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Co-creating integrated solutions within business networks: The KAM team as knowledge integrator

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Biography

Taru Hakanen (M.Sc. Tech.) works as a Senior Scientist in the Business and Technology Management competence centre at VTT Technical Research Centre of Finland. Her research interests relate to the solution business and business networks. She is currently preparing her doctoral thesis on the co-creation of integrated solutions. She has had articles published in the Journal of Service Management and Industrial Marketing Management.
Research highlights

- KAM teams are in a focal position in co-creating integrated service solutions in business networks.
- Absorptive capacity is a central capability of KAM teams in KIBS.
- Solutions co-creation in KIBS builds on knowledge acquisition, assimilation and application.
- Tacit knowledge plays an important role in KAM teams’ work in marketing and advertising.
Co-creating integrated solutions within business networks: The KAM team as knowledge integrator

Abstract:
This study derives from a need that is both practical and theoretical: the need to increase knowledge of how KAM teams might ensure more successful value co-creation with their business customers in the service sector. The KAM teams in this study are formed of members originating from several supplier companies that integrate and apply resources with their customers in a business network. In the co-creation of integrated solutions within such business networks, KAM teams – drawing on organizational learning theory and knowledge management – are considered as knowledge integrators. The purpose of this study is to analyse the KAM teams’ absorptive capacity – that is, how knowledge is acquired, assimilated, and applied in the co-creation of integrated solutions. The study employs a qualitative case study approach, based on 30 in-depth interviews in nine supplier companies operating in advertising, marketing and consulting, and in three key customer companies. The study contributes to the KAM literature by providing new conceptual understanding and empirical insight in respect of networked co-creation of integrated solutions and the influence of the KIBS context on the solutions process.

Keywords: Key account management, KAM, integrated solution, absorptive capacity, knowledge, KIBS
1. Introduction

Key account management (KAM) is regarded as a natural development of customer focus and relationship marketing in business-to-business markets (McDonald et al., 1997; Wengler et al., 2006). The KAM approach is gaining major relevance for supplier companies as customers continue to seek increasingly comprehensive solutions (e.g. MatthysSENS & Vandenbempt, 2008; Skarp & Gadde, 2008) and fewer suppliers, as demonstrated by the growing trend in recent decades (Guesalaga & Johnston, 2010). The KAM approach, as adopted by a selling company, aims at building a portfolio of loyal key accounts by offering, on a continuing basis, product/service packages tailored to customers’ individual needs (McDonald et al., 1997; Millman, 1996). To coordinate day-to-day interaction under the umbrella of a long-term relationship, selling companies typically form KAM teams headed by a key account manager (Millman, 1996).

Another widespread approach to coping with increased competition, and more extensive customer needs within business-to-business markets, is the provision of integrated solutions (e.g. Brady et al., 2005; Davies et al., 2007; Nordin & Kowalkowski, 2010; Tuli et al., 2007). Where a single company is unable to provide the solution to a customer problem, complementing resources are acquired through partnerships. Actors then integrate and apply resources through interaction to co-create value within networks (Ballantyne & Varey, 2006; Baraldi et al., 2012; Cova & Salle, 2008; Gummesson & Mele, 2010; Jaakkola & Hakanen, 2013; Lusch & Vargo, 2006). Solutions research has recently expanded from the study of product-based solutions to include ‘pure’ service solutions, such as integrated solutions comprising knowledge-intensive business services (KIBS) (Jaakkola & Hakanen, 2013).

Both development of integrated solutions to meet business customers’ needs and application of the KAM approach have become commonplace in several companies and business fields. Essentially, the KAM approach enables business customers to purchase integrated solutions through the “one-stop shop” principle for extensive needs that cannot be fulfilled by any single product or service. KAM research nevertheless remains silent with regard to networked co-creation of integrated solutions. Furthermore, studies concerning industrial companies are strikingly dominant in KAM research (e.g. Hutt & Walker, 2006; Millman, 1996; Millman & Wilson, 1995, 1996; Workman et al., 2003), with only a few studies having been conducted exclusively within knowledge-intensive business services (KIBS) (Nätti et al., 2006; Sharma, 2006). Given the rising importance of services within the economy, and the companies’ aim of achieving competitive advantage through the KAM approach, there is a need to increase understanding of how KAM teams co-create integrated solutions with their customers within business networks.

A central feature of KIBS is utilization of knowledge in the interest of doing business (Miles et al., 1995). KAM teams operating in KIBS occupy a central role in knowledge utilization, orchestrating a network of suppliers and customers and knowledge flows among the actors. How well KAM teams are able to utilize knowledge, however, depends on their absorptive capacity – the ability to acquire, assimilate, and apply knowledge to commercial ends (Cohen & Levinthal, 1990; Lane & Lubatkin, 1998; Lane et al., 2001; Zahra & George, 2002). This study regards absorptive capacity as a central capability of a KAM team operating in KIBS. Its purpose is therefore to address the way in which KAM teams acquire, assimilate, and apply knowledge in the co-creation of integrated solutions within business networks, and to establish the related influence of the KIBS context. Concurrently, the study outlines central KAM team activities for ensuring effective knowledge utilization. For study purposes, a
business network consists of supplier companies – from which the KAM teams are formed – and their common customer companies.

Drawing on organizational learning theory and knowledge management, this study contributes to the KAM domain (e.g. Hutt & Walker, 2006; Ojasalo, 2004) by building conceptual understanding with regard to KAM teams operating as knowledge integrators in networked co-creation of knowledge-intensive integrated solutions. The study suggests that the entire solutions process, from sales and ideation to the implementation of the solution, builds upon knowledge acquisition, assimilation, and application. As another finding, the central role of tacit knowledge became evident in marketing and advertising; both needed customer insight and content of service offerings highly based on tacit knowledge. Consequently, this study contributes to the KAM literature by studying the way in which integrated solutions are co-created within KIBS, and the influence of the KIBS context on the solutions process, at a time when the main proportion of KAM literature focuses on industrial companies (e.g. Hutt & Walker, 2006; Millman, 1996; Millman & Wilson, 1995, 1996; Workman et al., 2003). Apart from the KAM literature, the study also contributes to the solutions literature (e.g. Brax & Jonsson, 2009; Hakanen & Jaakkola, 2012; Jaakkola & Hakanen, 2013; Tuli et al., 2007; Windahl & Lakemond, 2006) by elucidating the central role of KAM teams in networked co-creation of integrated solutions. As managerial implications, the study provides advice for company management and for key account managers in particular, on organizing and managing KAM operations in co-creation of integrated solutions in business networks.

The study adopted a qualitative case study research approach. Data was collected by means of 30 in-depth interviews in nine supplier companies and three customer companies. The supplier companies operate in advertising, marketing and consulting, while the customer companies represent food industry and travel services. The article is organized as follows: firstly, presentation of the literature review and theory syntheses; secondly, reporting of the methodology and results; thirdly, presentation of the managerial implications, and finally, drawing of suggested theoretical contributions on the basis of the literature review and the empirical study.

2. Literature review and theory synthesis

2.1 Central characteristics of integrated solutions

Integrated solutions represent relatively broad and complex offerings (Nordin & Kowalkowski, 2010). Whereas products are about functionality, solutions are about outcomes that make life easier or better for the client (Miller et al., 2002) and about solving the customer’s problems (Sawhney, 2006). Integrated solutions are defined as bundles of products and/or services that meet customer-specific needs and offer greater potential for value creation than the individual components would offer alone (e.g. Brady et al., 2005; Davies et al., 2007; Nordin & Kowalkowski, 2010; Tuli et al., 2007). This definition, and solutions literature in general, emphasize answering customer-specific needs (e.g. Brady et al., 2005) by solving the customer’s problems (e.g. Aarikka-Stenroos & Jaakkola, 2012; Davies et al., 2007; Sawhney, 2006; Skarp & Gadde, 2008) and by customizing the offering in accordance with the customer’s needs (e.g. Miller et al., 2002). The bundle of products and/or services is provided such that the solution components are integrated into a seamless solution (e.g. Brady et al., 2005; Brax & Jonsson, 2009; Davies, 2004; Hakanen & Jaakkola, 2012). Integration includes not only the technical integration of different solution components, but also organizational integration and cooperation between different business units (Davies, 2004;
Davies et al., 2007; Storbacka, 2011; Tuli et al., 2007) and/or external suppliers (Hakanen & Jaakkola, 2012; Windahl & Lakemond, 2006). Finally, integrated solutions aim at offering greater potential for value creation than the individual components of the solution would offer alone (e.g. Brady et al., 2005; Brax & Jonsson, 2009; Jaakkola & Hakanen, 2013).

Solutions literature places strong emphasis on customer-centricity, long-term orientation in customer relationships, and the relational aspect of integrated solutions (e.g. Brax & Jonsson, 2009; Hakanen & Jaakkola, 2012; Tuli et al., 2007; Windahl & Lakemond, 2006). A significant proportion of solutions literature deals with the shift of industrial companies from being product-centric towards being service- or customer-centric (e.g. Kapletia & Probert, 2010; MatthysSENS & VandenbergM, 2008; Oliva & Kallenberg, 2003; Skarp & Gadde, 2008), and the capabilities needed during the course of that transition (Brady et al., 2005; Miller et al., 2002). Alongside the product–service bundle that continues to dominate the solutions domain (e.g. Davies et al., 2007; Kapletia & Probert, 2010; MatthysSENS & VandenbergM, 2008; Oliva & Kallenberg, 2003), a more relational and interactive view of solutions has emerged over the past few years. Rather than merely bundling product and service components, several studies emphasize a long-term, relational process with customers and/or other actors within a network (e.g. Brax & Jonsson, 2009; Hakanen & Jaakkola, 2012; Jaakkola & Hakanen, 2013; Tuli et al., 2007; Windahl & Lakemond, 2006). Furthermore, solutions research has expanded from studying product-based solutions to include solutions within the KIBS context (e.g. Jaakkola & Hakanen, 2013).

2.2 Knowledge-intensive business services (KIBS)

Over the past decades the significance of services within the economy has risen drastically (OECD, 2000), one of the growing business sectors being knowledge-intensive services. Knowledge-intensive business services (KIBS) are B2B services of which typical examples are IT services, R&D services, technical consultancy, legal, financial and management consultancy, and marketing communications (Toivonen, 2004, p. 31). These services rely heavily on professional knowledge, and are characterized by a high degree of problem-solving and interaction with the customer (Miles et al., 1995). By definition, KIBS are services involving economic activities which are intended to result in the creation, accumulation or dissemination of knowledge (Miles et al., 1995, p. 18). Knowledge and knowledge utilization are at the heart of knowledge-intensive services and regarded as a central means of gaining competitive advantage. As an extension of the intra-firm perspective, knowledge utilization is also recognized as a central competitive advantage in the inter-firm context, for companies operating in business networks (e.g. Dyer & Nobeoka, 2000; Lane & Lubatkin, 1998; Möller & Svahn, 2004; Tsai, 2001). When co-creating integrated solutions within KIBS, knowledge is the most essential of the resources integrated and applied in interaction among the actors involved. Hence, knowledge and knowledge management form one of the theoretical points of departure of this study.

Knowledge management is a process that deals with the development, storage, retrieval, and dissemination of information and expertise within an organization to support and improve its business performance (Gupta et al., 2000). Although knowledge is widely regarded as something beneficial for business success and innovation, the concept of knowledge is complex, with multiple definitions, interpretations and connotations. Distinction between data (i.e. “raw” numbers and facts), information (i.e. processed data), and knowledge (i.e. authenticated information) is one commonly used categorization in knowledge management literature (Alavi & Leidner, 2001). Another distinction is made between explicit and tacit knowledge (Polanyi, 1966). Alavi and Leidner (2001) outline several perspectives on
knowledge viewed as a state of mind, an object, a process, a condition of having access to information, or a capability. This study approaches knowledge primarily from the process perspective, with the process of acquisition, assimilation, and application of knowledge falling particularly within its scope. Aspects of explicit and tacit knowledge are nonetheless both considered relevant; the study is not confined to any strict definition of knowledge, and recognises and accepts its ambiguous nature.

2.3 Absorptive capacity of KAM teams

Previous research regards knowledge-sharing as promoting innovations and organizational learning (e.g. Lane & Lubatkin, 1998; Liao et al., 2007). As an extension to the intra-firm perspective, knowledge-sharing is also recognized as a central competitive advantage in the inter-firm context, for companies operating in business networks (e.g. Berghman et al., 2012; Dyer & Nobeoka, 2000; Inemek & Matthyssens, 2013; Lane & Lubatkin, 1998; Möller & Svahn, 2004; Tsai, 2001). However, the extent to which companies are able to gain competitive advantage through knowledge utilization depends on the absorptive capacity – the ability to acquire, assimilate, and apply knowledge to commercial ends (Cohen & Levinthal, 1990; Lane & Lubatkin, 1998; Lane et al., 2001; Zahra & George, 2002). As Zahra and George (2002) summarize, acquisition refers to a company’s capability to identify and acquire externally generated knowledge that is critical to its operations. Assimilation refers to the company’s routines and processes that allow it to analyse, process, interpret and understand the information obtained from external sources. Application refers to how knowledge is used for commercial ends. From the perspective of an individual company, both inward-looking and outward-looking components of absorptive capacity are necessary for effective organizational learning (Cohen & Levinthal, 1990). An organization’s absorptive capacity depends on the absorptive capacity of its individual members. Absorptive capacity is thus dependent not only on the communication between an organization and its external environment but on that among the sub-units of the organization (Cohen and Levinthal, 1990). Drawing on organizational learning theory, absorptive capacity is considered as a central capability in the work of KAM teams within knowledge-intensive business services that are based foremost on acquisition, assimilation, and application of knowledge from both internal and external sources.

2.4 Theory synthesis and identified research gaps within KAM literature

Key account management (KAM) is a commonly applied approach for relationship marketing in B2B markets. Research on KAM has evolved especially since the 90s, and has been studied from several perspectives: reasons for adopting KAM, selection of key accounts, elements of a KAM program, role and characteristics of key account managers, organizing for KAM, adaptation of KAM approaches, team selling, customer relationships, global account management, and success factors in KAM (Guesalaga & Johnston, 2010). A core selection criterion for strategically important key accounts is sales volume (McDonald et al., 1997), and key customers purchase large entities – also integrated solutions consisting of several product and/or service modules (cf. Brady et al., 2005; Davies et al., 2007). In line with the solutions literature, the KAM domain emphasizes long-term customer relationships, thorough understanding of customer needs, problem-solving and customizing solutions based on customer needs, and integration and coordination across organizational boundaries to create synergistic value for the customer (e.g. McDonald et al., 1997; Millman, 1996; Millman & Wilson, 1996; Ojasalo, 2001; Wilson & Millman, 2003; Workman et al., 2003). Despite the pivotal role of KAM teams in the co-creation of integrated solutions, KAM literature lacks research that deals explicitly with integrated solutions.
Recapitulating the contexts in which empirical KAM research has been conducted, the majority of research is preoccupied with application of the KAM approach in industrial companies (e.g. Millman, 1996; Millman & Wilson, 1995, 1996; Workman et al., 2003) whilst research exclusively in the KIBS context remains scant (Nätti et al., 2006; Sharma, 2006). A quantitative study by Sharma (2006) concluded that investment in key accounts, satisfaction and personal bonds enhances successful key accounts (Sharma, 2006). The qualitative case study by Nätti, Halinen and Hanttu (2006) studied the effects of a KAM system implementation on the transfer of customer-specific knowledge between professionals, business functions and units. As the starting point of this study was the notion that there is a lack of research on how KAM teams co-create integrated solutions with their business customers within the KIBS context.

A substantial body of empirical KAM research includes both supplier and customer perspectives (e.g. Abratt & Kelly, 2002; McDonald et al., 1997; Millman, 1996; Millman, & Wilson, 1995, 1996, 1999; Nätti et al., 2006). A few studies have also applied a network perspective to KAM research. For example, Ojasalo (2004) in his conceptual paper applied the phases of key account management (i.e. identification, selection, and implementation) in a network context. Another conceptual paper by Hutt and Walker (2006) applied social network theory to study of the performance of individual account managers in IT and the transport business. This resulted in emphasis on internal and external social networks because these are pivotal in the acquisition of rich customer and competitor knowledge.

The KAM team in this study integrates and applies resources through interaction to co-create value within a network consisting of KAM team members and customer representatives. Arguably, the key account manager occupies a focal position in the co-creation of integrated solutions by operating in a boundary-spanning role (Guenzi et al., 2007; McDonald et al., 1997; Nätti et al., 2006; Wilson & Millman, 2003) between the customer and supplier, striving for a fit between the customer’s needs and the solutions offering of the supplier firm. The key account manager is responsible for conducting the “orchestra” of different actors (Hutt & Walker, 2006; McDonald et al., 1997; Millman, 1996; Nätti et al., 2006). In the co-creation of knowledge-intensive integrated solutions, the KAM team links the organization’s internal network to external sources of information. The KAM team can thus be considered as a resource integrator, bounded by its absorptive capacity (Cohen & Levinthal, 1990; Lane & Lubatkin, 1998; Lane et al., 2001; Zahra & George, 2002). How KAM team members acquire, assimilate, and apply knowledge in a business network is thus a central question in applying a KAM approach within the KIBS context. There is a need, however, to create conceptual understanding and provide empirical insight concerning the phenomenon.

This study regards the solutions process, extending from sales and ideation to solution implementation, as a learning process in which knowledge is acquired, assimilated and applied among the network actors. To fill the identified research gaps in the KAM literature, the study builds on knowledge management and organizational learning theory. Analysis of the absorptive capacity of the KAM teams provides new insight into networked co-creation of integrated solutions and the influence of the KIBS context. Concurrently, new knowledge is created on the required KAM team activities – what should KAM teams do to enhance knowledge utilization with their customers? As a synthesis, a tentative framework was created to guide the study. It illustrates knowledge acquisition, assimilation, and application within a business network that can take place on three levels: a) among suppliers, b) in dyads between supplier and customer, and c) between KAM team and customer (Figure 1). Here, business network refers to the network of supplier companies – from which the professionals form the KAM teams – and customer companies.
On the strength of all KAM team members participating in the co-creation of knowledge-intensive service solutions with key customers, the entire KAM team (including the key account manager) falls within the scope of this study. This study relies on the relational view of a firm (Dyer & Singh, 1998) because the focus is on B2B relationships. Instead of a product or a solution delivery from supplier to customer, in the spirit of Service-Dominant Logic (Lusch & Vargo, 2006), the customer participates in the solutions process. Integrated service solutions are therefore co-created by integrating resources among the actors within a business network.

3. Methodology

Selection of the qualitative case study approach was motivated by the aim to increase understanding of a complex phenomenon with multiple variables and processes (Yin, 2003). The case study approach is widely used by qualitative researchers in industrial marketing (Halinen & Törnroos, 2005; Piekkari et al., 2010), and is an appropriate strategy when “how” and “why” questions are being posed, when the investigator has little control over events, and when the focus is on a contemporary phenomenon in a real life context (Yin, 2003).

A business network consisting of nine supplier companies (“Suppliers 1–9”) and their three customer companies (“Customers 1–3”) was selected as a case for the purpose of examining the co-creation of integrated solutions as cooperation between supplier and customer firm representatives. The suppliers are part of a consolidated corporation (hereafter referred to as the “Group”) offering various marketing, advertising and consulting services to business customers representing leading brands in their fields. The Group has appointed key account
managers for all its key customers, and many of its customer relationships – including those in this study – have lasted for decades. The KAM teams operate within the limits of (e.g. annual) skeletal agreements with the key customers in the study; several solutions are co-created within these agreements. The service offerings of several Group companies are used to develop an integrated solution based on the customer’s changing needs, with KAM teams composed accordingly. These teams might provide an integrated solution for a customer’s new product launch, for example, comprising package design and an advertising campaign on TV and in the print media. The solution often includes business consultancy. Knowledge has a central role in the KAM teams’ work. Ideation, creativity, and utilization of knowledge in the interest of enhancing the customer’s business are at the very heart of marketing and advertising. The selected companies and informants are outlined in Table 1.

Table 1. Outline of selected companies and informants.

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<th>Company (business field)</th>
<th>Informants</th>
<th>No. of informants</th>
</tr>
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<tbody>
<tr>
<td>Supplier 1 (Group administration)</td>
<td>Group CEO, Business developer</td>
<td>2</td>
</tr>
<tr>
<td>Supplier 2 (marketing)</td>
<td>Three Account Executives, Chief Operating Officer, Business Director, Account Director, Marketing and Digital Service Strategist</td>
<td>7</td>
</tr>
<tr>
<td>Supplier 3 (media planning)</td>
<td>Two Senior Client Directors, Client Director, Two Client Managers, Planning Director</td>
<td>6</td>
</tr>
<tr>
<td>Supplier 4 (CRM)</td>
<td>CEO/Client Director, Art Director</td>
<td>2</td>
</tr>
<tr>
<td>Supplier 5 (production)</td>
<td>CEO</td>
<td>1</td>
</tr>
<tr>
<td>Supplier 6 (media planning)</td>
<td>Client Director</td>
<td>1</td>
</tr>
<tr>
<td>Supplier 7 (marketing)</td>
<td>Client Director</td>
<td>1</td>
</tr>
<tr>
<td>Supplier 8 (business consultancy)</td>
<td>CEO</td>
<td>1</td>
</tr>
<tr>
<td>Supplier 9 (brand design)</td>
<td>Director</td>
<td>1</td>
</tr>
<tr>
<td>Customer 1 (food industry)</td>
<td>Marketing Director, Marketing Manager, Brand Manager, two Product Group Managers, Product Manager</td>
<td>6</td>
</tr>
<tr>
<td>Customer 2 (food industry)</td>
<td>Regional Director</td>
<td>1</td>
</tr>
<tr>
<td>Customer 3 (travel services)</td>
<td>Company Director</td>
<td>1</td>
</tr>
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\( n=30 \)

In-depth interviews \((n=30)\) were chosen as the main data collection method to provide rich empirical insight into the topic. Additional data were collected by attending and observing seven company workshops. The selected informants (Table 1) of the supplier companies were directly involved in KAM operations and/or were representatives of the company management, worked in close cooperation with customers, and had extensive knowledge and experience of the co-creation of integrated solutions. The customer representatives studied were the main contact persons for the respective KAM teams. The Group operates in the EU and participated in an extensive service research project that provided access to the companies. The study was conducted from November 2009 to October 2012.
The purpose of data collection was to collect empirical evidence on the absorptive capacity of the KAM teams. Hence, collection was of the informants’ perceptions of the solutions process and how, in the course of the process, knowledge is acquired, assimilated, and applied. The tentative framework (Figure 1) served as a loose thematic frame for data collection and data analysis. The interviewees were asked to express their views openly on the integrated solutions they offer, and on their cooperation with other supplier companies and with customers. The interview questions addressed issues such as common history with key customers, how suppliers are organized to serve customers, how the solutions process with the customer starts, how the solution is co-created, and how solutions benefit the customer. The interviews were also used to gain customer views on solutions co-creation, thus complementing the views of the suppliers regarding KAM team activities. The interviews lasted from half an hour to an hour and a half, and were recorded and transcribed to improve the reliability of the research. Presenting the preliminary results of the study and checking the accuracy of the researchers’ interpretations in the company workshops helped to improve the validity of the study (Yin, 2003).

The interview transcripts were reviewed and data categorized into three groups describing the kind of activities KAM teams undertake in knowledge acquisition, knowledge assimilation, and knowledge application. The data was then analysed and reported in terms of the following questions: How do suppliers acquire externally generated information that is essential to their operations? How do suppliers analyse – and create common understanding of – the collected information? How do KAM teams support their customers’ business and value creation by means of the acquired and assimilated knowledge? The data was also analysed in terms of how business based on knowledge-intensive services was described by the informants: that is, the nature of the KIBS context (namely, marketing and advertising). Findings are reported together with data extracts to improve the reliability of the study (Silverman, 2006). Finally, conclusions were made on the basis of the literature review and the empirical study.

4. Results

This chapter reports the results of the case study. It shows how integrated service solutions are co-created in a business network in KIBS. More specifically, the results are reported with regard to how KAM teams acquire, assimilate, and apply knowledge in the course of the solutions process among the supplier companies, from which the KAM teams are formed, and with their customers. It provides both supplier and customer perceptions of, for example, the benefits and aims of the KAM approach, as well as the challenges and central issues faced, which affect knowledge utilization within a business network.

4.3 Knowledge acquisition

Negotiations concerning a new solution – such as a new product launch and advertising campaign – typically start with a briefing session presented by the customer. The purpose of the briefings is to identify and acquire the relevant information on customer needs on the basis of the solution. Sometimes customers have a clear idea of the kind of solution they prefer, including specifications, but quite often they do not. For KAM teams, acquiring this essential knowledge is a central task, as a customer representative states: “Unfortunately, my team doesn’t possess the competence required in purchasing these services... but I think it’s also part of the competence of the professional [of the supplier company] to dig out the necessary knowledge from the customer.” (Customer 2). On the same lines, a supplier representative described how the solution is not always clear at the beginning of the solutions process: “The
customers trust us. So, instead of just coming to us for a ready solution, they tell us their specific challenges, target group and budget, and then trust in our ability to come up with a solution... we spar the challenges together with the customer.” (Supplier 6). In other words, the solution is ideated and co-created together with the customer.

Beyond acquiring customer knowledge, it is important for KAM teams to gather broad information on marketing and advertising to gain awareness of business ‘state-of-the-art’, as described by a representative of Supplier 2: “We observe the surrounding world, watch videos, read economic magazines, follow what happens in the advertising business, and what the competitors do... to some extent we gather and share these in KAM teams but it’s not in any systematic way.” Nowadays, when KAM teams are composed of professionals from several supplier companies, leading coordination and knowledge exchange is occasionally challenging: “The key account manager could always inform other companies better and earlier. This work is extremely hectic. I can easily receive a hundred mails a day, and the phone rings all the time. We’re often very busy and that leads to insufficient communication.” (Supplier 9). For example, web-based work spaces (e.g. extranets) are in use to ease the acquisition and exchange of knowledge within the Group. It became evident that knowledge is acquired through several sources and company relationships and shared through complicated processes among the network actors.

In applying the KAM approach, the Group attempted to coordinate the knowledge flows more effectively: “It’s all coordinated and everything centralized. They [the customer] don’t need to make deals with six separate companies and go through everything six times over. It’s all much more coherent. They don’t have to manage or control anything. We do all that, and more quality and time and cost savings are accrued for the customer.” (Supplier 2). Another supplier representative went on to describe the motives behind increasing knowledge exchange within the Group: “Somebody has to see the big picture, to have the overall view. It can be really frustrating for the customer if different actors in the same Group are selling them different – or even competing – solutions. This simply shouldn’t happen, so that’s why somebody, somewhere, has to have the lead.” (Supplier 9). Coordination, however, was not without its difficulties, as the following quote illustrates: “Everyone wants to be in straight contact with customers [i.e. not via the key account manager]. We’d all like to ‘own’ the customer relationship... Sometimes, even though we’ve agreed on coordination, somebody overtakes the key account manager. The feeling that someone is holding out on somebody always creates a certain amount of suspicion.” (Supplier 1). It thus became evident in the interviews that several suppliers wanted to be in a central position concerning knowledge exchange with customers. As the number of suppliers increased, so did the challenges. The customers saw that while too few suppliers might limit the perspective, too many participants was also undesirable, as shown by the following quote: “So you find when you get there that there are only one or two of us, but on their side there can be company reps from every related sub-sector imaginable... a huge number of people involved. So, of course, as a customer, with so many people around the table you start to wonder what this is all going to cost – not just in terms of money, but also the flow of information.” (Customer 1). Balancing the richness of idea-sharing and creativity achieved through collaboration by multiple parties, on the one hand, and cost-effectiveness in knowledge exchange on the other, was a constant struggle for the KAM teams.

4.4 Knowledge assimilation

Taking place between customer and KAM team and among suppliers in the course of the solutions process, knowledge assimilation aims at creating understanding of knowledge by
analysing, processing, and interpreting it in the context in which it is used. The data indicated in a number of ways that KAM team members must understand the customer’s business thoroughly before being able to solve the customer’s problems. As an interviewee from Supplier 1 stated, the person attending the strategic sparring needs to have broad expertise and strategic know-how. A representative of Supplier 2 stressed that understanding builds up from getting close to the customer: “Strategic sparring requires even more profound and deeper knowledge… not only knowledge, but access and the opportunity to attend the forums in which these issues are discussed. This usually means the top management in the business world.” (Supplier 2). The “right” counterparts in the customer’s organization needed to be reached for knowledge assimilation to succeed.

Strategic know-how concerning a key customer develops over time. This was noticed by one of the customers (Customer 2): “I guess they must build up some sort of tacit knowledge. They also have long employment contracts, so something’s bound to accumulate over time.” In the main, suppliers considered customer knowledge as impossible to define explicitly. It was seen essentially to be derived from individuals learning to understand the customer over time, utilizing this understanding in their work, and sharing it with other KAM team members. Similarly, suppliers had omitted to define and describe part of their service offerings, something they viewed as a major challenge: “The challenge in our work is that we can’t concretize our competences so that customers grasp the value added. One of the biggest challenges is that we perform miracles but we’re unable to show how we do it… the more creative and customized the direction you’re heading in, the more difficult it gets.” (Supplier 1). Furthermore, some services were “learnt by doing”, as the following quote demonstrates: “We’ve done it together with our customers, in the form of invented campaigns and other marketing actions. We haven’t been able to turn it into a product which we’d then offer. It’s all in the team’s heads so to speak, and then passed on as tacit knowledge.” (Supplier 4). These were challenges from the sales point of view, but also in terms of supplier cooperation, with one supplier not always able to understand what another supplier did. This hindered reaching a common view of the integrated solution.

The KAM teams also attempted an explicit description of customer knowledge and service offerings, describing some of their service concepts in the course of the research project. They also attended a workshop in which they analysed key customers and their various characteristics – such as purchasing strategy and organization, and decision-making – as well as the competences of an individual purchaser. The teams compared different key accounts and made a joint interpretation of the customer knowledge acquired. The consequence was a common understanding of their key customers, with the process serving as a concrete example of knowledge assimilation in KAM teams.

The aim of the KAM approach was to provide the customer with a seamless solution and for the customer to see suppliers as a unified entity: “I think that for a customer the identity of the firm a particular KAM team member comes from is irrelevant. I think it’s very seamless… We make sure that what we present to the customer is our common view. We can’t argue the best solution in front of a customer, of course, so we always make sure we’re singing the same tune before we start.” (Supplier 6). This was not always the case, however, and some customers accused suppliers of competing with each other. Interestingly, though, despite the desire of the customer for seamless integration and large entities, the idea is not fully supported by the customer’s own organization: “[I’d say] about our own organisation that it’s pretty fragmented, that we’re all calling for or expecting this incredibly clear-cut, total solution; yet at the same time, we ourselves have been pretty hugely decentralised, with all
these brands and packaging designs and communications, so of course in that sense you can throw the ball back in our court.” (Customer 1).

4.5 Knowledge application

KAM teams apply knowledge in marketing and advertising to enhance their own and their customers’ business. The teams support their customer’s business and value creation by applying knowledge in a number of ways. They provide concrete end-results, including print or TV advertisements, or market studies. Another example of KAM team support was in providing a view from the outside. As one supplier commented: “Our strength is that we’re not in as deep as the customers are when it comes to daily operations, with it being their own business, but we can view these from a ‘helicopter perspective’, to provide a neutral, outsider view.” (Supplier 2). Some customers even wanted to be ‘challenged’ by outsiders, but suppliers realized they had to tread carefully: “You can’t ‘teach’ the customer, you have to be very diplomatic in questioning the customer’s views, in challenging the customer a little bit… but it’s for their own good if we do challenge them, as we’re all aiming for the best end-result.” (Supplier 2). Customers also wanted KAM teams to bring energy and enthusiasm to their business development. The work of the KAM teams was thus not only about applying knowledge but also increasing the opportunities for fruitful co-creation among the actors.

A salient role of KAM teams was to provide their customers with knowledge on new kinds of business opportunities. A director of Customer 3, for example, thanked the KAM team as follows: “Now we know of these various possibilities, we know something we didn’t realize or understand before – the direction in which this world is going.” Customers particularly sought new knowledge on digitalization of marketing and advertising, on how they could utilize it more successfully. This was an example of a topic that required thorough knowledge acquisition, assimilation, and application from the KAM teams: “There are tremendous possibilities in that world. We should seek ways of creating value for our customers. This involves active searching, researching, and thinking, and we’re not doing it by ourselves but using all sorts of professionals.” (Supplier 5).

5. Managerial implications

Managerially, this study provides new knowledge on how to apply the KAM approach successfully in KIBS when complex service offerings are co-created among several supplier companies and their common customers. On the basis of this case study, the company management, and especially key account managers, is advised to address the important role of knowledge in managing the work of KAM teams. Sufficient resources and tools, as well as the promotion of an atmosphere of knowledge sharing, are pivotal. This study encourages development of the absorptive capacity of KAM teams, i.e. their ability to acquire, assimilate and utilize knowledge in a business network. On a more concrete level, practitioners in companies could, for example, map the solutions process in which utilized knowledge from various actors, and the phases of acquisition, assimilation and application, is defined. As a result, the critical points, which require the most attention, could be identified and the necessary development activities defined. Table 2 outlines the central KAM team activities identified in this study.

Table 2. Central KAM team activities in co-creation of integrated solutions in KIBS.
KAM team activities

Knowledge acquisition
- Identify the business customer’s problem, needs, and value expectations
- Become acquainted with the service offerings of suppliers within the KAM team
- Analyse the customer’s preference for centralized or de-centralized knowledge flows
- Define knowledge flows and contact persons for effective coordination
- Utilize tools (e.g. IT tools) to integrate the network actors and knowledge flows

Knowledge assimilation
- Share knowledge of the customer’s problem, needs, and value expectations in the KAM team
- Make customer knowledge explicit among suppliers where possible
- Analyse and interpret customer knowledge to customize the solution to customer needs
- Create common understanding of the contents of the solution within the business network

Knowledge application
- Enhance the customer’s business through offering concrete solutions and strategic insight for the customer’s business development
- Provide the outsider view and challenge the customer
- Promote the spirit of common ideation and co-creation among actors
- Present the KAM team as a unified front at the customer interface
- Provide expected value for the customer through solutions co-creation

This study presents several managerial implications with regard to managing KAM operations. Some companies organize their operations so that separate business units are responsible for sales (i.e. the KAM unit) and service delivery. However, this study implies that the central role of tacit knowledge in marketing and advertising might have encouraged the companies to organize KAM operations so that the whole solutions process from sales to implementation is the KAM teams’ responsibility. Separate units in selling and service provision may hinder the knowledge assimilation and application required in the co-creation of customized service solutions. In the case of KAM teams being composed of several suppliers, knowledge sharing may be especially challenging if there is any degree of competition between the suppliers. This point should be taken into account in forming KAM teams and selecting partners in business networks. It is then pivotal to agree on the task division between the suppliers, i.e. who is responsible for coordinating knowledge flows between the suppliers and the key customer.

As this study has pinpointed, a KAM team is not merely about integrating various service “modules” and delivering them to the customer, but the co-creation aspect of service rather motivates KAM teams to focus on organizational integration and facilitating cooperation between all the network actors. Then, the way the various organizational cultures should be integrated into solutions co-creation becomes a salient question. For example, companies may prefer different levels of openness in knowledge sharing. In KIBS, where sharing confidential knowledge is often necessary, balancing between openness and avoiding the risk of leaking own core competence to other companies is a constant challenge. This point also reminds practitioners to select the partners within a business network carefully and to plan ways to protect their own business core.
Based on this study, successful assimilation of tacit knowledge within KAM teams is a central prerequisite for a KAM team to be able to present itself as a unified front in the customer interface. In some cases, tacit knowledge can be presented in explicit form, but most important is the need for close interaction among KAM team members in order to create common understanding of business customers and the services that separate supplier companies offer. Assimilation and accumulation of important tacit knowledge requires time, long-term orientation in business relationships and trust between the KAM team members and with the customer representatives. Consequently, this study suggests that companies pay attention to the stability of the KAM team. Constantly changing professionals in the KAM team may cause significant difficulties in applying the KAM approach and co-creating integrated service solutions successfully in KIBS.

6. Conclusions

6.1 Discussion and theoretical contributions

The motivation for the study derives from a need that is both practical and theoretical: the need to increase knowledge of how KAM teams might ensure more successful value co-creation with their business customers in the service sector. The study provided rich empirical insight into how KAM teams, operating in marketing and advertising, co-create integrated solutions with their business customers. The KAM approach enables the covering of customers’ extensive needs through the bundling of various marketing, advertising and consulting services, and the provision for customers of a “one-stop shop” principle for purchasing integrated solutions. This approach ensures coherent marketing communications despite the number of products and marketing channels in use, serves as a means of centralizing complex knowledge flows, and eases “orchestration” of the network of actors. KAM teams integrate and apply resources through interaction to co-create value within the business network (cf. Ballantyne & Varey, 2006; Baraldi et al., 2012; Cova & Salle, 2008; Gummesson & Mele, 2010; Jaakkola & Hakanen, 2013; Lusch & Vargo, 2006).

Within the KIBS context, the KAM team can be regarded as a knowledge integrator, with knowledge integration taking place on three levels: among the suppliers within KAM teams, in dyads between supplier and customer, and between KAM team and customer. KAM teams integrate knowledge along the solutions process, from sales and ideation to the implementation of the solution. The work of KAM teams begins with knowledge acquisition for the purpose of integrating the knowledge emanating from various internal and external sources. The knowledge acquired is versatile, concerning customers, marketing and advertising business in general, and the offerings of the suppliers. The teams analyse and interpret information among suppliers within the KAM teams and between the KAM teams and customers. They then integrate the various views regarding customers and customers’ problems and needs, and ideate possible solutions to the customers’ problems. Knowledge assimilation leads to a mutual understanding of customer needs and the customized solution within the KAM team and with the customers. The resulting application of acquired and assimilated knowledge in solutions implementation enhances the business of both suppliers and customers.

When knowledge utilization was analysed, KAM teams balance between centralization and decentralization of knowledge flows in conducting the boundary spanning role (Guenzi et al., 2007; McDonald et al., 1997; Nätti et al., 2006; Wilson & Millman, 2003) between suppliers and customers. Although centralization is often the business customer’s wish, the customer’s
own organization may not support centralized knowledge flows, and may instead be
dispersed. KAM teams also balance between cost-effectiveness and innovativeness – fewer
participants in KAM teams may accrue for an effective solutions process, but more
participants enable richer ideation and discovery of new, possibly creative knowledge
combinations. In addition to customer knowledge – addressed in prior KAM literature (Hutt
& Walker, 2006; Nätti et al., 2006) – this study also recognizes the importance of acquiring
and assimilating knowledge concerning the common service offering within a KAM team.
Thus, when striving to achieve the fit between customer needs and solutions offering, KAM
teams integrate external knowledge (i.e. customer knowledge) and internal knowledge
(concerning the offering). As integrated solutions had not previously been studied explicitly
within the KAM domain, and the network perspective had only been discussed conceptually
(e.g. Hutt & Walker, 2006; Ojasalo, 2004), this study contributes to the KAM literature by
providing conceptual understanding and empirical insight with regard to networked co-
creation of integrated solutions, including both supplier and customer perspectives.

The motivation behind building the study on knowledge management and organizational
learning theory was the central role of knowledge and learning within knowledge-intensive
business services (KIBS). Analysis focused on the KAM teams’ absorptive capacity (Cohen
& Levinthal, 1990; Lane & Lubatkin, 1998; Lane et al., 2001; Zahra & George, 2002) – that
is, how KAM teams acquire, assimilate, and apply knowledge in the solutions process. Both
suppliers’ and customers’ businesses are enhanced through knowledge application and
learning within a business network (cf. Berghman et al., 2012; Inemek & Matthyssens, 2013;
Lane & Lubatkin, 1998; Möller & Svahn, 2004; Tsai, 2001). Customers seek an outside view
and creative ideas, and learn about markets and new business possibilities. On the other hand,
learning is a source of motivation for KAM team members.

When studying KAM teams’ knowledge utilization, it was discovered that absorptive capacity
was closely related to all the central characteristics of integrated solutions within KIBS:
thorough understanding of a customer’s business and needs, problem-solving and ideation,
 customization, and the bundling of various services into seamless solutions that create more
value than the parts alone. This study therefore proposes that, within KIBS, the entire
solutions process – from sales and ideation to implementation of the solution – builds upon
knowledge acquisition, assimilation, and application. As a consequence, this study contributes
to the KAM literature by elucidating the central role of knowledge utilization in the co-
creation of integrated solutions in KIBS at a time when the main proportion of KAM literature
focuses on industrial companies (e.g. Hutt & Walker, 2006; Millman, 1996; Millman &
Wilson, 1995, 1996; Workman et al., 2003).

Furthermore, when analysing the influence of the KIBS context on co-creation of integrated
solutions, and the kind of knowledge (explicit / tacit) utilized in solutions co-creation, the role
of tacit knowledge in service offerings rose above explicit. Some marketing and advertising
solutions are in explicit form, such as an advertisement in a magazine or a market survey
report. However, marketing or advertising solutions always include planning and ideation,
and often (at least to some extent) business consultancy – these are all highly based on tacit
knowledge. In addition to the solution to their problems, customers may even seek a certain
kind of “atmosphere” to enhance co-creation in their business development, such as “energy
and enthusiasm”, something rather impossible to describe explicitly in service offerings. Tacit
knowledge was regarded as a strength in supporting the customer’s business, but also caused
challenges, especially to knowledge assimilation within KAM teams. The conflicting views of
customers and the contents of a particular solution could result in incoherent customer
experience, and place in jeopardy the main idea of integrated solutions – that of being
seamlessly integrated. In this case, ambiguity of tacit knowledge acquired, assimilated, and applied within the KIBS context may actually hinder cooperation and the co-creation of integrated solutions. The study’s contribution to the KAM literature here is in elucidating the central role of tacit knowledge and the related challenges in marketing and advertising. These findings complement the previous industry-oriented KAM literature (e.g. Hutt & Walker, 2006; Millman, 1996; Millman & Wilson, 1995, 1996; Workman et al., 2003) in which studies concentrating exclusively on KIBS are in a noticeable minority (Nätti et al., 2006; Sharma, 2006). To enhance the absorptive capacity of KAM teams in utilizing tacit knowledge, this study suggests they attempt to convert tacit customer knowledge and knowledge regarding service offerings into explicit form wherever possible. Resources must also be allocated for providing sufficient routines and processes to allow KAM teams to analyse, interpret, and gain mutual understanding of such tacit knowledge.

Finally, this study contributes to the solutions literature and, in particular, complements the relational and interactive view of solutions (e.g. Brax & Jonsson, 2009; Hakanen & Jaakkola, 2012; Jaakkola & Hakanen, 2013; Tuli et al., 2007; Windahl & Lakemond, 2006) by elucidating the role of KAM teams and by studying knowledge acquisition, assimilation, and application in networked co-creation of integrated solutions.

6.2 Limitations and suggestions for future research

As with all research, this study has its limitations, which may also offer interesting future research avenues. The main limitation of the study concerns the generalizability of the results. Since statistical generalization is not the purpose of qualitative research (Yin, 2003), this study aims at analytical generalizability. To improve the external validity of the study, the findings could be replicated in various contexts. Furthermore, as the study was conducted within the KIBS context, the results are more likely to be applicable in similar business fields. There are undoubtedly major differences among different business fields within KIBS; for example, the role of tacit knowledge may not be as central in business fields, such as ICT or legal and financial consultancy, as it is in marketing and advertising. More research could be conducted in various business fields, for example to assess the role of knowledge and importance of absorptive capacity in KAM teams’ work in various businesses.

This study opened up the discussion, but gave only a rather narrow view concerning complex offerings – namely integrated solutions – by studying these from the point of view of knowledge utilization. Undoubtedly, there are several other capabilities in addition to absorptive capacity that are central in co-creating integrated solutions. More research is thus called for in studying integrated solutions from various perspectives within the KAM domain. For example, in addition to absorptive capacity, which other capabilities and management practices could enhance the co-creation of integrated solutions?

The ambiguity of knowledge as a concept represents another limitation of this study. For example, strategic insight and other forms of tacit knowledge that the informants emphasized in this study are rather problematic to grasp and analyse rigorously. Utilization of tacit knowledge was nevertheless regarded as a central characteristic of the marketing and advertising business, and undoubtedly has its effects on business and customer relationships. Although some means of sharing tacit knowledge and making it explicit were recognized in this study, research could go on and provide concrete tools for KAM teams for enhancing knowledge assimilation and application with regard to tacit knowledge.

Another limitation derives from the fact that the KAM teams in this study were responsible for the entire solutions process, from sales to the implementation of the solution with
customers. However, this is not always the case in companies, where separate organization units are responsible for sales (i.e. the KAM unit) and implementation. It may be that only limited insight is offered by the study findings on knowledge utilization for this particular application of the KAM approach. However, the phases of knowledge acquisition, assimilation, and application can be applied in any unit of the organisation, being especially relevant when operating in KIBS and where knowledge plays a salient role in business. Knowledge utilization as an interplay between customers, KAM unit and service providers could thus provide another interesting topic for future research.

This study contributes to the KAM literature through bringing insight into knowledge-intensive business services (KIBS). Despite the rise of services within the economy, KAM literature remains largely industry- and product-orientated. This study therefore calls for more research on applying the KAM approach to service sectors and to industrial companies where the role of services is increasing within formerly product-orientated offerings. Study could then be made of the KAM teams’ role in servitization (cf. Baines et al., 2009; Matthyssens & Vandenbempt, 2008; Oliva & Kallenberg, 2003; Vandermerwe & Rada, 1988). KAM teams undoubtedly possess the necessary strategic insight on customers required in servitization, and occupy a central role in bundling products and services. All in all, KAM research could apply more approaches based on Service Dominant Logic (Lusch & Vargo, 2006) to the work of KAM teams in various businesses. Finally, because this study has provided conceptual understanding and empirical insight into the role of KAM teams in the co-creation of integrated solutions, study of the research topics suggested above could continue under quantitative research.
References


