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From the Editor

A Meta-Analytic Comparison of Managerial Ratings and Self-Evaluations

Fernando Jaramillo, François A. Carrillat, and William B. Locander

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**Featured
Article**

Enhancing Customer-Needs-Driven CRM Strategies: Core Selling Teams, Knowledge Management Competence, and Relationship Marketing Competence

Dennis B. Arnett and Vishag Badrinarayanan

The Effects of Salesperson Need for Achievement and Sales Manager Leader Reward Behavior

Douglas Amyx and Bruce L. Alford

Bouncing Back: How Salesperson Optimism and Self-Efficacy Influence Attributions and Behaviors Following Failure

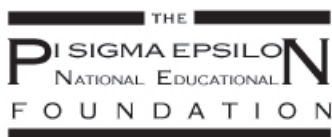
Andrea L. Dixon and Susan M.B. Schertzer

The Need for Speed: Agility Selling

Lawrence B. Chonko and Eli Jones

Personal Selling and Sales Management Abstracts

Index to Volume 25



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ENHANCING CUSTOMER-NEEDS-DRIVEN CRM STRATEGIES: CORE SELLING TEAMS, KNOWLEDGE MANAGEMENT COMPETENCE, AND RELATIONSHIP MARKETING COMPETENCE

Dennis B. Arnett and Vishag Badrinarayanan

Managing relationships with customers is often challenging because firms engage in many different types of transactions and their customers vary considerably as to their wants and needs. To meet these challenges, firms are turning increasingly to formal customer relationship management (CRM) programs. Because of their ability to enhance interfirm relationships in business-to-business marketing, firms often turn specifically to customer-needs-driven CRM strategies. These strategies focus on the use of database technology to aid in developing long-term cooperative relationships with key customers. One important resource that enables firms to more easily develop and implement customer-needs-driven CRM strategies is the core selling (CS) team. We examine CS teams' ability to enhance the development of two competences (a knowledge management competence and a relationship marketing competence) that are important components of customer-needs-driven CRM strategy.

Managing relationships with customers is challenging for many firms because they engage in many different types of transactions and their customers vary considerably as to their wants and needs (Fichman and Goodman 1996). To meet these challenges, many firms are turning to formal, customer relationship management (CRM) programs. CRM focuses on segmenting customers based on needs or profitability and designing and implementing programs to allocate efficiently/effectively the appropriate resources to each customer (Srivastava, Shervanie, and Fahey 1999). Appropriate resource allocation enables benefits to flow to *both* the firm and its customers (Ramsey 2003). CRM programs can be either database-driven (i.e., identifying profitable segments through statistical techniques) or customer-needs-driven (i.e., the use of databases to supply information that aids in the development and maintenance of long-term relationships with key customers) (Dowling 2002; Zablah, Bellenger, and Johnston 2004).

Although firms engage in both types of CRM programs, because of their ability to enhance interfirm relationships, firms that engage in business-to-business marketing often emphasize the importance of customers-needs-driven CRM programs (Dowling 2002). However, because of varying customer needs and wants, customer-needs-driven CRM strategies must

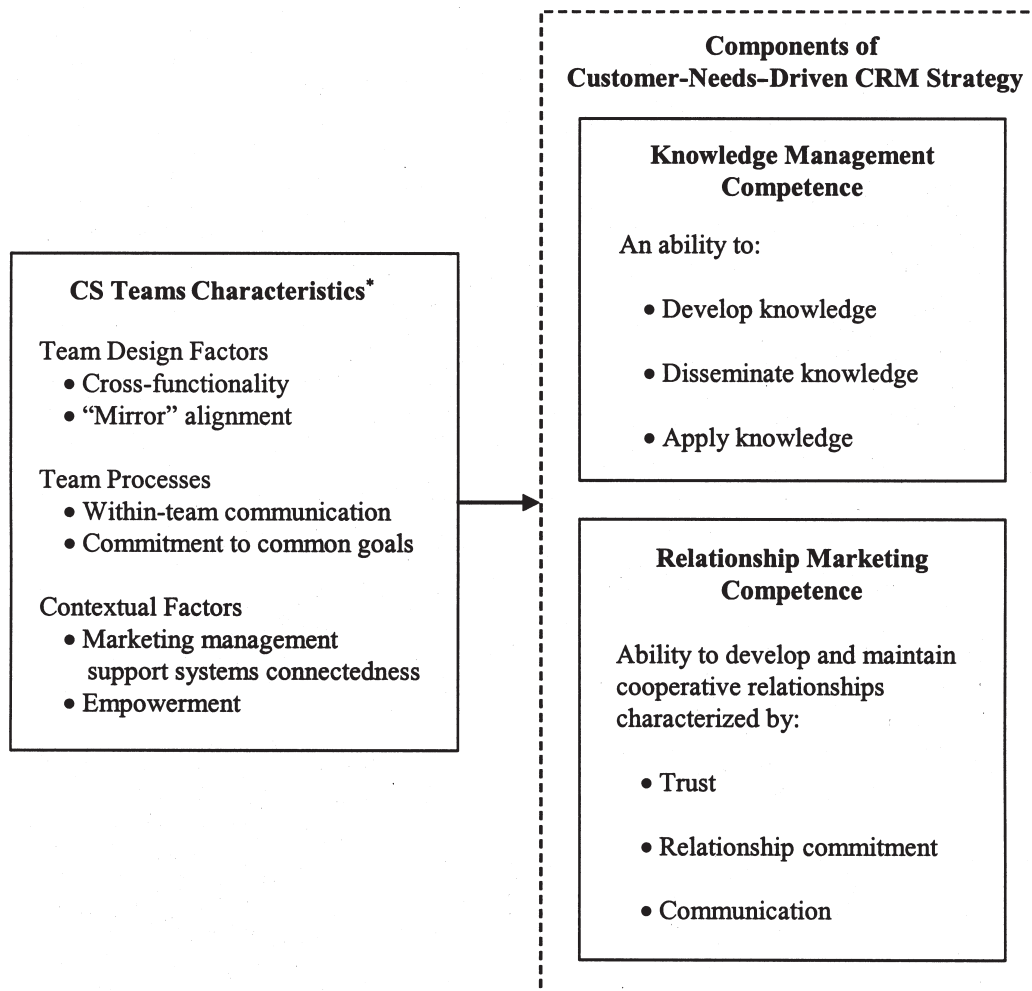
be adaptable. Therefore, firms must search for ways to deliver value to their vast array of customers in an efficient/effective manner. A valuable CRM resource that enables firms to adapt to the needs of different customers is the core selling (CS) team. "The core selling team consists of selling organization members assigned to a particular customer who are actively involved in the development or implementation of the sales strategy for that customer" (Moon and Armstrong 1994, p. 21). The use of CS teams is consistent with the use of customer-needs-driven CRM strategies. As Moon and Armstrong maintain, "The core selling team is a *customer-focused* group whose primary objective is to establish and maintain strong customer relationships" (1994, p. 20). When CS teams are used as part of a customer-needs-driven CRM program, they benefit firms by facilitating the development, dissemination, and application of customer and customer-related knowledge and by providing firms with the ability to adapt to the various needs of their customers through the development of close relationships (Kettley and Hirsch 2000; Narus and Anderson 1995; Zablah, Bellenger, and Johnston 2004).

Drawing on resource theory (Hunt 1997, 2000; Nonaka 1994; Reed and DeFillippi 1990; Winter 1987), relationship marketing theory (Anderson and Narus 1990; Anderson and Weitz 1992; Dwyer, Schurr, and Oh 1987; Hunt, Arnett, and Madhavaram 2005; Mohr and Nevin 1990; Morgan and Hunt 1994), and team selling theory (Arnett, Macy, and Wilcox 2005; Moon and Armstrong 1994; Perry, Pearce, and Sims 1999; Weitz and Bradford 1999), we examine the role of CS teams in customer-needs-driven CRM strategy (see Figure 1). Specifically, we explicate CS teams' ability to influence the development of two important components of customer-needs-driven CRM strategies—a knowledge management

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Figure 1
The Role of CS Teams in Customer-Driven CRM Strategies



* These characteristics are not exhaustive.

competence and a relationship marketing competence. First, we discuss customer-needs-driven CRM strategy. Second, we outline what constitutes a knowledge management competence and a relationship marketing competence. Third, we examine factors that enhance CS teams' abilities to aid firms that use customer-needs-driven CRM strategies. Specifically, we suggest that six characteristics of CS teams are important for CS team success: two team design characteristics (cross-functionality and “mirror” alignment), two team process characteristics (within-team communication and commitment to common goals), and two contextual characteristics (marketing management support system connectedness and empowerment). We explicate how CS teams characterized by these factors contribute to the development of both a knowledge management competence and a relationship marketing competence.

CUSTOMER-NEEDS-DRIVEN CRM STRATEGY

Customer-needs-driven CRM strategy is focused on improving customer relationships. The approach involves two steps: (1) information technology is used to uncover insights regarding customer needs, and (2) special programs are developed to meet the discovered needs (e.g., the development of customer-specific processes and procedures) (Dowling 2002). Customer-needs-driven CRM strategy is often an important component of a firm's overall business strategy (Axelsson and Easton 1992; Ford 1990; Håkansson 1982). As Coltman, Devinney, and Midgley maintain, “Companies that proactively respond to customers *before* they demand responsiveness show not just greater concern for their customers' welfare but sophistication in their understanding of basic customer

needs and the ability to align their company's operations to these in advance" (2001, p. 18).

Customer-needs-driven CRM strategies are designed to encourage relational exchanges (i.e., exchanges that are longer in duration and reflect an ongoing process) (Dwyer, Schurr, and Oh 1987). These types of exchanges are best described by the term *social exchange* (Blau 1964). Social exchange differs from pure economic exchange in that rewards may be of an economic nature or a social nature. Indeed, as Blau suggests, the "most important benefits involved in social exchange do not have any material value on which an exact price can be put at all, as exemplified by social approval and respect" (1968, p. 455). Therefore, firms must develop CRM strategies that are capable of delivering *both* economic and noneconomic benefits to key customers.

Research suggests that, to be successful, relationship development strategies, such as customer-needs-driven CRM, must meet the needs of customers on three levels. (1) Supplier-buyer relationships have a technical element. As Håkansson maintains, "The relationship is a way of building together the technical resources of one company with the technical resources of the counterpart" (2000, pp. 76–77). Relationships enable firms to gain access to each other's resources (Hunt 2000). Supplier-buyer relationships become mechanisms by which partners develop and refine their market offerings and processes. (2) Supplier-buyer relationships have a social element. Although supplier-buyer relationships represent partnerships among organizations, they are developed and maintained by individuals. As Granovetter emphasizes, "Economic action, outcomes, and institutions are affected by actors, personal relations, and by the structure of the overall network of relations" (1990, p. 98). Social content is important because it is related to both trust and commitment. That is, social ties between organizations influence the development of interfirm trust and commitment (Morgan and Hunt 1994). Research suggests that trust and commitment are important components of successful relational exchanges (Day 1995; Dwyer, Schurr, and Oh 1987; Morgan and Hunt 1994; Wilson 1995). (3) Supplier-buyer relationships have an economic element. Relationships are costly to develop and, therefore, often represent substantial economic risks for organizations. However, when successful, interorganizational relationships often become important resources that can lead to superior financial performance. In addition, research suggests that relational resources, because they are difficult to develop (and therefore difficult to copy), can be sources of *long-term* advantages for firms (Hunt 1997; 2000).

To facilitate social exchange with key customers, many firms use a CS team approach (Moon and Armstrong 1994). As Deeter-Schmelz and Ramsey maintain, "One of the reasons for using teams over individuals is to facilitate an integration of information that results in more informed decisions and a

more coordinated effort that can improve performance, including responses to customers" (1995, p. 409). CS teams aid the formation of buyer-supplier relationships in a number of ways. First, the cross-functional nature of CS teams increases the range of competences present in the group, which, in turn, allows CS teams to manage the complex technical aspects present in many buyer-supplier relationships (Bantel and Jackson 1989; Gladstein 1984; Hackman 1987). Second, CS teams encourage the formation of relationships based on communication and knowledge sharing (McKenna 1991; Webster 1992). Moreover, they encourage the formation of "institutional" relationships (i.e., relationships that cut across multiple levels, functions, and operating units in both the firm and its customers) (Moon and Armstrong 1994; Narus and Anderson 1995; Shapiro and Moriarty 1982).

Third, CS teams provide access to resources that allow buyers to more efficiently/effectively meet the needs of *their* customers and increase the financial performance of the seller (Homburg, Workman, and Jensen 2000, 2002; Hunt 2000; Reinartz and Kumar 2000, 2003). As a result, CS teams allow firms to foster long-term relationships by managing many of the technical, social, and economic aspects of supplier-buyer interactions. In addition, CS teams, we argue, are valuable components of customer-driven CRM strategies because they aid the firm in developing both a knowledge management competence and a relationship marketing competence. However, to understand the potential role that CS teams play in the development of these competences, one must first have an understanding of what constitutes a knowledge management and a relationship marketing competence.

KNOWLEDGE MANAGEMENT COMPETENCE

Because customer-needs-driven CRM strategies rely on uncovering customer needs through the analysis of customer information, firms must become proficient at managing knowledge *about* their customers and knowledge that is useful *to* their customers (Zablah, Bellenger, and Johnston 2004). Such knowledge includes, but is not limited to, knowledge about one's company, industry, competitors, customers, the procedures and processes that allow firms to work well with partners, and the organizational structures that allow firms to be efficient and effective. In other words, firms must develop a knowledge management competence. A knowledge management competence has three facets: (1) knowledge development, (2) knowledge dissemination, and (3) knowledge application (Janz and Prasarnphanich 2003).¹ A knowledge management competence is tacit, complex, and firm-specific. In addition, it provides firms with market intelligence that can be used to maintain and build profitable portfolios of customer relationships (Zablah, Bellenger, and Johnston 2004). Therefore, a knowledge management competence represents

an important source of sustainable competitive advantage (Hunt 2000; Reed and DeFillippi 1990).

Knowledge must be developed; it is not something companies “find” in their databases. As Holsapple and Joshi emphasize, “It is clear that knowledge resources need to be carefully managed rather than being left to serendipity” (2002, p. 47). Knowledge is much more than the stockpiling of data. For example, van Lohuizen (1986) maintains that knowledge results from a refinement process in which data become more focused and, therefore, more useful. He suggests that the process progresses through a series of states that transform data to information to knowledge. Nonaka (1991) identifies four ways in which knowledge is created (or transferred): (1) tacit to tacit (i.e., acquiring someone else’s tacit knowledge through observation, imitation, and practice); (2) explicit to explicit (i.e., forming new explicit knowledge by combining existing discrete pieces of explicit knowledge); (3) tacit to explicit (i.e., developing useful rules and procedures that stem from tacit knowledge); and (4) explicit to tacit (i.e., incorporating explicit knowledge into one’s routines, where it is adapted and added to through trial and error). Although explicit knowledge is useful, tacit knowledge, because it is difficult to codify and must be learned by doing, often plays an important role in the knowledge creation process. Furthermore, tacit knowledge is difficult to develop and, therefore, represents a potential source of sustainable competitive advantage (Hunt 2000).

The value of knowledge increases as it becomes more accessible (Davenport and Prusak 1998). Explicit knowledge can be shared through information technology systems. However, “Dissemination of tacit knowledge is a social process” (Lee and Yang 2000, p. 790). Therefore, successful dissemination of knowledge requires firms to develop both information technology systems, such as marketing management support systems (MMSSs) (to disseminate explicit knowledge) and processes and procedures, such as CS teams, to encourage the dissemination of tacit knowledge. In addition, firms should encourage the development of environments in which knowledge sharing (of both tacit and explicit knowledge) is expected, encouraged, and rewarded.

Firms implementing customer-needs-driven CRM strategies face an additional challenge. Because successful customer-needs-driven CRM strategies require the continual collection of customer information, knowledge sharing also needs to be encouraged between the firm and its key customers. As a result, customer-based CRM strategies require organizations to (1) adopt both intra- and interorganizational information systems (e.g., electronic data interchange and enterprise resource planning systems) and (2) create both intra- and interorganizational processes that are conducive to knowledge use and sharing. For example, to foster interfirm communication, the U.S. automobile manufacturers developed an extranet called the Automotive eXchange Network (AXN),

which links automobile manufacturers with several thousand suppliers (Evans and Wurster 1997). To enhance interfirm knowledge sharing and use, some firms (e.g., Bayer, Lucent Network Systems, Proctor & Gamble, Xerox, ABB, Kraft Foods, Clorox Company) are using multifunctional selling teams (Arnett, Macy, and Wilcox 2005).

The ultimate outcome of knowledge management programs is the application of knowledge in a way that creates additional value for the firm and its customers. As Janz and Prasarnphanich maintain, “It is widely accepted that organizational performance depends more on the ability to turn knowledge into effective action than knowledge itself” (2003, p. 361). Holsapple and Joshi emphasize the importance of “externalizing” knowledge, which they describe as the “activity of using existing knowledge to produce organizational outputs for release into the environment” (2002, p. 57). Therefore, successful customer-needs-driven CRM strategies require the development of processes and procedures that enable firms to use customer-related knowledge to develop and maintain relationships with key customers.

In summary, we conceptualize a knowledge management competence as a firm’s ability to develop, disseminate, and apply knowledge.² A knowledge management competence is an important resource for firms implementing customer-needs-driven CRM strategies. As Nonaka emphasizes, competences are “difficult to accurately describe and are deeply rooted in action, commitment, and involvement in a specific context” (1994, p. 16). That is, they are “deeply embedded within the fabric of the organization” (Day 1994, p. 38). Therefore, because a knowledge management competence cannot be explicitly articulated, it is “learned by doing” (Polanyi 1966). (See Hunt 2000 for further explication of this point.) As a result, the knowledge management process is influenced considerably by a firm’s employees, especially those people in boundary-spanning roles (e.g., members of CS teams) (Zablah, Bellenger, and Johnston 2004).

RELATIONSHIP MARKETING COMPETENCE

Grönroos states that the purpose of “relationship marketing is to identify and establish, maintain, and enhance relationships with customers and other stakeholders, at a profit, so that the objectives of all parties involved are met” and “that this is done by a mutual exchange and fulfillment of promises” (1990, p. 11). The relationship marketing process, from a customer-needs-driven CRM perspective, involves (1) identifying customers who warrant the formation of close relationships and (2) developing and maintaining good relationships with them (Grönroos 1996; Lambe, Spekman, and Hunt 2002). Therefore, a relationship marketing competence, in the context of customer-needs-driven CRM strategy, is an organizational ability for identifying, developing,

and managing relationships with key customers.³ A relationship marketing competence represents a resource that is tacit, complex, and firm-specific. Therefore, it represents an important source of sustainable competitive advantage (Hunt 2000; Reed and DeFillippi 1990).

Relationship marketing strategies are designed to allow firms to more easily share, develop, and leverage resources (e.g., information, processes, or competences) with other firms. Relationship marketing theory is based on the thesis that firms must often “cooperate to compete” (Morgan and Hunt 1994). That is, by cooperating, firms are able to compete more efficiently/effectively. Research suggests that the benefits of relationship marketing are many, including improvements in competitive advantages in the marketplace (Barclay and Smith 1997; Day 2000; Hunt 1997), superior financial performance (Boles et al. 2000; Hunt 2000; Kalwani and Narayandas 1995; Walter and Gemünden 2000), and increased levels of customer satisfaction (Abdul-Muhmin 2002; Schellhase, Hardock, and Ohlwein 2000).

Relationship marketing theory suggests that successful relationship marketing results from certain aspects of cooperative relationships that characterize successful relational exchanges (Hunt, Arnett, and Madhavaram 2005). Although studies suggest numerous factors that influence relationship marketing success, three factors consistently identified as important are trust (Dwyer, Schurr, and Oh 1987; Morgan and Hunt 1994; Sivadas and Dwyer 2000; Smith and Barclay 1997; Wilson 1995), relationship commitment (Anderson and Weitz 1992; Day 1995; Geyskens, Steenkamp, and Kumar 1999; Moorman, Zaltman, and Deshpandé 1992), and communication (Mohr and Nevin 1990; Mohr, Fisher, and Nevin 1996).

Trust, which exists “when one party has confidence in an exchange partner’s reliability and integrity,” is a central component in all relational exchanges (Morgan and Hunt 1994, p. 23). As Dwyer, Schurr, and Oh (1987) argue, trust is important because it provides a basis for future collaborations. “Once trust is established, firms learn that coordinated, joint efforts will lead to outcomes that exceed what the firm would achieve if it acted solely in its own best interests” (Anderson and Narus 1990, p. 45).

Relationship commitment is also an important component of relational exchanges. It is defined as “an enduring desire to maintain a valued relationship” (Moorman, Zaltman, and Deshpandé 1992, p. 316). Research suggests that relationship commitment is at the core of all successful working relationships and that it is an essential ingredient in successful long-term relationships, including supplier–buyer relationships (Anderson and Narus 1998). Relationship commitment provides a solid base from which additional characteristics important to the development of relationships can be built upon (e.g., social norms). Moreover, “A partner committed

to the relationship will cooperate with another member because of a desire to make the relationship work” (Morgan and Hunt 1994, p. 26).

Communication is also considered an important aspect of successful relationships (Anderson and Narus 1984; Mohr and Nevin 1990; Morgan and Hunt 1994). Anderson and Narus describe communication as “formal as well as informal sharing of meaningful and timely information between firms” (1990, p. 44). Empirical evidence suggests that communication increases the level of trust between partners (Anderson and Narus 1984, 1990; Anderson and Weitz 1989, 1992; Morgan and Hunt 1994). In general, communication helps build trust by providing partners with a mechanism that can be used to resolve disputes. In addition, it improves partners’ ability to align their expectations and perceptions (Etgar 1979).

In summary, we conceptualize a relationship marketing competence as a firm’s ability to identify, develop, and manage cooperative relationships with key customers characterized by trust, relationship commitment, and communication. The purpose of customer-needs-driven CRM strategy is to develop long-term relationships with key customers (Dowling 2002). Therefore, the development of a relationship marketing competence is important for customer-needs-driven CRM success.

CUSTOMER-NEEDS-DRIVEN CRM STRATEGY AND CS TEAM CHARACTERISTICS

CS teams can be used to meet a variety of goals, such as increases in volume or the development of collaborative relationships with key customers (Arnett, Macy, and Wilcox 2005). However, when CS teams are used as part of a customer-needs-driven CRM strategy, two additional goals are appropriate: the development of both a knowledge management competence (i.e., increases in the firm’s ability to collect, disseminate, and use customer-based knowledge) and a relationship marketing competence (i.e., increases in the firm’s ability to develop and maintain cooperative relationships with customers characterized by trust, relationship commitment, and communication).

Although, as discussed previously, research suggests that CS teams foster the development of close relationships with customers, we note that their use does not guarantee these results. However, certain characteristics increase a CS team’s ability to meet customer-needs-driven CRM strategy goals. Research suggests that three factors relate explicitly to CS team effectiveness: team design, team processes, and contextual factors (Guzzo and Dickson 1996; Helfert and Vith 1999). Although extant research identifies numerous characteristics associated with these factors, we focus on six characteristics identified as important for CS team success: two team design

characteristics (cross-functionality and “mirror” alignment), two team process characteristics (within-team communication and commitment to common goals), and two contextual characteristics (marketing management support system connectedness and empowerment).

CS Team Design Characteristics

Cross-Functionality

Cross-functionality is the degree to which a CS team is comprised of “functionally diverse members both internal and external to the organization who work together as coordinated units to accomplish specific projects” (Lam et al. 1999, p. 172). Firms are increasingly turning to cross-functional selling teams as a means to develop better relationships with key customers. For example, Homburg, Workman, and Jensen observe that, to foster better relationships with key accounts, many firms are establishing “customer teams that are composed of people from sales, marketing, finance, logistics, and other functional groups” (2002, p. 38). Research suggests that collaborative cross-functional teams, such as CS teams, increase the speed of learning, enhance coordination, and improve strategy implementation (Dougherty and Heller 1994; Morgan and Piercy 1998; Peters and Fletcher 2004).

One of the key outcomes associated with cross-functional teams is the development of social connections (both within the firm and between the firm and its customers) (Narus and Anderson 1995). Because cross-functionality brings together people from different functions within the organization and improves contact with the buyer’s personnel, it facilitates the development of both inter- and intraorganizational social networks, which facilitate the development, dissemination, and use of knowledge *and* the development and maintenance of interorganizational relationships (Moon and Armstrong 1994; Narus and Anderson 1995; Shapiro and Moriarty 1982; Zablah, Bellenger, and Johnston 2004).

Cross-functionality encourages both individual and team learning. Members of cross-functional teams are able to learn about other functional areas within their organization, their organization in general, and their customers. As Arnett, Macy, and Wilcox (2005) suggest, cross-functionality provides team members with access to the “pooled intelligence” of the CS team. The development of knowledge within teams occurs through (1) direct transfer of knowledge or skills among team members, (2) learning from observing team members in action, (3) collective problem solving and experimentation, or (4) consolidation of team members’ diverse experiences (Kettley and Hirsch 2000). Cross-functionality encourages these processes by bringing together multiple points of view, experiences, and skills, which are then used in collective problem-solving efforts. Therefore, we posit that:

P1: Cross-functionality is related positively to knowledge development.

The social connections developed by cross-functional teams encourage the formation of relationships that cut across multiple levels, functions, and operating units (Moon and Armstrong 1994). As Mai suggests, “Storing and disseminating knowledge involves the ability of an organization to effectively capture and communicate knowledge across departmental and geographic lines” (1998, p. 22). Cross-functionality encourages “thicker” (i.e., meaningful and timely) exchange of ideas and information. As a result, cross-functionality encourages the sharing of both explicit and tacit knowledge among different functional areas within the firm (e.g., distribution, marketing, and new product development) (Campion, Medsker, and Higgs 1993; Moon and Armstrong 1994).

CS teams characterized by high degrees of cross-functionality provide conduits for exchange of knowledge. Because CS team members interact with each other on a regular basis, they are more likely to learn from each other (Kettley and Hirsh 2000). As Homburg, Workman, and Jensen (2002) suggest, cross-functional teams facilitate the dissemination of knowledge among the various functions represented on the team. For example, a CS team might be comprised of people from sales, logistics, finance, accounting, manufacturing, and customer service. Each team member acts as a source of information for his or her functional area. As a result, information gleaned from customers (and other sources) becomes available to all of the functional areas represented on the CS team. Conversely, team members are able to share information that is specific to their functional area with other CS team members. Furthermore, CS team members are able to share knowledge with their key customers (Macy forthcoming). As a result, CS teams become a valuable tool for the dissemination of knowledge. Therefore, we posit that:

P2: Cross-functionality is related positively to knowledge dissemination.

The improved communication associated with cross-functional teams also benefits firms desiring to develop long-term relationships with key customers (Dougherty and Heller 1994; Morgan and Piercy 1998; Peters and Fletcher 2004). Cross-functionality promotes interorganizational communication by allowing members of the CS team contact with key people in the customer’s organization. For example, when customers have questions concerning design problems, they have access to the engineers present on the CS team. As Hutt, Johnston, and Ronchetto maintain, “This dialogue can be pivotal in establishing or maintaining a mutually beneficial exchange relationship with industrial customers” (1985, p. 38). Communication is considered an important aspect of successful

relationships (Anderson and Narus 1984; Mohr and Nevin 1990; Morgan and Hunt 1994). In general, communication provides partners with mechanisms that can be used to resolve disputes and align expectations and perceptions (Etgar 1979). Therefore, we posit that:

P3: Cross-functionality is related positively to interfirm communication.

Cross-functionality also influences the application of knowledge. Research suggests that heterogeneity among group members increases the range of competencies present in the group (Gladstein 1984; Hackman 1987). As Bantel and Jackson maintain, “the general conclusion is that when solving complex, nonroutine problems, groups are more effective when composed of individuals having a variety of skills, knowledge, abilities, and perspectives” (1989, p. 109). They find that functional expertise heterogeneity is positively related to organizational innovation. As Kettley and Hirsh suggest, “The reality is that the majority of knowledge sharing and innovation within organizations occurs through people interacting with people—especially within networks, groups or teams that cross conventional organizational boundaries” (2000, p. ix). Therefore, we posit that:

P4: Cross-functionality is related positively to the application of knowledge.

Cross-functionality also aids in the development of inter-organizational trust. Because cross-functionality increases the range of competences present in a team, it enables CS teams to meet the needs of key customers (Moon and Armstrong 1994; Shapiro and Moriarty 1982). In general, multifunctional teams are viewed as trusted advisors (or consultants) providing knowledge and expertise, rather than as “sales” teams (Arnett, Macy, and Wilcox 2005; Chevalier 1993). As suggested by Moon and Gupta:

When the selling organization can put nonselling resources in front of the customer, that customer may perceive the selling organization is working hard to be responsive. This can certainly enhance the overall level of trust and goodwill that exists between buyer and seller and helps to enhance the overall business relationship. (1997, p. 37)

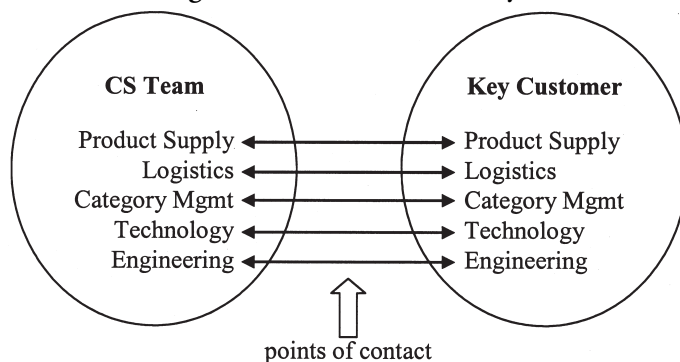
Therefore, we posit that:

P5: Cross-functionality is related positively to interfirm trust.

“Mirror” Alignment

An examination of key account business practices from the 1950s until now suggests a shift from interfirm relationships based on transactions to ones that approach formal partnerships (Morgan and Hunt 1994). In an effort to strengthen

Figure 2
“Mirror” Alignment of CS Teams to Key Customers



Source: Adapted from Macy (forthcoming).

Notes: The functions included in the “mirror” alignment will differ from key customer to key customer. These divisions are only for illustration. The structures may be based on other functional areas or processes.

their partnerships, some firms are organizing their sales teams in ways that match or “mirror” the structure and processes of their key customers (Macy forthcoming). For example, a raw material manufacturer may assign a CS team to Colgate-Palmolive. In an effort to “mirror” Colgate-Palmolive, the team may organize itself around Colgate-Palmolive’s five main businesses (oral care, personal care, household care, fabric care, and pet nutrition). In addition, it may adopt certain ordering procedures that mesh well with the processes used at Colgate-Palmolive. As Kashani (2004) suggests, restructuring around customers rather than products provides many benefits, including reduced risks and costs, faster development cycles, and better forecasting.

“Mirror” alignment results in a team structure that provides multiple points of contact *common* to the firm and its key customers (see Figure 2). CS teams that “mirror” their customers’ structure and processes are better able to both meet or exceed the needs of its own organization and the customer, and interact in ways that allow the CS team to work more effectively over time (Arnett, Macy, and Wilcox 2005). “Mirror” alignment is important because successful partnerships with customers require frequent interfirm exchanges of information, technologies, support services, and ideas among a variety of employees (Dwyer, Schurr, and Oh 1987; Narus and Anderson 1995). Importantly, rather than information being filtered through a single point of contact (e.g., the salesperson), CS team members can talk directly with their counterparts in the customer’s organization. For example, engineers from each firm can discuss design problems, while people from logistics can discuss transportation issues. In general, these types of interfirm interactions are made easier by the fact that CS teams are organized to match the structures, procedures,

and processes of their customers. As a result, CS teams characterized by “mirror” alignment can more easily communicate with their customers and share information and knowledge with them. Therefore, we posit that:

P6: “Mirror” alignment is related positively to interfirm communication.

P7: “Mirror” alignment is related positively to knowledge dissemination.

Team Processes

Within-Team Communication

Within-team communication is the extent to which CS team members engage in open and honest communication with each other (Campion, Medsker, and Higgs 1993). CS teams represent complex organizational structures (e.g., they are comprised of individuals from different functional areas) and, therefore, within-team communication is extremely important (Peters and Fletcher 2004). Indeed, within-team communication constitutes the first step in the knowledge dissemination process. That is, before knowledge can be disseminated to the CS team members’ functional areas, it must first be shared among the team members. As Deeter-Schmelz and Ramsey maintain, “because team members most likely vary in the information they possess, they must engage in dialogue to pool resources and integrate information” (1995, p. 411). Regular, timely, and relevant communication is an important aspect of individuals working well in teams (Kayworth and Leidner 2001–2002). Therefore, within-team communication is the mechanism that allows ideas to be shared among team members. Therefore, we posit that:

P8: Within-team communication is related positively to knowledge dissemination.

Moon and Armstrong (1994) emphasize that within-team communication provides a mechanism by which information can be coordinated and acted on more readily. Indeed, the communication within a CS team is an essential condition for the team’s task performance (Campion, Medsker, and Higgs 1993; Campion, Papper, and Medsker 1996; Helfert and Gemünden 1998). As Mai suggests, “A company’s ability to manage communication direction and flow is probably the key determinant of a dynamic learning organization” (1998, p. 22). Indeed, poor within-team communication can severely diminish the effectiveness of teams in organizations (Brooks 1994; Deeter-Schmelz and Ramsey 1995). In addition, within-team communication provides a means by which norms can be developed and coordination of team members’ actions can be realized (Peters and Fletcher 2004). Therefore, we posit that:

P9: Within-team communication is related positively to the application of knowledge.

Commitment to Common Goals

A commitment to common goals is the extent to which CS team members are committed to defined and accepted goals (Hyatt and Ruddy 1997). When CS teams are used as part of a customer-needs-driven CRM strategy, their goals deal with developing a knowledge management and a relationship marketing competence. However, the multifunctional nature of CS teams creates some challenges for management. Because team members are from various functional areas within the organization, CS team leaders may not have complete authority over them (i.e., team members may report to both the CS team leader and their functional supervisors) (Homburg, Workman, and Jensen 2002; Smith and Barclay 1993). In these situations, a commitment to common goals serves as a mechanism for motivating team members and keeping them on task.

When there is agreement concerning the goals of the team, CS team members are bound together in a single collaborative pursuit. Kouzes and Posner (1987) maintain that when team members are committed to common goals, they understand that by cooperating with each other, they can more easily perform the tasks assigned them. Similarly, Helfert and Vith (1999) suggest that a commitment to common goals motivates team members, reduces team conflict, and increases team coordination, which allows teams to meet their goals more easily.

We recognize that a commitment to common goals has the ability to affect all aspects of a CS team’s job performance. However, it is especially crucial to one aspect of customer-needs-driven CRM strategy—knowledge development. Knowledge development requires unified and well-coordinated effort from CS team members. For example, knowledge development requires that CS team members either directly transfer knowledge or skills among themselves, learn from observing other CS team members in action, or practice collective problem solving and experimentation (Kettley and Hirsch 2000). Given the purpose of CS teams in customer-needs-driven CRM strategy (i.e., to aid the firm in developing and maintaining both a knowledge management competence and a relationship marketing competence), a commitment to goals such as improving knowledge sharing among functional areas or developing better communication with key customers would be important for CS team success. As Deeter-Schmelz and Ramsey (1995) suggest, a commitment to common goals provides a set of team norms that guide behaviors and influence outcomes. For example, Heide and John (1992) suggest that a commitment to the norm of information exchange positively influences team information processing, which, in turn, positively influences team out-

comes associated with information exchange (e.g., knowledge development). Therefore, we posit that:

P10: Commitment to common goals is related positively to knowledge development.

Contextual Factors

Marketing Management Support System Connectedness

Although some of the knowledge gained through developing close relationships with key customers is tacit and therefore difficult to codify, a wealth of information exchanged both within a firm and between a firm and its key customers is explicit and therefore can be conveyed using information systems. An information system is built around information technology. That is, it is built around computer and communications technology that facilitates the creation, storage, transformation, and transmission of information (Johnston and Vitale 1988). Information systems represent important innovations that, when coupled with changes in internal business processes (e.g., the use of CS teams), have the power to transform organizations, processes, relationships, and industries (Barrett and Konsynski 1982; Clark and Stoddard 1996; Emmelhainz 1993).

In an effort to improve marketing CRM success, some firms are adopting MMSSs. An MMSS is defined as “any device combining information technology, analytical capacities, marketing data, and marketing knowledge, made available to one or more marketing decision maker(s) to improve the quality of marketing management” (Wierenga and van Bruggen 2000, p. 7). MMSSs benefit firms in two ways: (1) they enhance interfunctional knowledge sharing, and (2) they allow decision makers to make better-informed decisions (Wierenga and van Bruggen 1997). As Hawes, Rich, and Widmier suggest, “The technology associated with customer relationship management (CRM) can facilitate personalization, customization improved service, and can generally assist in better meeting client needs” (2004, p. 35).

To be effective tools in a customer-needs-driven CRM strategy, MMSSs must allow decision makers access to useful information that comes from sources both internal and external to the firm. Although many people within the organization are involved in the capture of information, Finnegan, Murphy, and O’Riordan (1999) find that the marketing function is typically the leading provider of both internal and external information. Given the nature of customer-needs-driven CRM strategy (i.e., the use of databases to supply information that aids in the development and maintenance of long-term relationships with key customers), the gathering of customer-based data is paramount to strategy success. CS teams are boundary spanners, and, as such, they are important sources of customer information (Zablah, Bellenger, and Johnston

2004). Therefore, CS teams need to be able to input their knowledge into the MMSS. That is, firms must develop procedures and policies designed to encourage CS teams to input their knowledge into the system and reward them for their efforts.

Although CS teams can prove to be valuable sources of information for MMSSs, they can also benefit considerably from the output of such systems (e.g., knowledge from other areas of the firm and decision models included in the system). Research suggests that information technology systems enhance customer interaction, improve collaboration (intra- and interfirm), and encourage knowledge sharing (Shoemaker 2001). CS teams are responsible for the development or implementation of the sales strategy for their customers (Moon and Armstrong 1994). Therefore, CS teams can benefit from the analytical capacities, marketing data, and marketing knowledge stored in MMSSs.

Although MMSSs can transform organizations, they require the development of new internal processes that allow them to become resources for the firms that use them (Barrett and Konsynski 1982; Clark and Stoddard 1996; Emmelhainz 1993). Customer-needs-driven CRM strategy is enhanced by MMSSs when processes are developed and implemented that allow CS teams to *both* input, on a regular basis, customer-related information (as well as other useful information) into the system and use the system to aid them in the development and implementation of customer-related strategies. That is, a CS team must be “connected” to the MMSS. Therefore, we posit that:

P11: MMSS connectedness is related positively to knowledge dissemination.

P12: MMSS connectedness is related positively to the application of knowledge.

Empowerment

Empowerment is the extent to which the CS teams have the authority and power to direct, manage, and lead themselves (Manz and Sims 1991). Empowered teams have the ability to monitor and modify their own processes and procedures (Fisher 1993). Research suggests that empowerment is important to sales team success (Arnott 1994; Knouse and Strutton 1996). As Perry, Pearce, and Sims maintain, “The selling team will have to make specific adaptations, based on customer interactions, to establish and maintain an effective customer relationship” (1999, p. 37). They suggest that when CS teams are empowered, CS team members are able to more easily integrate team activities, carry out activities related to team goals, self-manage, and engage in shared leadership.

Empowerment enables CS teams to practice process improvement, which is defined as activities carried out by team

members through which the CS team obtains and processes information that allows it to adapt and improve (Kirkman et al. 2004). Process improvement is a form of knowledge development or learning (Redding 2000). Knowledge development requires group members to provide each other with feedback, discuss problems, and experiment with solutions (Edmondson, Bohmer, and Pisano 2001). Empowered teams have the ability to practice such behaviors without having to wait for managerial permission or guidance. As a result, empowered CS teams are able to adapt to their changing environments and proactively meet the changing needs of their customers (Edmondson 1999). Redding (2000) finds that empowered teams, because they have the authority to make process changes, are more apt to produce novel, creative solutions. Therefore, we posit that:

P13: Empowerment is related positively to the application of knowledge.

Research suggests that team empowerment leads to increases in motivation, higher levels of commitment, and greater productivity (Arthur 1994; Barnard 1999; Hackman 1987). In addition, empowered teams, because they can make important decisions about how and what they do, often come up with more innovative solutions to problems (Özaralli 2003; Redding 2000). Kezsbom (2001) suggests that empowered teams increase member involvement, which leads to greater productivity and innovation. Empowerment has been linked specifically to knowledge management processes. For example, Kubo and Saka (2002) find that autonomy, a key factor in empowerment, is linked to the success of knowledge management workers. Rodan (2002) suggests that autonomy is necessary to allow individuals to develop the social networks necessary for the process of knowledge synthesis involved in the generation of new ideas. Therefore, we posit that:

P14: Empowerment is related positively to knowledge development.

DISCUSSION

Many firms are turning to formal CRM programs to manage complex customer relationships. Because of their ability to enhance interfirm relationships in business-to-business marketing, firms often turn specifically to customer-needs-driven CRM strategies. These strategies focus on the use of database technology to aid in developing long-term cooperative relationships with key customers. We argue that successful customer-needs-driven CRM strategies require firms to develop both a knowledge management competence (i.e., an ability to develop, disseminate, and apply customer and customer-related knowledge) and a relationship marketing competence (i.e., an ability to develop and maintain effective interfirm

relationships). One resource that aids firms' efforts to develop these competences is the CS team. CS teams are cross-functional sales teams whose primary objectives are to establish and maintain strong customer relationships.

CS teams are effective tools in customer-needs-driven CRM strategies. First, their cross-functional nature increases the range of competences present in the group, which, in turn, allows CS teams to manage the complex technical aspects present in many buyer-supplier relationships. Second, CS teams encourage the formation of institutional relationships based on communication and knowledge sharing, which encourages the development of closer relationships with customers. Third, CS teams provide access to resources that allow buyers to more efficiently/effectively meet the needs of *their* customers and increase the financial performance of the seller. As a result, CS teams allow firms to foster long-term relationships by managing many of the technical, social, and economic aspects of supplier-buyer interactions.

Although research suggests that CS teams are valuable resources for firms, we note that the use of such teams does not guarantee positive results. We identify six characteristics that increase a CS team's ability to meet customer-needs-driven CRM strategy goals—two team design characteristics (cross-functionality and “mirror” alignment), two team process characteristics (within-team communication and commitment to common goals), and two contextual characteristics (marketing management support system connectedness and empowerment). We argue that firms that are able to develop CS teams that have these characteristics will be more successful at promoting both a knowledge management competence and a relationship marketing competence.

FUTURE RESEARCH

The use of CS team-based CRM strategies is becoming more prevalent. However, how CS teams influence the development of higher-order resources, such as a knowledge management competence and a relationship marketing competence, is not well understood. Research on selling team strategies has not investigated directly the ability of selling teams to enhance resource development. Our study identifies some important relationships that can serve as a starting point for such research. First, studies should investigate CS teams' ability to develop, disseminate, and apply customer-based knowledge. Each of these processes needs to be better understood. Second, studies should explore the ability of CS teams to enhance the development of cooperative long-term relationships characterized by exchanges based on trust, relationship commitment, and communication. We outline some CS team characteristics (i.e., cross-functionality, “mirror” alignment, within-team communication, commitment to common goals, the availability [and use] of information systems, and em-

Table I
Source for Scales Used to Measure Constructs

Construct	Study
Knowledge Management Competence	
Knowledge Development	Hult, Ketchen, and Slater (2004); Jaworski and Kohli (1993); Joshi and Sharma (2004).
Knowledge Dissemination	Jaworski and Kohli (1993).
Knowledge Application	Jaworski and Kohli (1993); Sarin and McDermott (2003).
Relationship Marketing Competence	
Trust	Doney and Cannon (1997); Morgan and Hunt (1994); Yilmaz and Hunt (2001).
Relationship Commitment	Morgan and Hunt (1994).
Communication	Morgan and Hunt (1994); Smith and Barclay (1997); Yilmaz and Hunt (2001).
Cross-Functionality	Campion, Medsker, and Higgs (1993).
Mirror Alignment	No scale exists currently. Potential Likert scale items based on our definition: <ul style="list-style-type: none"> • our team adapts its structure to match our customer's structure, • our team adapts its processes to match our customer's processes, • our team adapts its procedures to match our customer's procedures.
Within-Team Communication	Campion, Medsker, and Higgs (1993); Campion, Papper, and Medsker (1996); Hyatt and Ruddy (1997); Li and Dant (1997).
Commitment to Common Goals	Helfert and Vith (1999); Hyatt and Ruddy (1997).
Use of MMSS	Davis (1989); Jones, Sundaram, and Chin (2002); Taylor and Todd (1995).
Empowerment	Cook et al. (1981); Hartline and Ferrell (1996); Jong, de Ruyter, and Lemmink (2004); Sallee and Flaherty (2004).

powerment) that should be included in these kinds of studies. Many of these constructs have been used in research studies and, therefore, have been operationalized (see Table 1). However, these factors may be embedded in more complex processes. Therefore, future research should try to integrate these factors into broader relationship marketing frameworks (for example, Morgan and Hunt's 1994 commitment-trust model of relationship marketing).

Third, future studies should look at how CS teams influence the development of other higher-order resources (e.g., a research and development competence or a market research competence). Although we did not discuss these competences, many of the characteristics (e.g., cross-functionality) that enable CS teams to enhance the development of a knowledge management competence and a relationships marketing competence should also be important in the development of other competences. Fourth, future studies could examine other selling team characteristics, not investigated in our study, and their effect on the development of a knowledge management competence and a relationship marketing competence (and other competences).

CONCLUSION

The use of CS teams is likely to continue into the future (Macy forthcoming). By examining their ability to enhance the de-

velopment of a knowledge management competence and a relationship marketing competence, our study explicates further their value to the firm. As the demands placed on selling organizations increase in the future, more firms will embrace customer-needs-driven CRM strategies; firms that understand the role that CS teams play in these strategies will have a competitive advantage over their rivals.

NOTES

1. Knowledge management competence is conceptualized as a higher-order resource that increases in magnitude as each of the three basic knowledge management resources increases. As a result, its measurement is formative in nature (Arnett, Laverie, and Meiers 2003; Diamantopoulos and Winklhofer 2001; Howell 1987).

2. We note that a knowledge management competence is a broader concept than Kohli and Jaworski's (1990) concept of market orientation. A knowledge management competence involves all knowledge beneficial to the firm, whereas a market orientation relates specifically to knowledge regarding current and future customer needs.

3. A relationship marketing competence parallels what Lambe, Spekman, and Hunt (2002) refer to as an alliance competence. It is conceptualized as a higher-order resource that increases in magnitude as each of the three basic relationship marketing resources increases. As a result, its measurement is formative in nature (Arnett, Laverie, and Meiers 2003; Diamantopoulos and Winklhofer 2001; Howell 1987).

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