Lender.	Intconsatis

EXPERTISE AND COMPETENCE

16. We understand each other's business, market and trends.	Understand
34. The Mortgage Lender understands final consumer needs.	MLunderFinal
55. The Mortgage Lender has confidence in the Intermediary's reputation.	INReputatio
56. The Intermediary has confidence in the Mortgage Lender's reputation.	MLReputatio

INTREPRENEURIAL SKILLS/CHARACTERISTICS OF KEY ACCOUNT INDIVIDUALS

17. Key Account managers in both organisations work together to support new product/ market development.	Mutualsupp
25. I am willing to share confidential information to enhance this relationship.	Iconfidinfo
26. My counterpart in the other organisation is willing to share confidential information to enhance this relationship.	Otherconfidinfo
27. We engage in positive social interactions to enhance the relationship.	Social
35. I have values and beliefs similar to my counterpart in the other organisation.	IndividSimVa
44. The Key Account Manager works closely with the client to resolve conflicts before they create problems in our working relationship.	Confresolve
46. The Key Account Manager can access the Client Manager very easily.	MLAccess
47. The Client Manager can access the Key Account Manager very easily.	INAccess
48. The Key Account and Client Manager in both organisations freely share concerns and openly discuss solutions when problems arise.	Shareconc
49. The Key Account Manager is empowered to make important decisions regarding this relationship.	MLKAMEmp
50. The Client manager is empowered to make important decisions regarding this relationship.	INClientEmpo
60. The Key Account Manager has the ability to locate/influence personnel or other	MLKAMInflu

resources within my organisation to assist management and development of the key account relationship.

- | | |
|---|---------------|
| 61. The Client Manager has the ability to locate/influence personnel or other resources within his/her organisation to assist management and development of the key account relationship. | INClientInflu |
| 62. The Mortgage Lender is willing to take risks to enhance the scope of this relationship. | MLRisks |
| 63. The Intermediary is willing to take risks to enhance the scope of this relationship. | IntRisk |

COMMITMENT

- | | |
|--|------------------|
| 18. We participate in joint promotion activities. | Jointprom |
| 19. The Mortgage Lender is willing to adapt to meet the Intermediary's needs, e.g. fee structure, processes. | MLAdapt product, |
| 20. The Intermediary is willing to invest in systems and procedures tailored to the Mortgage Lender. | IntAdapt |
| 22. The Mortgage Lender works with the Intermediary to support final customer satisfaction. | MLFinalsat |
| 32. The Intermediary is willing to take part in joint activities to enhance Mortgage Lender product/service quality. | IntInvest |
| 33. The Mortgage Lender is willing to take part in joint activities to enhance Intermediary product/service quality. | MLInvest |

ORGANISATIONAL CULTURE

- | | |
|--|--------------|
| 30. The Mortgage Lender has clear guidelines in place for working with Key Account relationships. | MLGuide |
| 31. The Intermediary has clear guidelines in place for working with Key Account Relationships. | IntGuide |
| 36. Differences between the Mortgage Lender and Intermediary organisational values and culture are recognised by both organisations. | DiffUnderst |
| 37. Differences between our organisational cultures and values hinders effective relationship development. | DiffHinders |
| 38. There is a high level of internal co-operation to support this relationship in the Mortgage Lender organisation. | MLInteCoop |
| 39. There is a high level of internal co-operation to support this relationship in the Intermediary organisation. | IntInterCoop |
| 51. The Mortgage Lender has a teamwork culture. | MLTeam |
| 52. The Intermediary has a teamwork culture. | INTeam |
| 53. There is top management support for key account relationships within the Mortgage Lender organisation. | MLTopman |
| 54. There is top management support for key account relationship within the Intermediary organisation. | IntTopman |

KAM ORGANISATION

28. Our relationship is highly structured, monitored and controlled within the Mortgage Lender's organisation. (Removed)	MLControl
29. Our relationship is highly structured, monitored and controlled within the Intermediary's organisation. (Removed)	IntControl
42. The Key Account function works well with Marketing and Sales in the Mortgage Lender organisation.	MLFuncCoop
43. The Key Account function works well with Marketing and Sales in the Intermediary organisation.	InFuncCoop
45. An effort is made to match the right Key Account Manager to the Key Account organisation.	Matched
57. The companies involved in this relationship have a Key Account organisational structure that mirrors each others'. (Removed)	SimOrgStru
58. The Key Account organisational structure in the Mortgage Lender organisation is flexible enough to respond to changing circumstances.	MLFlex
59. The Key Account organisational structure in the Intermediary organisation is flexible enough to respond to changing circumstances.	INFlex

GLOBAL TRUST

65. A high level of trust exists between our two companies.	HighTrust
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Abstract

The main purpose of this study is to examine how a dyadic trust perspective can support effective development of key account relationships. The need for Key Account Management in the UK Mortgage Industry is investigated, factors for effective key account relationship management are identified and a trust/Mortgage Lender and Intermediary perspective of Key Account relationship effectiveness is analysed. The results of this study have been achieved through a mixed methods research strategy and these have been discussed in relation to Key Account Management and Trust theory.

This study responds to concerns about the lack of research in this area, challenging and building on existing Key Account Management theory, integrating trust theory and applying this to a new context. A survey instrument to assess the effectiveness of Key Account relationships has been devised and can be applied to different contexts.

Results show that demonstrations of trustworthiness leads to better key account performance but there is not a strong association of perceptions of higher trust with performance. Mortgage Lenders and Intermediaries have different perspectives of key account effectiveness and Mortgage Lenders lead the way in Key Account Management initiatives but there is evidence of various degrees of interdependence and willingness to achieve mutual gains. Key account relationships are not locked in to integrated Key Account Management programmes and exit from these relationships is quite easy. An important aspect of this research in the context of the UK Mortgage Industry has been the perceived positive role of the Key Account individual and that of different types of trust throughout relationship development, compensating for the perceived negative role of organisational culture aspects that may influence those involved in key account development within and between organisations. The contribution of this research is to show the relevance of Key Account Management as a business model providing market conditions are appropriate for Key Account Management development and that it is based on mutual learning and a format that suits the orientation of supplier and buyer, their own organisational design and culture and resources available as well as the environment in which they operate. This research suggests that fully integrated Key Account Management is not a realistic expectation and dependence on a few suppliers or customers as Key Account Management theory suggests, is not sensible.

This study contributes to KAM practice in that it shows it is the management of trustworthiness rather than trying to manage trust that leads to a satisfactory Key Account relationship format for both supplier and buyer in the UK Mortgage Industry.

This does currently rely heavily on the 'intrapreneurial' skills of key individuals. In understanding how trustworthiness is demonstrated (through concern and benevolence, expertise, communication, intrapreneurial skills, commitment, organisational culture and KAM organisation) leads to more appropriate actions and behaviours to facilitate a relationship that works best for particular seller and buyer organisations given the particular circumstances. Organisations need to work on improving trust that is placed in the institution by for example developing effective marketing communications effort internally as well as externally and knowledge based trust, relating in particular to the exchange of confidential and strategic information. The identified factors for key account effectiveness presented in the survey can serve as useful guidelines for managing key accounts as they also demonstrate signals of trustworthiness. These factors can be used specifically to add to the limited range of performance criteria of key accounts currently adopted by the industry.

Further research is suggested that may consider a key account manager or client's disposition towards trust, an examination of perceptions of supply chain trust and distrust, how different perspectives between supplier and buyer can be managed and how best to evaluate key account performance. Ethical considerations are discussed and contributions to the author's own self development presented.

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