Customer-Centric Leadership:

How to Manage Strategic Customers as Assets in B2B Markets

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In this age of tough, global competition, companies in business-to-business markets need to rethink the way they manage their customer portfolio and interact with their customers. Customer managers with mainly sales- or relationship-oriented roles cannot leverage their business relationships with customers who seek co-creation. For such co-creation relationships, companies need to install network-oriented managers who systematically create value and reduce risk together with the customer. This article distinguishes three customer asset management perspectives (i.e., sales, relationship, and network) that may be employed by customer managers at the supplier-customer interface. Following an explication of the evolving network perspective, it describes how firms can nurture the network perspective and the corresponding customer manager role in terms of mindset, context, and competence. (Keywords: Business-To-Business, Supplier-Customer Relationships, Customer Asset Management, Co-Creation)

Across industries, supplier firms face a tough business-to-business market reality. Their customers are steadily gaining procurement power, sourcing globally and strategically, and concentrating their supplier base.[1] For example, Airbus reduced its supplier portfolio by 80%, from 3000 to 500. Wal-Mart now accounts for 15% of Procter & Gamble's consolidated total of $82.6 billion sales in 2011, which makes that retailer more important for the supplier than most countries outside the United States. The effects of these massive single-company customers are becoming increasingly pertinent; for P&G's German competitor Henkel, its top ten sales entities consist of four customers and six markets. Similarly, Tetra Pak, the Swedish-Swiss processing and packaging solutions company, earns roughly half of its revenues from a portfolio of 50 key customers.

Such concentration means that customers cannot be just priority service accounts; they represent critical financial assets for suppliers, because of the risk they pose in relation to current revenues and value, as well as future revenue streams.[2] Furthermore, these customers expect their suppliers to deliver more than consistent

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products, services, or prices across the world. Preferred suppliers must establish closer, collaborative relationships to co-create value for all involved parties, moving beyond standard cost and quality improvements.[3] For example, Procter & Gamble expects strategic suppliers to make significant contributions to its innovation capability and pipeline, such that up to 50% of its product innovation stems from joint value creation projects.[4]

The notion that customers are important assets of a company is not novel. Yet previous work has addressed supplier-customer relationships primarily from a sales and relationship management perspective.[5] No research has explicitly studied supplier-customer value creation and risk reduction as core activities at the individual level. The pivotal question that has yet to be answered is: How should managers at the customer interface systematically create value and reduce risk in co-creation business relationships, and what are the related managerial implications?

Customer Asset Management

The dynamic of the modern B2B environment is marked by steady consolidation among customers, empowered purchasing organizations, and supply chain management initiatives to work with fewer suppliers in a closer manner. These trends in turn demand that the organization becomes more customer-centric,[6] with a strategically oriented and connected sales function that focuses on working with these assets.[7] Available resources must be allocated to customer segments according to a rationale in which they create maximum value and contain the most risks.[8] Global key account or customer management are deliberate interventions by suppliers to foster customer-centricity within the organization and develop collaborative vertical partnerships.[9] This approach identifies the few customers that represent the firm's strategic business, in terms of current and future revenues, and orchestrates all interactions with them through a customer management program.[10] It also requires fundamental investment choices across customer segments, inducing far-reaching changes in customer-linked structures, systems, and processes. Thus, customer management is clearly a consequential initiative.[11] Extant literature provides guidance regarding the formulation of effective customer management strategies[12] and the design of corresponding structures[13] and processes.[14] Customer management literature also has been informed by research into co-creation with customers.[15] The majority of these applications focus on co-creation with consumers, but in a business-to-business context, co-creation opportunities also can be defined as strategic options for creating value.[16] Co-creation literature thus informs key account management literature by expanding the activities at the supplier-customer interface and the uses of related resources. However, the roles and skills of the actors at the customer interface have received little attention in co-creation literature.

When firms position themselves as single, cohesive supplier organizations, the customer manager assumes the key role of integrating or orchestrating company-wide activities to enhance relationships with customers.[17] By doing so, the customer manager plays an important role as advocate for customer-centricity within the supplier's organization. Many global customers want a single, responsible point of contact within their supplier firms, such that the customer manager takes on a boundary-spanning role, orchestrating supply-related aspects of supplier and customer organizations. Despite the importance of this customer manager role at the supplier-customer interface, prior research is limited and addresses mostly the team selling and relational aspects of the customer manager role, as summarized in Table 1.[18] Research on customer management has focused primarily on strategic and organizational aspects, without widely considering the role played by the individual manager at the supplier-customer interface.[19] The few works that address this role tend to concentrate on the responsibilities of customer managers, not the skills and support they need to be effective.[20]

Thus, what is missing in recent customer management and co-creation literature is a deeper understanding of the customer manager's core activities in terms of value creation and risk management, as well as how these activities differ depending on the nature of the supplier-customer business relationship. A customer manager at this interface is, by the nature of his or her role, customer facing and boundary spanning. However, depending on the type of supplier-customer relationship, the depth and breadth of value creation and risk reduction likely vary. For example, the value creation and risk management activities of a customer manager who is simultaneously responsible for 30 transactional accounts differ from those of a customer manager who is fully responsible for a single, multimillion-dollar revenue customer that seeks a co-creation-based partnership.

To explore which customer management perspectives apply in practice and how they vary in the scope and depth of the value creation and risk management they entail, we undertook primary research into multinational companies' customer management practices. We present the three customer asset management perspectives we have identified, with a special emphasis on the network perspective that relates to supplier-customer relationships in which both parties pursue value co-creation.

Three Customer Asset Management Perspectives

Customer managers apply different perspectives to their work with strategic customers. They adopt what we call a sales, relationship, or network perspective. All three perspectives reflect their boundary-spanning role at the supplier-customer interface, including elements of value creation and risk management, and they vary in terms of the scope and depth of asset management, as we show in Figure 1.[21] The "scope of asset management" refers to the value and risk dimensions of the customer manager's activities. Value creation is not simply the implementation of a project; it also encompasses the definition (i.e., what is value), identification (i.e., concrete value creation opportunity), specification (i.e., translation of the idea or opportunity into a formal project), and realization (i.e., the orchestration of the implementation of the

TABLE 1. Actor-Focused Customer Management Literature

Author/Year	Focus	Key Statements/Findings
Atanasova and Senn (2009)	▪ Developing and testing a framework for global customer team design and performance	▪ Global customer team performance is directly influenced by three team processes of communication and collaboration, conflict management, and proactiveness
Davies, Ryals, and Holt (2010)	▪ Investigating functions and attitudes across a business-to-business sales force	▪ Some individuals have attitudes that are inappropriate to their relationship management roles; identification of three attitudinal types of a salesperson: self-directed, team leaders, and strategic sellers
Guenzi, Pardo, and Georges (2007)	▪ Defining and testing a model of relational selling behaviors of key account managers	▪ Relationship selling strategy stimulates individual-level behaviors (i.e., customer-oriented selling, adaptive selling, and team selling)
Harvey, Myers, and Novicevic (2003)	▪ Discussing the managerial issues and, in particular, the development of global account management teams	▪ Proposition of a global account management team formation process; importance of managing heterogeneity and knowledge within global account management teams
McDonald, Millman, and Rogers (1997)	▪ Establishing best practices and challenges concerning account managers and teams	▪ Description of skills and traits expected of a key account manager and challenges faced when developing key account managers and teams
Millman (1996)	▪ Discussing the role of the key account manager in systems selling	▪ The boundary-spanning role of the key account manager requires distinct skills, such as coordination, external relationship management, and multicultural teamwork
Millman and Wilson (1996)	▪ Discussing the importance of distinct key account manager capabilities	▪ Firms should develop organization- and individual-level key account management capabilities; key account manager competences are closer to general management function than traditional sales
Millman and Wilson (2001)	▪ Exploring the formation of global account management teams	▪ A typical global accounts team consists of the global account manager, champion, executive sponsor, steering committee, local customer managers, and specialists
Reisel, Chia, and Maloles (2005)	▪ Investigating the impact of job insecurity on key account management	▪ Job insecurity is negatively associated by customer effectiveness, customer performance, adaptiveness, and team esprit de corps
Sengupta, Krapfel, and Pusateri (1997)	▪ Establishing the status quo of several human resources aspects of key account management	▪ The key account manager workload has increased and is at a very high level; the compensation of key account managers is geared toward sales and profits
Wilson and Millman (2003)	▪ Exploring the boundary-spanning role performed by global account managers	▪ Description of different roles depending on the global account manager's degree of identification with the employer and global account; the global account manager as political entrepreneur
Wotruba and Castleberry (1993)	▪ Exploring hiring practices and success factors for national account managers	▪ The success of account managers depends on their tenure, the time spent with the account, and the age of the national account management program

FIGURE 1. Customer Asset Management Perspectives

Scope of Customer Asset Management		Depth of Customer Asset Management: Low (Sales Perspective)	Medium (Relationship Perspective)	High (Network Perspective)
Value Creation	Value Focus	• Current share-of-wallet and its predicted growth	• Future share-of-wallet customer lifetime value	• Wallet dynamics of the extended value network
Value Creation	Value Identification	• Account reviews with procurement – quarterly	• Consulting probing – ongoing	• Joint strategic dialogue across the network – ongoing
Value Creation	Value Specification	• Account plan internally developed and agreed upon	• Value proposition crafted for and offered to the customer	• Business case jointly developed and validated with the customer
Value Creation	Value Realization	• Hand-off to operations/fulfillment	• Value-adding oversight regarding operational execution	• Marshalling resources and orchestrating activity internally and externally
Risk Management	Risk Focus	• Current share-of-wallet	• Customer relationship and its lifetime value	• Total value network dynamics that could affect the business
Risk Management	Risk Assessment	• Anecdotal information on competitive encroachment	• Comprehensive analysis of future trends affecting buying behavior	• Joint and fully transparent examination of network-wide vulnerabilities
Risk Management	Risk Reduction	• Extended contracts, preferred pricing, executive outreach	• Higher switching costs due to higher integration, top-to-top engagement	• Shared governance over intervention measures

project) of value. Similarly, "risk management" includes the definition, assessment, and reduction of risks inherent to the business relationship. Depending on the customer manager's perspective, the depth of asset management varies, lowest for the sales and highest for the network perspective.

For example, a customer manager with a sales perspective focuses on the current share of wallet with the customer. To increase this share of wallet, this manager focuses on market growth and pursues activities to help shift business from other competitors, such as compelling pricing schemes or more appealing product/service offerings. A manager who applies a relationship perspective instead takes a more comprehensive view of customer lifetime value and also takes into consideration the customer's future share of wallet. The primary activities in this case extend beyond short-term sales tactics and might include tailored value propositions based on deeper, consultative customer insights, as well as product and service features that move beyond the core offering. Finally, a network perspective goes a step further; it is not just concerned with the customer's value drivers. Rather, a customer manager who adopts a network perspective considers the overall value system in which the supplier-customer dyad competes. For example, a customer manager from a packaging company that sells packages to fast-moving consumer goods companies can set up a tri-party model that includes retailers to leverage consumer insights throughout the system and devise joint actions that create differential value for each entity involved.

Each of these three customer asset management perspectives has its own purpose in the set of available go-to-market approaches taken toward each party in a customer portfolio. The relationship perspective is neither inferior to the network perspective nor superior to the sales perspective. What matters is whether a customer manager applies the perspective that maximizes the value of a particular supplier-customer relationship. An arm's-length business relationship is best served by a customer manager who applies a sales perspective. A collaborative business relationship marked by a continuous open book dialogue between the supplier and buyer, the alignment of interfacing processes, and a discussion of how R&D investments can be jointly shouldered benefits from a customer manager who applies a network perspective.

Changing the perspective applied to a particular strategic customer should be the outcome of a deep customer portfolio analysis that not only takes into account the value creation potential, but also assesses the readiness and willingness to change. Readiness encompasses: the ability to coordinate value creation and risk management activities within one's own organization and at the joint interface; the existence of complementary resources, such as know-how or financial means that enable new value creation; and the establishment of a governing mechanism that clarifies mutually accepted rules of engagement, performance indicators, and accountabilities. On the other hand, willingness relates to the alignment of corporate and business strategies and the cultural fit between both organizations. Moving from a sales to a relationship and even a network perspective raises the bar in terms of readiness and willingness accordingly. Business relationships are subject to evolution and change; hence, a corresponding customer portfolio analysis should be conducted every year. Firms should consider the following as indicators for a change in perspective:

- a strategic customer tells you that you could make x-times more business with them if you got your act together;
- one or more of your local market or business units frequently "kills" business that would be beneficial to the entire company;
- you are convinced that you are producing and delivering superior value but your top customers just do not seem to see it the same way;
- there is tangible value creation potential but your customer conversations are primarily about prices and volumes, talking to the procurement department; or
- you have no one dedicated to bringing the customer strategy into your own organization.

As a caveat though, we note that any given customer manager likely cannot shift easily among the customer management perspectives, because they demand considerably different skill sets and mandates. Furthermore, our findings suggest that most customer managers apply a sales perspective, and others adopt a relationship perspective; only a few pursue a network perspective. This spread is a matter of concern, because modern customers deliberately work with fewer suppliers and expect those that remain to offer closer, co-creation-based business relationships, with dedicated counterparts in the supplier firm.

The Sales Perspective (Low Asset Management)

Customer managers who apply a sales perspective consider the customer as a sales generator. They typically attempt to sell more of the same items while protecting their prices and margins. Their approach is unilateral, shorter-term, and arm's-length, as well as strictly professional. The customer manager's main activities include analyzing the customer buying organization, exploring and meeting the customer's needs, and enhancing stakeholder relationships. These activities aim to build credibility and trust over time (primarily through procurement), obtain a greater share of the customer's business wallet, and ensure partnership continuity through higher switching costs. Although these customer managers work with others to increase sales effectiveness and maximize their share of wallet with the account, they tend to regard themselves as the sales owner—the "Lone Ranger" who closes deals. To achieve their sales targets, these customer managers focus on eliciting customer needs and matching them with their firm's existing product and services portfolio. Understanding the buying center, its decision makers, and the influences on it is essential for them to devise the best sales tactics.

Overall, the sales perspective offers low customer asset management, because its value and risk focus are limited, and activities related to the creation of value and reduction of risk are supplier-centric and short-term oriented. Our research cites the sales perspective as a suitable go-to-market approach for arm's-length supplier-customer relationships, which do not have to be adversarial, but which lack the drive to co-create new value.

The Relationship Perspective (Medium Asset Management)

Customer managers who adopt a relationship perspective put the business relationship first. They acknowledge the importance of deep partnerships built on mutual trust to do continued business. A consequence of considering the customer as a partner is that value is seen and defined through the customer's lenses as well. Short-term sales targets are enhanced by a deep analysis of the customer's lifetime value for the supplier. To position the supplier as a value-adding partner for the business relationship, customer managers turn in their vendor hat and become an advisor, applying consultative techniques to determine the customer's pain points and then using these insights to develop comprehensive, tailored value propositions together with their team. Metrics such as customer satisfaction and loyalty determine relationship success and partnership status, in addition to the economic profits achieved.

Compared with the sales perspective, the relationship perspective is a deeper customer asset management approach, in the sense that it adopts a dyadic view of value and accounts for longer-term risks that may undermine the business relationship. Customer managers also play a stronger role during actual value creation to strengthen their posture as the business partner who pulls the ropes, similar to a "spider in the web." Our research indicates that the relationship perspective is best matched with supplier-customer relationships that pursue joint projects in a collaborative fashion with a longer time horizon, but without the willingness or readiness to shoulder significant co-investments or a deeper linking of their joint processes.

The Network Perspective (High Asset Management)

The network perspective is the deepest level of customer asset management adopted by customer managers, who then define, explore, and create value within the wider supplier-customer ecosystem. The supplier-customer relationship, as an entity, competes in the larger value network and thus needs to realize relational rents and cope with inherent risks to ensure its long-run competitiveness and profitability. Value is defined, pursued, and exchanged in a more comprehensive manner than in either the sales or the relationship perspective. Through collaboration and matched firm-specific resources and competences, the two firms create relational value that no one entity could achieve alone; risks are shared and controlled for too. Network-oriented managers thus maintain a continuous stream of insights about the market, the competition, the customer's business, and how the supplier's products, services, and capabilities can change the economics of the customer's business model. They possess strong conceptual and financial abilities that enable them to recognize customer business drivers and translate them into joint value creation projects. They also advocate business cases to multiple levels of both organizations, build commitment that leads to action, and marshal required resources across the network. An important indicator of value creation is whether a supplier helps its customer become more competitive and successful in its market, thus earning differential value that is higher than that of any other competitive supplier. In summary, a customer manager pursuing a network perspective resembles an "intrapreneur" who orchestrates value creation and risk reduction in the value system for the supplier and the customer. In our research, the network perspective emerges as the most promising approach to supplier-customer relationships that offer significant potential to create new value and are characterized by the high willingness and readiness of both parties to co-create and intertwine activities, resources, and processes to do so.

Two examples from our research effectively illustrate how customer managers adopt network perspectives to systematically create value and manage risks with strategic customers that seek co-creation with their suppliers. Consider the case of a customer manager working for a large logistics company who was charged in mid-2008 with what many in the supplier firm considered a "mission impossible": growing its business with a leading aircraft manufacturer beyond its existing low share. Understanding that projects between the customer and various supplier business units were taking place primarily at the local level and with varying intensity, the customer manager took a dual approach and not only addressed the business side of the opportunity, but also paid tribute to relationships that had existed, in some cases for more than 25 years. Although the supplier had a dedicated program with more than 600 staff in place to serve important customers, the customer manager went beyond the program's tool suite by recognizing that what was needed primarily was a focal point of communication between the two companies.

From an in-depth analysis of the customer's business drivers and value chain, and supported by the head of the supplier's aerospace industry sector, the customer manager initiated a strategic dialogue between top-ranked executives from both companies and helped make the customer opportunity visible across the supplier organization. Another core element of the customer manager's work involved the development, validation, and realization of a pilot business case for a new service approach in the aerospace industry, together with the customer. To achieve internal buy-in from the supplier's own business units, the customer manager served as an internal standard bearer for value creation and coached the business units so that they understood that the relationship could flourish only with tender care and sustainable investments.

Of course, there were challenges as well—in particular, the need to sharpen reporting and communication lines on a global scale and to overcome silo thinking and turf battles. Both organizations benefited from an open and honest approach from the start, allowing them to build trust continuously. One customer quote illustrates the upside potential that the customer manager uncovered: "In case you can solve our issues here, you can have the rest of the [business] volume too." However, the customer manager's work did not stop there. The customer manager made no secret of the fact that the team would like to become the preferred logistics partner for the pan-European aerospace and defense corporation to which the customer belonged, with a global presence and the capability to service and manage the most complex operations. To this end, the customer manager convinced the supplier's senior leaders to accept shared risk models and implement a global team for this business relationship, consisting of a dozen full-time members. As the marshalling of resources and orchestrating of both value creation and risk management efforts continued, the results confirmed the impact of the network approach. Significant revenue growth, even in the very difficult year of 2009, together with a replicable logistics solution for the aerospace industry offer clear signs of what is possible from adopting the network perspective for supplier-customer relationships that pursue co-creation.

A second example is situated in the specialty chemicals industry; the supplier provides additives and effect pigments to a global manufacturer of colors, lacquers, and coatings for industrial use. In the past, different supplier units laterally delivered to the customer, fulfilling customer needs on the basis of their product portfolio and unit strategy. Because of the size of the business, each unit installed a key account manager, who coordinated the business relationship, along with other key accounts, and attempted to grow the business from a single unit, sales perspective. With the intention to take a more deliberate, group-wide, synchronized approach to the customer portfolio, the supplier's top management introduced group account managers that would be responsible for a few customers deemed of utmost importance, including this manufacturer of colors and lacquers. These group account managers not only orchestrated different activities and actors at a higher level, but also took a mandate to explore the business relationship and its associated potential and risks from a network perspective, according to their abilities and time allocated to a particular strategic customer. In this role, the group account managers neither replaced nor commanded the unit-based key account managers. Instead, they provided an additional resource with a skill set that helped enhance the most strategic co-creation business relationships.

In this particular supplier-customer relationship, the group account manager not only helped save the business relationship, but also drove a new value co-creation project. The customer faced an internal initiative to consolidate the production of coil coatings from multiple locations into a single site. The consolidation raised operational concerns, because the chosen site was located in a residential area with limited room for expansion. Considering these space limitations and the complexity involving the manual color mixing for the custom metallic coil pastes, the customer firm wondered how it could cope with additional production demands while also deepening its expertise as a metallic coil color competence center. The customer even considered relocating its production out of Europe, which would have had serious negative implications for the supplier's current business with this customer. Without a corporate level account manager with a network perspective, the supplier and its key account managers might not have become aware of this development. However, the group account manager learned about this customer challenge through conversations with the customer's technical leader and head of procurement for Europe—stakeholders who were inaccessible to the key account managers in terms of their mandate, time, skills, and the sales perspective they applied.

Instead, the group account manager assembled the key account managers and engaged R&D managers from all business units, together with supply chain management and R&D from the customer's side, to explore solutions for making the color mixing process more efficient and effective. The outcome was an integrated mixing system, to which all supplier units contributed parts of the solution, including a new set of metallic effect pigments, enhanced with additives from another unit to stabilize the concentrate. The final coating was then checked by a measuring tool created by another unit, involving third-party software that improved measurement accuracy. Through this co-created solution, the customer's laboratory spending fell by 30%, and the customer became able to manage its space more efficiently and increase its flexibility to produce smaller batches more quickly. This efficiency led to the decision by the customer to maintain its production in Europe with the help of the supplier, which in turn benefited from additional cross-unit sales of additives, effect pigments, and measurement instruments; it also gained a reputation as a value contributor and strategic partner for the customer, beyond a single served site.

Four Advantages of Network-Oriented Customer Managers

Having managers at the customer interface who adopt a network perspective for strategic customers in collaborative business relationships increases four types of advantages for the supplier: relationship, economic, knowledge, and leadership. Other customer-facing roles also seek to achieve these advantages, but only customer managers with a network perspective—assuming they are mandated, trained, and staffed properly—systematically address all the advantages in an integrated way. Our review of 114 business cases that sought to create value for both the supplier and the customer revealed that those with the highest performance outcomes covered all four areas.

Relationship Advantage

The relationship challenge arises with key customers that account for greater amounts of a supplier's total business, often beyond 30%.[22] This core business must be protected, because losing and regaining customers is much more costly than retaining them. Global buyers are geographically and functionally complex decision-making and influence networks. Building multilevel relationships and trust takes years, whereas harming them requires just seconds. The differentiating factor here is the network perspective for building broader and deeper relationships: The customer manager must have regular access to executive suite managers and a multilevel network, as a recognized partner for strategic dialogue/sparring and joint value creation. Rather than being just a "golf buddy," the customer manager must gain the ability to identify key stakeholders and their individual motivations, so that she or he can take the necessary actions to nurture these relationships.

One global account director of a large hospitality group provides a great example of the network perspective at work. As a result of the 9/11 attack on New York's Twin Towers, one of the supplier's major customers lost, in one tragic day, its central office in the United States. The hospitality group itself was affected by continued travel bans and concerns. However, because of its relationship network and credibility with the customer and within its own organization, the global account director of the supplier firm was able to protect both companies' business by transforming hotel space and marshalling additional resources, including IT and reception services, into temporary office space for several hundred customer staff, within just a few days.

Economic Advantage

The economic challenge arises because supplier-customer partnerships incur costs to develop their relationship, govern it, and then pursue and implement joint projects. The differentiating factor for a network-oriented customer manager is his or her ability to do more than just sell more of the same or gain more share of the customer's wallet. Managers who adopt a network perspective consider the supplier-customer relationship from a deeper, commercial perspective, exploring total partnership costs and devising measures to lower these costs, then applying concepts such as total cost of ownership methods to address hidden costs and value drivers.

A global IT company appointed, for its most strategic customers, managing directors who managed a global customer asset as a business with its own profit-and-loss and dedicated organization. In turn, they had the motivation to create new business fields, run the business relationship efficiently, and eliminate system costs. Customer managers at a household appliances firm similarly were trained to understand both their financial system and that of the customer so that they could identify, connect, and leverage joint value and cost drivers. As another example, corporate account managers at a chemical group went beyond advocating products and identified the potential to in-source a chemical process from a key customer, a move that resulted in cost savings from a value chain perspective and that could be shared between both parties.

Knowledge Advantage

The knowledge challenge occurs because suppliers must go well beyond superior product quality and performance. Customers no longer buy products or services; they seek knowledge-based value that makes them more competitive. Merely probing and catering to customer needs is not sufficient in co-creation business relationships, nor are customer relationship management systems that rely on automated knowledge creation and application. Instead, suppliers need quality knowledge that can be translated into high-impact activities in the network. Managers that adopt a network perspective are not only expert listeners and information gatherers, but also knowledge orchestrators who translate information that is critical to value creation and risk management, from inside out and outside in. With their intricate knowledge of value system drivers and the competences of both the customer and their own organization, such managers can identify, specify, and initiate new value projects, together with customers.

A case in point comes from a major supplier of store shelving and fittings that was able to help a U.K. supermarket chain. With in-depth knowledge of customer strategy and business drivers, as well as an understanding of the supplier's own competencies and innovation strategy, the global account manager initiated an innovation partnership, including an innovation council and dedicated R&D teams, to develop a tailored shelf system within six months instead of the one- to two-year normal development time. The supermarket chain obtained a tailored shelf system faster with limited exclusivity; the supplier was able to share its R&D investments, ensure commercialization, and multiply its product range by using the innovated system as the basis for a new product family.

Leadership Advantage

The leadership challenge stems from the need for leadership at both team and organizational levels to manage customers. More and more companies declare that the customer-centric or even customer-driven enterprise is their business credo. However, they are unable to walk the talk without leaders who drive and institutionalize this change in terms of their mindset and way of doing business. Orchestrating a global customer relationship for value creation and risk management requires leadership at the interface, not just coordination and administration, somewhere in headquarters. Managers that adopt a network perspective form, motivate, and coach (often virtually) cross-function, cross-unit, and cross-geography teams. They drive alignment among stakeholders and engage them in a value-adding manner. Because team members are often not direct reports, managers at the customer interface must achieve impact without formal authority, based instead on their knowledge, relationship network, and integrity.

For example, a global account manager at a leading wind power solutions provider is working with a multinational energy producing company. This customer intends to spend several billion Euros to build 20-gigawatt wind energy capacity across multiple markets. However, the seller organization is structured by geography, so its financing policies and service agreements obstructed its global collaboration with the customer. The global account manager, demonstrating intrapreneurial behavior, developed a collaboration memorandum to validate the business case for growth; set up a task force of technicians to resolve issues in places that the local markets could not or did not want to provide the needed service; and coached new global account managers about how to build their internal networks and what measures to take to move toward a strategic dialogue with their customers.

How to Leverage the Network Perspective—A Guide to Action

Our research has shown various practices that can develop customer managers; we thus can derive a consolidated view of successful practice examples classified by three key dimensions: mindset, context, and competence. When mindset, context, and competence are all missing, all four types of advantage (relationship, economic, knowledge and leadership) earn low ratings.

Mindset

Developing and deploying managers with a network perspective requires the right mindset. The mindset of a manager guides his or her daily behavior and choices; in turn, this mindset depends on the organizational culture.[23] Thus, the culture must be not just customer-oriented (minimum requirement), but customer asset-oriented. What might sound obvious in theory is often arduous for organizations: Not all customers are equal, and those that are of strategic importance from an economic viewpoint should be treated as the firm's most important assets. In a packaging company, the customer claims handling process was handled on a "first-come, first-served" basis for every customer, regardless of whether a customer accounted for a couple of thousand or several hundreds of million dollars in annual revenues. Until the firm instilled a customer asset-oriented mindset, the employees operated by the credo, "all customers are kings," which led to precarious situations with some of its strategic, co-creation customers.

The mindset of managing customers as assets also results in differentiated go-to-market approaches for various customer segments, including corresponding actors, activities, and resources deployed from the supplier's side. The emergence of yet another role—that of customer managers adopting a network perspective—can mistakenly seem like a threat to existing (sales) functions, one that increases complexity and potential centralism in debates about "who owns the customer." As the examples reported in our research demonstrate, neither is a concern if the right mindset is displayed by network-oriented managers, those in charge of leading them, and those who support activities at the supplier-customer interface. Network-oriented managers do not take a supervisory role or create bottlenecks at the group level; they provide different capabilities to drive value creation and risk management in co-creation business relationships in close collaboration with internal and external stakeholders, often without formal authority to command supplier resources. Nor are network-oriented managers replacing other customer-facing roles, unless those roles represent a less suitable approach for managing customer assets in a particular customer relationship. The introduction of the network perspective and related customer managers results from the increased complexity of the market and customer. For example, a multinational technology firm, until recently, defined and deployed two major sales functions: sales managers and key account managers. When it adopted a more fine-grained approach to the customer portfolio, this supplier was able to define in detail which platform, in terms of actors, activities, and resources, should be deployed for each particular customer type in the portfolio. As a result, the sales force functions expanded to include additional roles, such as technical key account managers, corporate account managers, and industry cluster managers.

The good news is that changing mindsets does not necessarily cost a lot of money. The bad news is that it means leaving a comfort zone, which requires persistence of effort to sustain cognitive and behavioral change. Companies in our research resorted to different means. One approach was to conduct foundational events to launch customer asset management and the role of the network-oriented customer manager. In a formal transformational event, the supplier can create a sense of urgency, change, and appreciation of the new. Companies that have successfully introduced network-oriented customer managers hold regular forums to allow customer managers, together with senior management, to explore value creation projects with important customers that seek co-creation. These results then get shared across the organization, to validate existing ideas and demonstrate the value added by the network perspective. Other companies introduce top executive relationship management processes to engage senior management in the formulation of customer strategies and initiate validated co-creation projects. For example, in an integrated technology firm, customer assets that were part of the top executive relationship management program achieved twice as many sales as other accounts, driven by new value projects as a result of the network perspective having been applied.[24]

Context

Many companies must also fix a context problem, such as when the objectives and incentives for personnel development are misaligned or if they have tried to resolve a personnel problem with organizational redesign. Distinguishing whether the problem relates to the context or to people is essential for determining the right remedy. Our research suggests that network-oriented managers deployed in an organization with a visible and supportive platform (e.g., customer management program) can harness this difference.

Among the companies that installed network-oriented managers, three measures stand out as particularly successful. These were initiated by top management playing an important role in shaping a supportive context for the network perspective. In this sense, the role of top leaders is not to do the work or make strategic decisions but rather to set the context for others to do so.[25]

First, a clear, empowered mandate for network-oriented managers specifies the job profile in terms of responsibilities, key performance indicators, and competences; it also explicates how customer managers should interact internally and externally with others whose activities contribute to the supplier-customer interface. Collaboration does not happen naturally, so explicating connected roles and demonstrating the benefits of the network approach to those who contribute is important. Some firms not only developed a formal, written mandate, but also ensured that their top managers communicated and advocated it. For example, a firm that appointed a network-oriented manager sent a formal letter of inauguration to all division and business unit heads, introducing the person and reinforcing the manager's role as an orchestrator at the supplier-customer interface who could count on the full support of top management.

Second, the rules of engagement for managing customers as assets must be defined. To avoid turf battles and streamline the process of bringing new team members on board, the firms we observed developed comprehensive customer management guides. These guides combined process protocols, clarifications of important questions (e.g., "Who owns the customer?" or "Who has the right to set prices for a strategic customer?"), and explanations of conciliation and escalation procedures in the case of conflicts at the supplier-customer interface.

Third, targets and rewards must be aligned. For many companies, compensation schemes are a "do not touch" area that creates a massive obstacle for institutionalizing customer asset management and managers with a network perspective. Intrinsic motivation and ad hoc rewards may work in the short term. Network-oriented manager compensation must reflect the role and its objectives; instituting a sales incentive plan would mean hoping for A (i.e., the pursuit of longer-term, new value projects that other supplier units help implement) while incentivizing B (i.e., short-term sales deals closed by a specific customer manager). Traditional sales and relationship metrics (such as volume, prices, customer satisfaction, and loyalty scores) are not the best indicators of a network-oriented manager's performance. Some of the firms we observed tracked performance based on differential value created for the customer, the quantification of new value projects, risks associated with the strategic account in a joint business plan, or the achievement of objectives in a joint supplier-customer scorecard, validated by the customer.

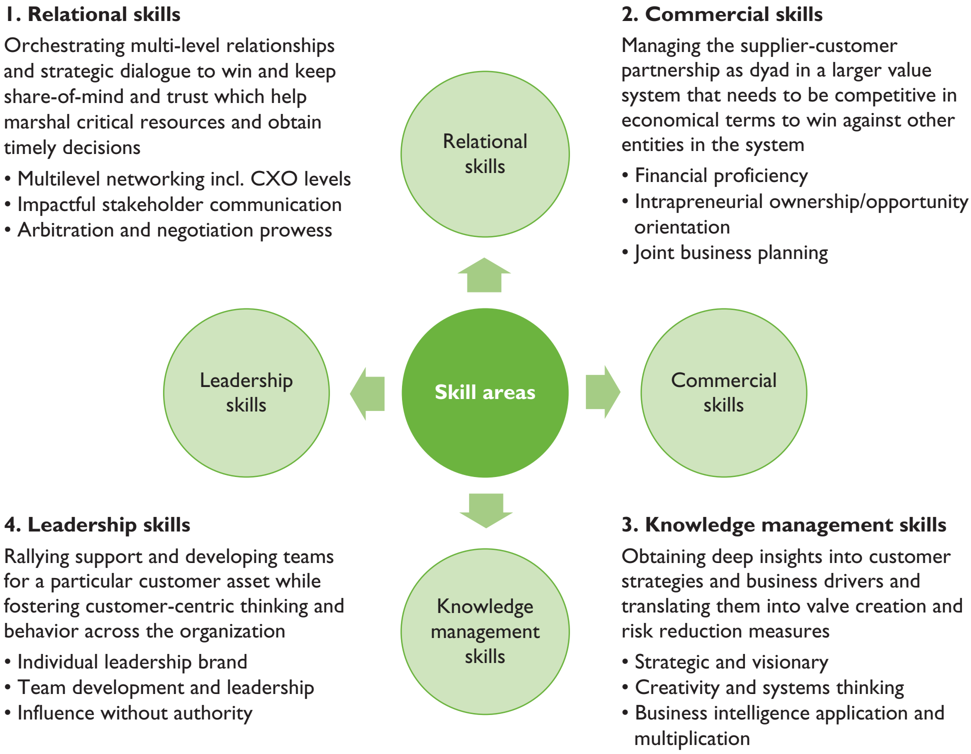
Competence

Instilling the right mindset and creating a supportive environment are important prerequisites, but without skilled network-oriented managers in place at the right point in time, the firm can achieve little traction. The question that arises is not only whether to "make or buy" network-oriented managers, but also how to define the mission-critical competences of a high-impact network-oriented manager, and then determine how to develop and refine them. Managers that adopt a network perspective to bring about relationship, economic, knowledge, and leadership advantages require mastery of related challenges with a skill set that differs from those demanded by sales functions (see Figure 2).

Network-oriented managers need to possess relational skills that extend beyond networking with their customer counterparts. Network-oriented managers who drive co-creation span multilevel networks, up to top management levels, through their deep understanding of what matters to these diverse stakeholders, then adapt their style of communication accordingly. This ability to engage in multilevel networking and impactful stakeholder communication enables network-oriented managers to enter into strategic dialogues, win share of mind, and arbitrate win-win-win outcomes to marshal critical resources and obtain timely co-creation decisions.

Furthermore, network-oriented managers must possess a deep commercial understanding of the value drivers of all entities that participate in a particular value system. For a sales manager, it may suffice to understand market and customer growth rates, production capacities, and the pricing mechanisms of products and services, then develop related sales forecasts and supplier-driven action plans. Comprehending the economic mechanics of the dyad within the larger value system also requires financial proficiency to draw value maps, based on analyses of the customer's business model. These insights then translate into business cases that quantify the differential value created for the supplier and customer, including investment considerations and risk scenarios. Some firms we observed cited such "intrapreneurial" behavior, describing the manager's ability to act as an entrepreneur who takes ownership

FIGURE 2. Skill Areas of Network-Oriented Customer Managers



of developing the business through opportunity orientation, tolerance for uncertainty, and adaptability.

The third skill area pertains to knowledge management. To engage high-level stakeholders in a strategic dialogue, customer managers must be able to collect and process relevant business intelligence and prepare it in a compelling manner. In many instances, this knowledge is not readily available from marketing departments or even the customer, because the network-oriented manager works across functional, geographical, and enterprise boundaries and dives into new areas that promise co-creation opportunities. Being strategic, visionary, and able to think creatively and across systems helps customer managers obtain deep insights into customer strategies and business drivers and translate them into value creation and risk reduction activities.

Finally, a network-oriented manager needs leadership—the skill that represents perhaps the largest distinction from other sales functions. Most sales managers work independently, according to personal sales quotas; they may collaborate closely with sales support, but they rarely are in a situation in which they lead virtual, multidisciplinary teams. In contrast, network-oriented managers orchestrate value creation and risk management at the supplier-customer interface. Their impact depends on their ability to build, lead, coach, and develop an effective, multidisciplinary team that might include customer staff as well. On the one hand, they need the ability to motivate and influence people in the absence of formal authority. On the other hand, successful customer managers understand the importance of developing their individual leadership brand to strengthen their posture in a particular supplier-customer business relationship and for the customer asset management approach overall. An individual leadership brand might, for example, consist of intellectual capital, social networks, personality, mission, and style.

Considering the skills required of a network-oriented manager, we also need to find ways to develop them. The observations from our research suggest that talent management efforts for network-oriented managers are often underestimated. Common challenges include: the inability to hire externally, due to the absence of qualified candidates and the need for customer managers to have existing relationship networks within the firm; the unsuccessful promotion of great salespeople to network-oriented roles, because of their different skills and personal work preferences; and expectations among high performers that they will move up the career ladder, whereas in reality it takes time to become a co-creator at the supplier-customer interface.

Companies therefore need to recognize that, as with any new role, there is no predetermined path to develop this new breed of customer managers. Several approaches have worked for the companies we observed. For example, some firms required that anyone who aimed to take a senior management role needed to have several years of experience in customer management, with direct involvement in value co-creation together with a firm's strategic customers. Others preferred a mix of formal training, coaching, and on-the-job applications, acknowledging the complexity of the skills that customer managers need to develop and reinforce over time. Such skill development programs require subject expertise at the supplier-customer interface (i.e., the customer management program), combined with development tools from human resources management. In many cases, existing leadership and finance programs within organizations should be open to network-oriented customer managers too. Moreover, some firms have used teams of veteran customer managers and senior managers to coach network managers; in one case, a program set up with strategic customers allowed senior management from both the supplier and customer organizations to coach customer managers and supply chain managers. Finally, one company enjoyed great success in developing a successor for an existing customer manager by planning a lengthy transition period that helped ensure the multilevel network relationships and tacit knowledge could be absorbed by the successor.

Conclusion

In today's dynamic business-to-business environment, marked by buyer consolidation and price pressures, suppliers must consider their customers as important firm assets to be proactively managed, thus creating value and reducing associated risks. For those strategic supplier-customer relationships in which both parties seek co-creation, the network perspective—with its deeper levels of value creation and risk management—offers higher relational rents and competitive advantages that neither party could achieve on its own. However, the network perspective requires a new breed of managers at the supplier-customer interface. These managers should have the mandate, mindset, and skill to act as seasoned conductors who lead interdisciplinary teams and orchestrate resources internally and externally, such that joint value is created and risk gets reduced efficiently and effectively, resulting in new value projects that justify the investment to be made into the network perspective.

In essence, and as stated by some of the firms we researched, this role is that of a "customer general manager." At first sight, this title might appear bold; however, it reflects the mandate and skill set required, very similar to those demanded of a general manager in terms of the relational, commercial, knowledge management, and leadership skills involved. A customer general manager takes not ownership of the customer but rather full responsibility for orchestrating and enabling value creation and risk management with a particular customer. Such orchestrations must be achieved without the formal power to command activities at the customer interface. Thus, the "general management" title subsumes various role elements, such as cross-functional working, multilevel leadership, value and risk considerations as core activity drivers, long-term planning horizons, opportunity ownership, adaptability, and ability to cope with uncertainty.

The research presented herein is based on a multistep, multiyear investigation involving primary research with large, multinational companies that practice customer asset management. It provides a thought-frame and set of constructs to help explicate this emerging and evolving practice.

APPENDIX
Research Design

Our understanding and formation of the different perspectives that customer managers apply to their work and the results they achieve builds on more than a decade of research among multinational companies, consisting of three principal research streams.

Research Stream 1: Exploratory Research with 51 Multinational Firms

After a review of extant literature, we studied customer management in 51 multinational companies that participated in a series of research consortiums.[26] Of particular interest was the way supplier firms defined the scope and depth of their customer asset management activities and how they portrayed the customer manager's interface role. A combination of desk research, interviews, and workshops provided new insights. Those suppliers that define customer management only through a sales or relationship perspective tend to fall short in holistically creating value and reducing risk with strategic customers that seek co-creation. Furthermore, in some firms, the notion of a "customer general manager" characterized customer managers who worked with strategic, collaborative customers, suggesting practitioners' need for a deeper exploration of the customer manager's role spectrum and skill set.

Research Stream 2: 41 Key Informant Interviews in 11 Multinational Firms

Building on the insights from the first research stream, we have focused for the past three years on customer managers' activities and skills pertaining to creating value and reducing risks with their key customers. We researched 11 firms (different from those in Research Stream 1) that granted us access to their organization and customer manager community. These firms are all large multinational companies, but they are diverse with respect to their industry and the degree of integration of their customer management practices. The database for this second stream of research was developed following an identification of public companies by turnover (as reported by Thomson Reuters) in 18 industries (e.g., advertising, banking, consumer goods, chemicals, defense, IT, logistics, pharmaceuticals, and machinery). From our experience with Research Stream 1, we expected to find established, well-documented customer management practices. The selection of 18 industries reflected a panel consensus of more than 30 customer management experts, during the final benchmarking meeting for our first research stream. Building on this guidance, we identified the top ten firms according to turnover and invited them to partake in the research, resulting in 11 research partners.

For each of the 11 firms, we conducted a set of interviews with key informants (i.e., program and customer managers) to explore customer asset management from firm and customer manager perspectives. To ensure we could gather enough substantial customer interaction experience, all key informants had been with the firm for a minimum of five years. In total, we conducted 41 semi-structured interviews, using the interview guide in Table 2. Two authors conducted all these interviews, either in person or by phone, lasting an average of one hour. The interviews were transcribed and analyzed, grounding the frame of the different customer asset management perspectives (Figure 1). We also asked each interviewee to review the transcript of the interview and made adjustments if necessary.

Research Stream 3: Case Research with 6 Multinational Firms

With 11 firms, we conducted case research, designed to: explore customer asset management activities at the program level in greater detail; understand customer asset management at the managerial level by studying supplier-customer business cases; and develop a taxonomy of customer asset management perspectives from the cases.

In each workshop, the participants shared what they considered their best supplier-customer cases to illustrate value co-creation. The cases were written up by the participants as business cases before the workshop (minimum 1-2 pages) and presented extensively during the workshops. The guidelines we gave suggested a three-step validation approach: First, all participants could identify the value generated for both the customer and the supplier per se. Second, we sent these examples to the senior management of each company to verify the cases in general and offer any more detail about the specific value for both parties before we went on to classify the value according to our four value areas. Third, a consensus view, from the researchers' perspective, was presented at the beginning of the workshops, then discussed, and finally agreed on among the participants. We conducted at least one workshop with each firm, lasting approximately two days each and attended by at least 20 customer managers and/or their superiors. The average time we spent researching (interviews and workshops, preparation, follow-ups) each of these 11 companies was two weeks. After a first round of workshops with each firm, we concluded that 5 of the 11 firms did not qualify for further research because of their low overall risk focus and low asset management perspective. This decision was supported by the

TABLE 2. Interview Guide

Interview Guide Senior Management:

A) CUSTOMER

- What would top customers say X-Co. does very well?
- In which areas would customers perceive X-Co. in the role of a true value creating partner?
- What would top customers say are the most important areas of improvement for X-Co.?
- What are the biggest challenges in alignment/engagement/value-creation with top customers?
- How is the role of the customer manager evolving vis-à-vis these issues?

B) COMPANY

- What are the "Must Win Battles" for X-Co. in the next 3-5 years?
- What are key future requirements and challenges toward customer management at the organizational level?
- Does your organizational setup allow customer managers to apply the capabilities to their full potential? Specifically, how do X-Co.'s processes, systems, and structures support alignment, engagement, and the customer manager's ability to do their job? How do they impede these?

C) INDIVIDUAL

- How does X-Co. securing internal and external alignment with their customers? (What works well, what does not work well?)
- What customer manager competences are key to the future success of X-Co.? (Refer back to "Must Win Battles").
- Where are the biggest gaps in today's talent pool? (Probe for insight into positioning of role, comp, attractiveness to the right people, etc.)
- If you had to choose one capability to build first, what would it be and why?

Interview Guide Customer Managers:

A) CUSTOMER

- What would top customers say X-Co. does very well?
- In which areas would customers perceive X-Co. in the role of a true value creating partner?
- What would top customers say are the most important areas of improvement for X-Co.?
- What are the biggest challenges in alignment/engagement/value-creation with top customers?
- How is the role of the customer manager evolving vis-à-vis these issues?

B) COMPANY

- Is the role of the customer manager and the customer management program well understood across X-Co.'s organization?
- Does your organizational setup allow customer managers to apply the capabilities to their full potential? Specifically, how do X-Co.'s processes, systems, and structures support alignment, engagement, and the customer manager's ability to do their job? How do they impede these?
- What would optimal support for a customer manager look like?

C) INDIVIDUAL

- How is the vision for your top customer looking like? Where does X-Co. stand in 3-5 years with this customer?
- How are you personally securing internal and external alignment with your top customers? (What works well, what does not work well?)
- If you could design the role/responsibilities of the customer manager position, what would be different/what would stay the same?
- What would optimal development plan/career path for a customer manager look like?

screening of the submitted supplier-customer business cases and subsequent validation presentations and discussions. In 6 firms, the cases showed a broader spectrum of customer asset management (including relationship and network perspectives), whereas the cases from the 5 excluded firms indicated a low asset management perspective (no network perspective cases), with barely sufficiently developed relationship perspective cases. However, all 11 companies operated in industries in which transactional and more collaborative business relationships can be observed. The firms selected for analysis also could provide both quantitative and qualitative data, such as customers' willingness to partner and access to innovation resources. The dropped firms instead had trouble creating an appropriate network mindset, favorable context conditions, and development of competences. Therefore, the 5 firms serve as a reference point for our further investigation of the 6 companies in which we observed more elaborate network practices. These firms are all headquartered in Europe and each earned a turnover greater than €5 billion in 2010, as Table 3 summarizes.

From these six firms, we analyzed 114 supplier-customer business cases. Table 4 reports the consensus from our observations, derived on the basis of our individual observations per case, as well as our combined review and assessment of the value creation cases. We first centered on the customer management perspective that a particular customer manager adopted, as described in Figure 1. Each author applied the same seven value creation and risk management criteria, using a "high-medium-low" scoring model. We used this simple three category scoring because the complexity of the underlying, multidimensional data does not allow for finer differentiation. This is in keeping with the advice on scale development that wider response scales can make it harder for respondents to decide among alternatives.[27] Furthermore, as our primary purpose is to guide managers, these make great use of low-medium-high three-point categorization of non-numerical data, as in the classic red-amber-green dashboard alerts of decision support systems. Through comparisons, we developed a consensus for each case.

The degree of value creation in each case—in terms of relationship, economic, knowledge, and leadership advantages—were also rated individually first, then entered into a consensus discussion. Because we had access to all customer portfolio data for the six firms, we could determine the specific performance aspects per firm, such as the above-average financial performance of the best cases compared with a control group, in correlation with a specific customer asset management perspective

TABLE 3. Final Set of Case Research Firms

Firm	Primary Industry	Number of Workshops Conducted	Number of Supplier–Customer Business Cases Analyzed
1	Pharmaceuticals	1	18
2	Banking	2	17
3	Medical equipment	1	9
4	Travel management	2	31
5	Chemicals	1	29
6	Transportation/logistics	3	10
TOTAL		**10**	**114**

TABLE 4. Overall Case Analysis (n = 114) (*continued on next page*)

			Advantages			
Case No.	Primary Industry	Customer Asset Management Perspective	Relationship Advantage	Economic Advantage	Knowledge Advantage	Leadership Advantage
1	Pharmaceuticals	Low	Low	Medium	Low	Low
2	Pharmaceuticals	Low	Low	Medium	Low	Medium
3	Pharmaceuticals	Medium	Medium	High	Medium	Low
4	Pharmaceuticals	Medium	Medium	Medium	Medium	Medium
5	Pharmaceuticals	Medium	Medium	Medium	Medium	Low
6	Pharmaceuticals	Low	Low	Medium	Low	Low
7	Pharmaceuticals	Low	Low	Low	Low	Low
8	Pharmaceuticals	Medium	Medium	Medium	Medium	Low
9	Pharmaceuticals	High	High	High	High	Medium
10	Pharmaceuticals	Medium	High	Medium	Low	Low
11	Pharmaceuticals	Low	Medium	Low	Low	Low
12	Pharmaceuticals	Medium	Medium	Medium	Medium	Low
13	Pharmaceuticals	Medium	High	Low	Medium	Low
14	Pharmaceuticals	Medium	Medium	Medium	Low	Medium
15	Pharmaceuticals	Medium	Medium	Medium	Medium	Low
16	Pharmaceuticals	High	High	High	High	High
17	Pharmaceuticals	Medium	Medium	Medium	Medium	Medium
18	Pharmaceuticals	Medium	Medium	Medium	Medium	Medium
19	Banking	Low	Low	Medium	Low	Low
20	Banking	Low	Medium	Low	Low	Low
21	Banking	Medium	High	Medium	Low	Low
22	Banking	Low	Low	Low	Low	Low
23	Banking	Medium	Medium	Medium	Medium	Medium
24	Banking	Medium	Medium	Medium	Medium	Medium
25	Banking	Low	Low	Low	Low	Low
26	Banking	Low	Medium	Low	Low	Low

TABLE 4. Overall Case Analysis (n = 114) (*continued from previous page, continued on next page*)

Case No.	Primary Industry	Customer Asset Management Perspective	Advantages			
			Relationship Advantage	Economic Advantage	Knowledge Advantage	Leadership Advantage
27	Banking	Medium	High	Medium	Medium	Medium
28	Banking	High	High	High	Medium	High
29	Banking	High	High	High	High	High
30	Banking	Low	Low	Medium	Low	Low
31	Banking	High	Medium	High	High	High
32	Banking	High	High	High	High	High
33	Banking	Low	Medium	Low	Low	Low
34	Banking	Medium	High	Medium	Medium	Low
35	Banking	Low	Low	Low	Low	Low
36	Med. Equipment	Low	Medium	Low	Medium	Low
37	Med. Equipment	High	High	High	High	Medium
38	Med. Equipment	Low	Medium	Low	Medium	Low
39	Med. Equipment	High	High	High	Medium	High
40	Med. Equipment	High	Medium	High	High	High
41	Med. Equipment	Medium	Medium	Medium	Medium	Medium
42	Med. Equipment	Medium	Medium	Medium	High	Low
43	Med. Equipment	Medium	Medium	Medium	Medium	Medium
44	Med. Equipment	Low	Medium	Low	Low	Low
45	Travel Mgmt.	Low	Medium	Low	Low	Low
46	Travel Mgmt.	Low	Low	Low	Low	Low
47	Travel Mgmt.	Low	Medium	Low	Low	Low
48	Travel Mgmt.	Low	Low	Low	Low	Low
49	Travel Mgmt.	Medium	Medium	Medium	Medium	Medium
50	Travel Mgmt.	Low	Low	Low	Medium	Low
51	Travel Mgmt.	Medium	Medium	Medium	Medium	Medium
52	Travel Mgmt.	Medium	Medium	Low	Medium	Medium
53	Travel Mgmt.	High	High	High	High	High
54	Travel Mgmt.	Medium	Medium	Medium	Medium	Medium
55	Travel Mgmt.	Medium	Medium	Medium	Medium	Medium
56	Travel Mgmt.	Low	Medium	Low	Low	Low
57	Travel Mgmt.	Low	Low	Low	Low	Low

TABLE 4. Overall Case Analysis (n = 114) (*continued from previous page, continued on next page*)

Case No.	Primary Industry	Customer Asset Management Perspective	Advantages: Relationship Advantage	Economic Advantage	Knowledge Advantage	Leadership Advantage
58	Travel Mgmt.	Low	Low	Low	Low	Medium
59	Travel Mgmt.	High	Medium	High	High	High
60	Travel Mgmt.	Medium	Medium	Low	Medium	Medium
61	Travel Mgmt.	High	High	High	High	High
62	Travel Mgmt.	Low	Low	Low	Low	Low
63	Travel Mgmt.	Low	Low	Medium	Low	Low
64	Travel Mgmt.	Low	Low	Low	Low	Low
65	Travel Mgmt.	Medium	Medium	High	Medium	Medium
66	Travel Mgmt.	Medium	Medium	Medium	Medium	Medium
67	Travel Mgmt.	Low	Medium	Low	Low	Low
68	Travel Mgmt.	Medium	Medium	Medium	Medium	Medium
69	Travel Mgmt.	Low	Medium	Low	Low	Low
70	Travel Mgmt.	Low	Low	Low	Low	Low
71	Travel Mgmt.	Low	Low	Low	Low	Low
72	Travel Mgmt.	Medium	Medium	Medium	Medium	Medium
73	Travel Mgmt.	Medium	Medium	Medium	Medium	Medium
74	Travel Mgmt.	Low	Low	Medium	Low	Low
75	Travel Mgmt.	Medium	Medium	High	Medium	Medium
76	Chemicals	Medium	Medium	High	Medium	Medium
77	Chemicals	Low	Medium	Medium	Low	Low
78	Chemicals	Medium	Medium	High	Medium	Low
79	Chemicals	Low	Medium	Low	Low	Medium
80	Chemicals	High	High	High	High	High
81	Chemicals	Medium	Medium	Medium	Low	Medium
82	Chemicals	Medium	Medium	Medium	Medium	Medium
83	Chemicals	High	High	High	High	High
84	Chemicals	Low	Low	Medium	Low	Low
85	Chemicals	Medium	Medium	Medium	Medium	Medium
86	Chemicals	Medium	Medium	Medium	Medium	Medium

TABLE 4. Overall Case Analysis (n = 114) (*continued from previous page*)

			Advantages			
Case No.	**Primary Industry**	**Customer Asset Management Perspective**	**Relationship Advantage**	**Economic Advantage**	**Knowledge Advantage**	**Leadership Advantage**
87	Chemicals	Medium	Medium	Medium	Medium	Medium
88	Chemicals	Low	Low	Medium	Low	Medium
89	Chemicals	Medium	Low	Medium	Medium	Medium
90	Chemicals	Low	Low	Low	Low	Low
91	Chemicals	Medium	Low	Medium	Medium	Medium
92	Chemicals	Medium	Medium	Medium	Medium	Medium
93	Chemicals	Medium	Medium	Medium	Medium	Medium
94	Chemicals	Medium	Medium	Medium	High	Medium
95	Chemicals	Low	Low	Low	Low	Low
96	Chemicals	Medium	Medium	Medium	Medium	Medium
97	Chemicals	Medium	Medium	Medium	Medium	Medium
98	Chemicals	Medium	High	Medium	Medium	Medium
99	Chemicals	Medium	Medium	Medium	Medium	High
100	Chemicals	Medium	Medium	High	Medium	Medium
101	Chemicals	Medium	Low	High	Medium	Medium
102	Chemicals	High	High	High	High	High
103	Chemicals	High	High	High	High	Medium
104	Chemicals	Low	Low	Medium	Low	Low
105	Transp. / Logistics	Low	Low	Low	Low	Low
106	Transp. / Logistics	Low	Medium	Low	Low	Low
107	Transp. / Logistics	Medium	Medium	High	Low	Medium
108	Transp. / Logistics	High	High	High	High	High
109	Transp. / Logistics	Medium	Medium	Medium	Medium	Medium
110	Transp. / Logistics	High	High	High	Medium	High
111	Transp. / Logistics	Low	Low	Medium	Low	Medium
112	Transp. / Logistics	Medium	Medium	High	Medium	Low
113	Transp. / Logistics	Low	Low	Low	Medium	Low
114	Transp. / Logistics	Low	Medium	Low	Medium	Low

(i.e., sales versus relationship versus network). Every case was analyzed and rated, with the following criteria:

Degree of Relationship Advantage (high-medium-low)

- multilevel contacts (all logical levels involved, transparency, documentation)
- top-to-top meetings, strategic dialogue with customer
- perception as trusted advisor (e.g. customer statements)

Degree of Economic Advantage (high-medium-low)

- profitable growth for supplier (e.g., above average versus control group)
- positive business impact for customer (e.g., increased revenue, cost savings)
- business case (quantified value for both parties, return on investment calculation)

Degree of Knowledge Advantage (high-medium-low)

- insights into customer strategies and conclusions for supplier strategy
- joint collaboration projects (e.g., process improvement, innovation)
- customer confirmation of business plan

Degree of Leadership Advantage (high-medium-low)

- cross-functional/cross-unit/cross-border teams
- customer champion (e.g., "ally" on customer side, supplier manager)
- internal alignment on resource (re-)allocation (e.g., cost neutral versus top invest)

The most successful cases, in terms of mutually created value, were those for which the profile of the customer managers matched the high-asset/network perspective and in which the scope of the work spanned all four customer value areas, rated either medium or high.

Table 5 reports further details of the 18 cases that we classified as reflecting a network perspective. Thus, we infer that the network perspective and the role of the customer general manager is an emerging phenomenon, not bound to a single firm or industry. Moreover, network perspective cases offer the most significant value creation for both supplier and customer, in support of the claim that customer general managers, with their network perspective, yield advantages and results that other roles cannot achieve at the customer-supplier interface.

Comment on Selection of Firms and Measures

We have deliberately selected for in-depth study those firms that exhibited the greatest network perspective. This constitutes selection bias, but that is of concern only when testing for central tendencies. We are concerned with next practice. That is why we select for outliers to illustrate what is possible at the frontier of next practice. Also, we have chosen not to measure the performance of the firms, as our focus is not to predict performance. We focus on explaining how suppliers can treat customers as important firm assets to be proactively managed and thus create value and reduce associated risks. Furthermore, we already examine four aspects of performance in

TABLE 5. Analysis of Network Perspective Cases (n = 18) (*continued on next page*)

Case No.	Main Industry	Buyer HQ Country	Supplier HQ Country	Customer Manager (CM) Nationality	CM Age	Value to the Supplier	Value to the Buyer
1	Pharmaceuticals	Germany	Europe	German	41	▪ Revenue growth >20% p.a. over last three years ▪ No. 1 advisor for patient flow process/efficiency	▪ Package deal with better pricing conditions ▪ 5% process cost savings (average per specific case)
2	Pharmaceuticals	Germany	Europe	German	38	▪ Revenue growth 50% (last three years), stable margin ▪ Senior executive sponsor program/strategic dialogue	▪ Joint planning workshops (i.e., addressing cost savings) ▪ "Single-source" offer (less complexity, −20% costs)
3	Banking	Spain	Europe	Turkish	37	▪ Significant reduction of exposure risk in non-core markets ▪ Additional business of €10 million within 12 months	▪ Tailored support for growth in emerging CEE markets ▪ Cost reductions by pooled services on a global scale
4	Banking	Italy	Europe	Italian	45	▪ Revenue growth by factor ×2 within 12 months, stable margin ▪ Trusted advisor role for upcoming M&A deals in Asia Pacific area	▪ CEO-CEO meeting creates lasting trust for future ▪ All-from-one-hand solution, complexity costs down by −30%
5	Banking	Germany	Europe	German	36	▪ Revenue growth of €4.5 million over 18 months (cross-selling) ▪ Hardwiring of customer in 15 EU countries for new partner process	▪ Higher transparency and faster process (case cycle time reduction by >20 days) ▪ Off-balance-sheet funding

TABLE 5. Analysis of Network Perspective Cases (n = 18) (*continued from previous page, continued on next page*)

Case No.	Main Industry	Buyer HQ Country	Supplier HQ Country	Customer Manager (CM) Nationality	CM Age	Value to the Supplier	Value to the Buyer
6	Banking	USA	Europe	American	47	▪ Achieved no. 1 EU bank position ▪ CAGR of +20% for last three years, stable margin ▪ On the radar for future M&A deals	▪ Increased local WEU/CEE market knowledge ▪ Higher flexibility for strategic projects
7	Medical Equipment	USA	Europe	Austrian	44	▪ Achieved no. 1 supplier position in a business case of €500 million p.a. ▪ Customer integration into product development incl. cost-sharing	▪ First-to-market position ▪ Consistent revenue stream for 5 years of tech. solution ▪ Special Supply Chain design
8	Medical Equipment	USA	Europe	American	41	▪ New revenue stream of $600K p.a. for duration of solution (3 years) ▪ Increased customer satisfaction (>90%), also recommendation rate up by 5 percentage points	▪ Improved lab process efficiency, lower fault rate ▪ Cost savings 2× higher than spend for new solution
9	Medical Equipment	USA	Europe	American	50	▪ Incremental business of $4 million in year 1, plus $6 million in year 2 ▪ First time to win the Customer's Operational Excellence Award	▪ Solution eliminated 6-month delay in product launch ▪ Cost savings of $12 million in production process
10	Travel Management	Sweden	Europe	Danish	39	▪ New revenues with this customer rose by $2.5 million within 18 months	▪ Short-term savings of $500K within three months

TABLE 5. Analysis of Network Perspective Cases (n = 18) (*continued from previous page, continued on next page*)

Case No.	Main Industry	Buyer HQ Country	Supplier HQ Country	Customer Manager (CM) Nationality	CM Age	Value to the Supplier	Value to the Buyer
						▪ Supplier gained strategic advisor position ▪ No additional investments necessary	▪ Additional savings of $5 million within the next two years ▪ Higher transparency of internal processes/costs
11	Travel Management	USA	Europe	Irish	45	▪ Maintained no. 1 travel mgmt. firm after merger at customer side ▪ Managed consolidation of two IT systems into one while w/o service level interruption/drop ▪ Kept business at volume of >$50 million p.a.	▪ Global synergy savings of >$3.2 million within 24 months (i.e., merger of two separate company car programs etc.) ▪ Hotel booking behavior in line with company policy up +10% to >80%
12	Travel Management	USA	Europe	American	34	▪ Costs for 3 FTE in customer coverage team reallocated to other, growth-related areas ▪ Increased business at volume of >$100 million p.a.	▪ Transaction costs down between 20–40%, depending on case type ▪ More flexible process, creating higher internal user satisfaction ▪ Joint savings team, identifying additional $300K savings in 6 months
13	Chemicals	Germany	Europe	German	39	▪ New business created, sales in first year €10 million; total business potential factor ×2 p.a. ▪ Strategic partner position for future joint projects and developments	▪ First-to-market, with total business potential of >€100 million p.a. ▪ Reinforced position as innovation leader both from trade and consumer perspective
14	Chemicals	Germany	Europe	British	52	▪ Replaced low-margin product with more profitable solution	▪ Stronger competitive position versus Pan-Asian competitors

TABLE 5. Analysis of Network Perspective Cases (n = 18) (*continued from previous page*)

Case No.	Main Industry	Buyer HQ Country	Supplier HQ Country	Customer Manager (CM) Nationality	CM Age	Value to the Supplier	Value to the Buyer
						due to broader supply chain focus ▪ Margin improvement of €1.5 million p.a.	▪ Successfully introduced price increase in the end-market w/o increasing production cost
15	Chemicals	Germany	Europe	Belgian	49	▪ Achieved factor x3 revenue growth over 3 y. ▪ Strategic advisor role for product registration and launch	▪ New revenue stream, opening a market of >€50 million p.a. ▪ First-to-market position ▪ Tailored packaging with lower handling costs
16	Chemicals	Germany	Europe	British	38	▪ Extended geographical reach into customer production ▪ Share of wallet at grew from 30% to 70% ▪ Additional revenue stream from service fees	▪ Significantly enhanced security of supply due to improved logistics ▪ Cost savings >10% of across all process steps ▪ Shorter lead times for excess capacity demand
17	Transportation & Logistics	USA	Europe	American	43	▪ Factor ×5 revenue growth over period of 5 years ($100 to $500 million p.a.) ▪ No. 1 strategic partner, ready to capture further $500M potential p.a.	▪ Strategy approval by Chairman/ CEO from both sides builds trust ▪ Tailor-made, cost-effective delivery solutions (especially in emerging markets)
18	Transportation & Logistics	Finland	Europe	Swiss	44	▪ CAGR >30% for last 4 years, realized annual business >€100 million ▪ Strengthened relationships in APAC	▪ Customized solutions for new growth areas / local production ▪ Cost savings due to pooled services >20% of overall costs

terms of the four advantages. Also, given the contingent nature of our framework, we should not collapse these into one outcome measure of performance. Lastly, we have not conducted formal statistical analyses because in keeping with our mode of descriptive practice-oriented research, we are seeking to describe new variables (the details of the network perspective).[28]

Notes

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26. We studied 39 companies during five research consortia, as reported in Capon and Senn (2010), op. cit. In addition, 12 additional companies were researched by another author as part of a similar

research consortium consisting of interviews and workshops. We sampled only large multinational firms because they tend to be the pioneers in terms of applying management approaches, such as Procter & Gamble with brand management and IBM and Hewlett Packard with global account management. This sample thereby fits our research objective of understanding an emerging practice.

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