

bradscholars

Understanding account management in professional services relationships. Conceptualising a value framework of account management from client and professional perspective in the audit, tax and management consultancy industry.

Item Type	Thesis
Authors	Van Bon, Hendrikus Johannes
Rights	<p>http://creativecommons.org/licenses/by-nc-nd/3.0/
The University of Bradford theses are licenced under a http://creativecommons.org/licenses/by-nc-nd/3.0/>Creative Commons Licence.</p>
Download date	2025-06-29 07:38:37
Link to Item	http://hdl.handle.net/10454/5775



University of Bradford eThesis

This thesis is hosted in [Bradford Scholars](#) – The University of Bradford Open Access repository. Visit the repository for full metadata or to contact the repository team



© University of Bradford. This work is licenced for reuse under a [Creative Commons Licence](#).

UNDERSTANDING ACCOUNT MANAGEMENT IN PROFESSIONAL SERVICES RELATIONSHIPS

Volume: 1

Hendrikus Johannes VAN BON

DBA

2013

UNDERSTANDING ACCOUNT MANAGEMENT IN PROFESSIONAL SERVICES RELATIONSHIPS

Conceptualising a value framework of account management from
client and professional perspective in the audit, tax and
management consultancy industry

Hendrikus Johannes VAN BON

Submitted for the degree
of Doctor Business Administration

Department of School of Management
University of Bradford

2013

Thesis submitted in partial Fulfilment of the Requirements for the Degree of
Doctor Business Administration

Abstract

Hendrikus Johannes van Bon

Title: Understanding account management in professional services relationships

Key words: Professional services relationships; Audit, tax, management consultancy services; Account management; Value framework.

Professionals take centre stage in the delivery of professional services and the role of account management has received little research attention. This thesis concerns the value of account management in professional service relationships in the audit, tax and management consultancy industry, contextualising the nature and value of account management through client and professional perspectives. It addresses the challenges of embedding the account management role in the firm as a role of the professional or a separate function. The aim of this thesis is to conceptualise a value framework for account management.

Based on the principles of grounded theory, the method comprises 29 interviews with professionals, account managers and clients. Embracing an emergent, iterative process, the lenses used to reflect on these interviews include service dominant logic, relationships, the nature of professions and professionals along with client value and notions of organisational change.

The emergent perceived value framework comprises five themes. Apart from the theme “perceived value of account management”, the other themes can be conceptualised at three levels:

- external environment;
- firm’s organisation and the professional-client relationships;
- and account management.

Furthermore, the results indicate that professional service firms have difficulty in structuring and formalising account management implying a considerable organisational culture change management agenda. The role for account management varies between an integrated account management role

performed by the professional in strategic services and by full-time dedicated account managers in more commoditised services and competitive environments. Well-embedded account management provides competitive advantage and differentiates the professional service firm.

List of contents

Abstract.....	i
1	Introduction 1
1.1	Research issue and purpose of the study..... 1
1.2	Background of the study and why it is of interest..... 3
1.3	Aim and objectives..... 4
1.4	Structure of the thesis 6
2	Rationale of the research..... 8
2.1	Introduction 8
2.2	Service-dominant logic..... 8
2.2.1	Exchange of goods and services..... 8
2.2.2	Dynamic exchange relationships..... 9
2.2.3	Service-dominant logic 10
2.3	Professional services defined 11
2.4	Importance for economy and changing times 15
2.4.1	Economic significance..... 15
2.4.2	Four tensions 18
2.4.3	Adapting new strategies 19
2.4.4	Challenges in the market..... 20
2.5	Typical characteristics..... 22
2.5.1	Concise overview of characteristics 22
2.5.2	Characteristics regarding professional services 23
2.5.3	Characteristics regarding professional firms 25
2.5.4	Characteristics regarding professionals 33
2.6	Professional services relationships..... 40
2.6.1	Long-term relationships..... 40
2.6.2	Relation between delivery and account management..... 41

2.6.3	Relationship-oriented client approach	44
2.6.4	Relationship management types	46
2.6.5	Developing relationship and trust	47
2.6.6	Characteristics of relationships	49
2.7	Account management	51
2.7.1	Relationship marketing and market-orientation	51
2.7.2	Client account management.....	53
2.7.3	Account management skills.....	54
2.7.4	Customer loyalty.....	56
2.7.5	Account management systems and client knowledge	57
2.7.6	Account management and “rainmakers”	58
2.7.7	Business development and account management.....	59
2.7.8	The role of account management.....	60
2.7.9	Value of existing clients.....	61
2.8	Value of account management	62
2.8.1	Value defined	62
2.8.2	Co-creation and relational exchange.....	64
2.8.3	Communicating value.....	65
2.8.4	Value-in-use	66
2.9	Literature analysis.....	67
3	Methodology and research methods.....	74
3.1	Introduction	74
3.2	Grounded theory	74
3.2.1	Grounded theory introduced.....	74
3.2.2	Theory grounded in the data	76
3.2.3	Coding procedures	77
3.2.4	Sensitivity and objectivity	79
3.2.5	Constant comparative method	79

3.2.6	Research methods	80
3.3	Limitations of the grounded theory methodology	82
3.4	Justification for the methodology and research methods	85
3.4.1	Justification for grounded theory	85
3.4.2	Research method - interviews	86
3.4.3	Data gathering instrument	87
3.4.4	Research sample	89
3.4.5	Implementation	90
3.4.6	Data management	90
3.4.7	Analysis procedures	91
3.5	Research methods – a factual description	92
3.5.1	Research approach	92
3.5.2	Data gathering instrument	98
3.5.3	Research sample	99
3.5.4	Implementation	102
3.5.5	Data management	107
3.5.6	Analysis procedures	108
3.6	Summary	110
4	External environment, organisation and relationship	111
4.1	Introduction	111
4.2	External environment	112
4.2.1	Economic situation	113
4.2.2	Trends	114
4.2.3	Law and regulation	117
4.3	Organisation	119
4.3.1	Business model	119
4.3.2	Structure	122
4.3.3	Culture	128

4.3.4	Service portfolio.....	136
4.3.5	Investment.....	137
4.4	Professional services relationships.....	138
4.4.1	Initiating.....	139
4.4.2	Sustainable	140
4.4.3	Depth.....	143
4.4.4	Trust.....	145
4.4.5	Orchestrating.....	146
4.5	Summary	147
5	Account management.....	150
5.1	Introduction	150
5.2	Maturity	150
5.2.1	Description of job profile.....	150
5.2.2	Position in firm.....	152
5.2.3	Incentive system.....	153
5.2.4	The client side	153
5.3	Responsibilities.....	154
5.3.1	Role responsibilities	154
5.3.2	Financial responsibility	154
5.3.3	Non financial responsibilities	155
5.4	Account management skills	155
5.4.1	Profession related skills.....	155
5.4.2	None-profession related skills	157
5.5	Activities.....	163
5.5.1	Co-ordinating activities	163
5.5.2	Commercial activities	165
5.5.3	Administrative activities	168
5.6	Integrated versus dedicated.....	169

5.7	Personal development	171
5.8	Summary	173
6	Value of account management and conceptualised value framework	175
6.1	Strategic value	175
6.1.1	Organisation level.....	175
6.1.2	Individual level.....	176
6.2	Tactical value	176
6.2.1	Organisation level.....	176
6.2.2	Individual level.....	178
6.3	Operational value.....	178
6.3.1	Organisation level.....	178
6.3.2	Individual level.....	179
6.4	Conceptualised value framework.....	179
6.4.1	Conceptualised value framework explained	179
6.4.2	Relationships with other value frameworks	182
6.5	Summary	183
7	Discussion and conclusion.....	185
7.1	Introduction	185
7.2	Discussion	186
7.2.1	Exploring the external environment.....	187
7.2.2	Understanding professional services.....	187
7.2.3	Exploring the professional services relationship.....	188
7.2.4	Understanding account management.....	188
7.2.5	Exporing the perceived value of account management.....	191
7.2.6	Develop an agenda for the theory and practice.....	192
7.3	Conclusion	192
7.4	Contribution to the development of theory	194

7.4.1	Contribution to the development of theory and application of grounded theory.....	194
7.4.2	Limitations of this research.....	197
7.4.3	Suggestions for further research	198
7.5	Contribution to the practice of management	199
7.5.1	Further professionalisation of account management.....	199
7.5.2	Creating an account management career path	201
7.5.3	Creating a competitive advantage and enhancing client satisfaction	203
8	References	205

List of tables and figures

Tables:

Table 3.1 interviewees.....	101
Table 3.2 Interview questionnaire professional service firm.....	105
Table 3.3 Interview questionnaire client of professional service firm.....	106
Table 4.1: Overview of themes and sub-categories.....	112

Figure:

Figure 6.1 Conceptualised value framework of account management.....	180
----------------------------------------------------------------------	-----

1 Introduction

1.1 Research issue and purpose of the study

This thesis is about understanding account management in professional services relationships in the audit, tax and management consultancy industry. Lorsch and Tierney (2002) explain that despite the emergence of a few publicly traded professional service firms, like Goldman Sachs, Korn/Ferry and Heidrick & Struggles (both leading executive search firms), the size and scope of the professional service industry remains largely invisible to most business-people. Probably because of the behaviour of the professionals themselves, who all tend to work in the wings while their clients occupy centre stage. One consequence of this behaviour is that relatively little has been written about professional service firms: how they succeed, how they fail and how they can learn from businesses in which talented people are the source of competitive advantage.

As Lorsch and Tierney describe, for decades, Maister was the only widely known academic and practitioner who focused on this powerful and diverse industry. This lack of attention is all the more surprising, considering that 65 percent of the MBA's from top graduate business schools begin their careers in professional services.

Professional service firms in this research are defined as firms in which employees and owners of the firm – auditors, tax consultants, and management consultants - deliver services for clients which comprise the provision of specific legitimised knowledge. The technical expertise is only one aspect of the service, and though professional knowledge is core, the relationship with the client leads to the co-creation of a successful service outcome. Account management is central to a successful professional-client relationship and comprises the set of activities directed to establish sustainable client satisfaction, and thus their ongoing business relationship. Examples of account management activities are: initiating, building and maintaining relationships, finding service opportunities for new and existing

clients, shaping services together with technical professionals and negotiating contract agreements with clients.

The challenges of the account management role in a professional service firm concern the value of the account management role and how to embed the role in the firm - is the account management role an integral part of the technical professional's job or should there be a separate account manager?

Furthermore, a specific observation, which was mentioned in the initial pilot study as part of the DBA program (Van Bon, 2011), was that the amount of activity undertaken by professionals to implement marketing initiatives and provide follow-up via active selling is usually quite low and there is a need to further develop the ability of professionals regarding their interpersonal skills to retain and further develop existing relationships as well as focusing on the critical skills needed to gain new clients. A further observation was that professionals have a natural reluctance to sell, a barrier to their account management role. Effective selling requires a successful combination of individual and group dynamics of buying to predict what the buying decision-making unit will do (Clifford, 1996). In this context, all client contact must be seen not just as an opportunity to do good technical work, but an opportunity to cement the relationship and to seek mutually beneficial opportunities for the client and the professional firm to develop their business relationship.

This scoping of the thesis is primary on account management in professional service relationships and not the sales process, because as Lorsch and Tierney (2002) confirm, client loyalty is so important in professional services because the professional is selling time as a service provider and time really is money. If he has invested time to recruit new clients, his utilisation directly suffers. The focus is on understanding account management of existing clients, which of course has links with sales, like identifying clients, making profitable propositions for both sites, etc. The focus is on the long-term profitable client relationships and not solely on the short-term transaction as could be the case in sales. Therefore, this thesis will for example not go into depth regarding the sales negotiations process.

As mentioned above, less is known about the professional service industry and knowledge about account management in this industry is not an exception. As Maister (2002) state, account management in professional service relationships is key for future growth of the firm and client satisfaction. In the extant literature, less to nothing is known about account management in this industry. The aim of the research is to get a better understanding of account management in professional service relationships.

1.2 Background of the study and why it is of interest

My driver for this thesis was my experiences working as an independent financial auditor and management consultant for an international professional services firm and my observations that professional service firms struggle how to incorporate account management in their dominantly technically oriented delivery roles. Also the promising results of the initial pilot study (Van Bon, 2011) justified the case that this thesis focuses on account management in professional service firms in the audit, tax and management consultancy industry. Three points of interest were raised in the pilot study:

- Extant literature could not answer the practical struggle from professionals and their firms regarding what account management in professional services relationships is and how it is embedded in the organisation;
- Grounded theory was used as methodology for getting a better understanding of the subject of which little was known in literature. Positive experiences with this methodology were collected;
- The results of this pilot were promising regarding the conceptualisation of a value framework of account management from client and professional perspective, although the study was based on a limited number of three interviews.

As Goulding (2002) mentioned, nobody starts a research with a totally blank sheet. A business academic may bring to bear organisational, marketing, economic or systems concepts which have structured the analysis of managerial behaviour. These theories provide sensitivity and focus which aid the interpretation of data collected during the research process.

The growing importance of the professional service industry is based on the transformation of the existing goods-driven industry into a knowledge-based industry in the last two to three decades. Professional service firms are by definition organisations that generate and transfer knowledge in their service provision towards their clients. Greenwood and Suddaby (2006) argue that one reason for devoting special attention to professional service firms as category of organisations is their significance for the economy. The reasons for further justification of treating them as a distinct category is that the understanding how organisations function maybe over generalised from sets of organisations whose tasks, characteristics and challenges are not fully found in firms. Another reason is that firms are examples of successful knowledge intensive organisations and those organisations will figure prominently in future knowledge-based industry.

The focus on account management becomes more important due to different and tougher market and economic circumstances of the last decade. Competition between firms is higher than a decade ago, bookkeeping scandals at the beginning of this millennium decreased the irreproachable image of the audit, tax and consultancy professionals and their firms and the recent worldwide economic crisis, which started in 2008, increased the necessity of account management in professional services relationships.

The next paragraph explains the aim and objectives of the thesis and where the research fits in.

1.3 Aim and objectives

Audit, tax and consultancy professionals are more than qualified experts, they are deliverers of service – their expertise is the vehicle to provide benefit to their clients. This thesis addresses the need for professionals in audit, tax and consultancy services to engage with clients further than their knowledge expertise that they need to consider not only what service is delivered but also how it is delivered within the relationship with the client.

Athanasopoulou (2009) concluded in her critical literature review regarding the quality of relationships that since 2003 a change of focus can be seen

towards services either business-to-business or retail, although studies in professional services are very few. So, there is a need to focus future research more on professional services.

There is no specific understanding in the extant literature of the value of account management in business-to-business relationships in the audit, tax and management consultancy industry, and this research contextualises the nature of value and the role of the account management in this industry.

The aim of this thesis is thus to conceptualise a value framework of account management in the audit, tax and management consultancy industry, encompassing both client and professional perspectives. The following objectives have been formulated:

- Explore broadly the external environment of the audit, tax and management consultancy industry
- Understand the characteristics of the audit, tax and management consultancy business model, its way of organising and its services
- Understand the professional services relationship between professional and client
- Get a deep understanding of account management in professional services relationships
- Explore the perceived value of account management in professional services relationships
- Develop an agenda for the theory and practice of account management in professional services relationship

This thesis is a professional doctorate research – a Doctor in Business Administration – which aim is to make contributions to the practice of management and also to the development of management theory. This research aims to contribute to the practice of management and the theory of account management in professional service relationships in the audit, tax and consultancy industry.

The following paragraph highlights the structure of this thesis.

1.4 Structure of the thesis

After this introduction chapter 1, this thesis starts with chapter 2: the rationale for this research. Extant literature has been discussed. After the introductory paragraph 2.1, literature of service-dominant logic is explained in paragraph 2.2. Professional services are defined in paragraph 2.3 and the importance of the professional service industry for the industry and its challenges in the market in paragraph 2.4. Typical characteristics are discussed in paragraph 2.5. Professional services relationships are highlighted in paragraph 2.6, before literature regarding account management is described in paragraph 2.7. This rationale chapter finishes with literature regarding value management in paragraph 2.8 and a literature analysis in paragraph 2.9 of the aforementioned paragraphs.

The methodology chapter 3 starts, after the introductory paragraph 3.1, with a description of the used grounded theory methodology in paragraph 3.2, followed by its limitations in paragraph 3.3. The justification for the chosen grounded theory methodology and the research methods are discussed in paragraph 3.4. The factual description of the research methods is demonstrated in paragraph 3.5, including the role of the used pilot study, the role of the researcher, and the way literature has informed the research. This chapter finishes with a summary in paragraph 3.6.

The chapters 4, 5 and 6 include the results of this research and contain the themes and underlying sub-categories regarding the understanding of account management. The results are analysed from client and professional perspective as has been described in the methodology chapter. These perspectives are described integrated per theme and sub-category with a focus on the communalities and differences. In chapter 4, the external environment of the professional firm is described in paragraph 4.2, followed by a demonstration of the results regarding the internal organisation of the firm in paragraph 4.3. This chapter finishes with a description of the relationship between client and professional in paragraph 4.4 and a summary in paragraph 4.5.

Chapter 5 contains the results of the theme account management and starts, after the introductory paragraph, in paragraph 5.2 with the maturity of

account management, followed with a description of the responsibilities in paragraph 5.3 and the account management skills in paragraph 5.4. Paragraph 5.5 contains the results of the account management activities and paragraph 5.6 demonstrates the results of an integrated versus a dedicated role. This chapter finishes with the results of personal development in paragraph 5.7 and a summary in paragraph 5.8.

The perceived value of account management and the conceptualised value framework is discussed in chapter 6. Paragraphs 6.1 to 6.3 describe the results on strategic, tactical and operational value of account management. The conceptualised value framework is stipulated in paragraph 6.4, including the relation to the aim, objectives and key findings of the research and this chapter ends with a summary in paragraph 6.5.

Chapter 7 contains the discussion and conclusion of the research. A discussion of the results of the research related to the aim and research objectives is stipulated in paragraph 7.1, including the relation towards the reviewed literature. The conclusion of this research is described in paragraph 7.2. The contribution to the development of theory is demonstrated in paragraph 7.3. This thesis ends with a description of the contribution to the practice of management in paragraph 7.4, which is a focus for this professional doctorate.

References are included in chapter 8.

2 Rationale of the research

2.1 Introduction

This chapter introduces extant literature that has been studied to contextualise the current research and to find insights from literature regarding the research objectives. Extant literature is used to identify the existing gap in literature which legitimises the current research. Furthermore, literature has also been used to challenge the results, which came out of the data analysis of the held interviews and to set up additional interviews. Besides a very brief literature review upfront, the confrontation with extant literature was done much later in the research, which is in line with the chosen grounded theory methodology, which is described in the next methodology chapter. By confronting literature with results from the interviews, it was possible to see similarities and dissimilarities, which was a fruitful input for new interviews and building a conceptualised framework.

This chapter starts with the service-dominant logic literature, whereby the focus is on dynamic exchange relationships that involve performing processes and exchanging skills and services which are co-created with the client. This paragraph is continued by literature which focuses on professional services instead of the good-dominant logic. Professional services are being defined, followed by a description of the importance of these services and firms for the economy, and then the characteristics of these firms, services and professionals are being described. This chapter ends with literature regarding professional services relationships and account management and the value of account management.

2.2 Service-dominant logic

2.2.1 Exchange of goods and services

Marketing inherited a model of exchange from economics, which was based on the dominant logic of exchange of “goods” and had a focus on tangible resources, embedded value and transactions (Vargo and Lusch, 2004). The authors believe that during the last decades new perspectives emerged that legitimised a revised logic focused on intangible resources, embedded value,

and relationships. Service provision will be more important for economic exchange than goods. Vargo and Lusch (2004) define services as the application of specialised competences (knowledge and skills) through deeds, processes, and performances for the benefit of another entity or the entity itself. Constantin and Lusch (1994) make a difference between operand and operant resources, whereby operand resources are defined as resources on which an operation or act is performed to produce an effect, and operant resources are employed to act on operand resources (and other operant resources).

The foundational premises of service-dominant logic, according to Vargo and Lusch (2004) are (1) skills and knowledge are the fundamental unit of exchange, (2) indirect exchange masks the fundamental unit of exchange, (3) goods are distribution mechanisms for service provision, (4) knowledge is the fundamental source of competitive advantage, (5) all economies are services economies, (6) the client is always a co-producer, (7) the enterprise can only make value propositions, and (8) a service-centred view is inherently client oriented and relational. Operant resources are often invisible and intangible and are often core competences or organisational processes.

This sub-paragraph described the literature regarding service-dominant logic. The next sub-paragraph explains literature regarding dynamic exchange relationships.

2.2.2 Dynamic exchange relationships

In the view of Vargo and Lusch (2004), the focus will no longer be on activities directed at discrete or static transactions, but more on dynamic exchange relationships that involve performing processes and exchanging skills and services which are co-created with the client. The firm is constantly striving to make better value propositions than its competitors by focusing on operant resources. The goal is to customise offerings, to recognise that the consumer is always a co-producer, and to strive to maximise consumer involvement in the customisation to better fit his or her needs.

O'Shaughnessy and O'Shaughnessy (2009) summarises exemplars of services: banking, advertising, insurance, consultancy, security services and

professional services such as that given by lawyers, accountants, doctors and financial services and state the need to embrace personalised execution in the characteristic of service-dominant logic. It would be more fruitful to think in terms of how we might better customise the offering and ensure personalised execution than talk about knowledge and specialised competences which are simply the means for achieving customisation and personalised execution. The authors regret also the focus on activities performed instead of on functions in the definition of services of Vargo and Lusch. Function is what distinguishes markets, not activities.

This sub-paragraph described the literature regarding dynamic exchange relationships. The next sub-paragraph explains service-dominant logic in more detail.

2.2.3 Service-dominant logic

Vargo and Lusch (2006) interpreted service in their definition of service-dominant logic as the application of competencies for the benefit of another entity and sees mutual service provision, rather than the exchange of goods, as the proper subject of marketing. It moves the orientation of marketing from a "market to" philosophy where clients are promoted to, targeted, and captures, to a "market with" philosophy where the client and supply chain partners are collaborators in the entire marketing. This definition of service is different from how economists and marketers have defined the term as being intangible products, the absence of primary or extractive industry or manufacturing. Vargo and Lusch emphasise, as mentioned above, that their definition of service comprises activities, deeds, processes and performances, and that these activities provide the benefits, or functions performed, for the beneficiary. The definition includes both the means (activities) and the (ends) functions.

O'Shaughnessy and O'Shaughnessy (2011) on the contrary state that defining a service in such an all embracing way, as Vargo and Lusch do, says no more than all businesses rely on the skills, competences, technology and knowledge of employees to produce the results sought. They continue that to understand the word "service", it is necessary to use a disjunctive definition by identifying various disjuncts, for example, need for

customisation; personalised execution; buyer uncertainties due to intangibility; evaluation embracing search, experience or credence qualities; non-standardisation; information gap between provider and consumer; simultaneous production and distribution; inability to store labour and so on.

In reaction to the critique of O'Shaughnessy and O'Shaughnessy, Vargo and Lusch (2011) state that they did not invent service-dominant logic nor own it, but try to identify, elaborate, and extend on what they see as a potential convergence in disparate thinking that suggests an evolutionary shift, one that points out toward an understanding that economic and social exchange is primarily concerned with service provision. Vargo and Lusch (2008b) already explained that the word "service" precisely captures this convergence and exchange in markets which involves each party using its resources for the (current or eventual) benefit of the other party. The definition of service is the application of one's resources for the benefit of another entity. In the next paragraph, the focus will no longer be on goods, but professional services are introduced, which is a sub-set of the broader range of services.

This paragraph described the literature regarding service-dominant logic. The next paragraph includes literature that defines professional services.

2.3 Professional services defined

As Lovelock and Gummesson (2004) state that given the dominance of good-dominant logic, attempts at delineating service from goods have usually centred on the identification of their distinguishing attributes (from goods) that cause particular problems for marketers, like - intangibility, heterogeneity, inseparability, perishability (the "IHIP"). Also in the professional service literature the focus is more on the characteristics or attributes of professional service than on service as is meant in the definition of Vargo and Lusch (2008b).

In audit, tax and consultancy firms, employees and owners of the firm deliver services for clients which comprise the provision of specific knowledge, acquired through higher academic education and further validated through membership of professional bodies which also involves a common code of ethics, in which self control is supported by peer review, such that members

who break the code of ethics may be excluded (Lowendahl, 1997). It is the application of this knowledge combined with experience and ability in solving problems that are the core elements of the professional audit, tax and consultancy firm. These professional services also involve a high degree of customisation, discretionary effort, personal judgement and substantial interaction with the client as service is inseparable from those who provide it (Lovelock and Gummesson, 2004).

Alvesson (1995) considers, besides professional service firms, also high-technology companies, such as software firms as knowledge-intensive firms. Those firms have personnel with a high degree of competences and experiences which are central factors but, in high technology companies, knowledge and innovation are embodied in products and technology which transmit and incorporate the knowledge in question.

The practice-based firm, according to DeLong et al. (2007), are those firms whose services are based on the practice of a codified body of knowledge in solving client problems. In pure practice-based firms, the true product is the professional service itself. Tangible products may also be provided, but those are incidental to, or secondary to, or embodiments of the professional service rendered, such as reports, opinions, and so on. Firms that are not purely practice-based, such as IT consultancy and engineering consultancy, contain products that do figure prominently in client offerings.

The basic framework of Lovelock (1996) classifies services according to whom or what they are directed and whether they are tangible or intangible in nature:

- Tangible actions directed at people's bodies (health care);
- Tangible actions directed at goods and other physical possession (freight transport);
- Intangible actions directed at people's minds (theatre);
- Intangible actions directed at intangible assets (legal services, accounting).

Mudie and Cuttam (1999) state that services possess four key distinguishing characteristics:

- Intangibility: the potential client is unable to perceive the service before (and sometimes during and after) the service delivery;
- Inseparability: produced and consumed at the same time and first sold;
- Variability in the performance of the service (or heterogeneity) due to poor training, supervision, lack of communication and information and lack of support;
- Perishability services are performances they cannot be stored and fluctuations in demand characterise service organisations.

Professional service firms in this thesis are defined, according to Løwendahl (1997), as firms in which employees and owners of the firm (accountants, tax consultants, and management consultants) deliver services for clients, which comprise the provision of specific knowledge, typically a higher (academic) education. It is about the application of this knowledge combined with experience to solve problems which are seen as vital in society, and often a vocational organisation is based on a common code of ethics, where self control is supported by peer reviews, such that members who break the code of ethics can be excluded (Løwendahl, 1997).

According to Løwendahl (1997) professional services rely to a large extent on the interaction between knowledgeable buyers and highly educated service providers who engage in some form of joint problem solving activity. The actual content of the service delivered may range from help in defining the problem to be solved, to a complete process of problem definition, solution development, and implementation, results control and follow-up.

Løwendahl summarises important characteristics of professional services firms and bases his definition of professional services in line with Blau and Scott (1962), Hughes(1958), and Vollmer & Mills (1966):

- A vocation founded in a body of knowledge, typically a higher (academic) education;

- A vocation concentrated on the application of this knowledge, combined with experience, to problems of vital importance in society and in a way which involves the altruistic service to clients, rather than self-seeking motives such as profits or status;
- A vocational organisation based on a common code of ethics, where self control is supported by peer reviews, such that members who break to code of ethics may be excluded.

Professional services require specialised knowledge and skills usually of a mental or intellectual nature and normally requiring a license, certification, or registration (Baschab and Piot, 2005a). Furthermore, a profession is a vocation founded upon prolonged and specialised intellectual training, which enables a service to be rendered. A service providers' professional status is significantly correlated with perceptions of their expertise, the credence qualities of a service, the extent to which the service is seen as critical, the extent to which recommendations are important in selecting a provider, and the lack of clarity regarding the service needed from such providers (Thakor and Kumar, 2000). Information asymmetry is a critical dimension of professional service (Løwendahl, 1997). Professional service firms create value through knowing more than the client either in terms of expertise or experience in similar problem-solving situations. When multiple professions and educational backgrounds co-exist, as is the case in many accounting and management consultancy firms, the firm must invest in developing shared norms and a common code of conduct (Løwendahl, 1997).

A list of professional business service industries, include, among others (Løwendahl, 1997):

- Accounting firms/ auditors;
- Management consultants;
- Law firms/ attorneys;
- Technology consultants;
- Engineering consultants;
- Insurance brokers;
- Management information systems and computer science consultants;
- Advertising agencies;

- Architects;
- Marketing and Public Relation services;
- Investment bankers;
- Personnel and actuarial services;
- Economist and development planners;
- Specialised designers delivering firm specific design of all kinds (e.g. computer systems, graphic and industrial designs).

As Løwendahl explains, professional services are part of the larger category of knowledge intensive organisations even as non-professional services, like gourmet restaurants, schools (not all knowledge-intensive organisations deliver professional services). The distinction between firms and organisations is not critical. Organisations that are not firms include non-profit organisations, municipal or governmental agencies, foundations, and most schools and hospitals. Many service organisations are knowledge intensive and employ professionals without delivering professional services, e.g. schools.

The next paragraph emphasise the importance of professional service firms for the economy and describes the changing and dynamic times which professional firms are facing.

2.4 Importance for economy and changing times

2.4.1 Economic significance

Løwendahl (1997) is convinced that we are moving from a largely industrial economy dominated by manufacturing firms and the managerial and economic logic of industry production, to an economy more and more dominated by knowledge intensive firms, driven by knowledge, innovation, ideas, rapid adaptations, to new client requirements, and global competition in more and more areas.

Lorsch and Tierney (2002) illustrates this movement. Growth industries typically attract new competitors and professional service is no exception. The number of professional firms increased rapidly, e.g. 2.600 new accounting firm entered the competitive landscape during the 1990s such

that end of 2000 there were 11.000 US firms. Executive search firms leapt from 3.560 to 5.490 competitors in the US market during that decade.

Furthermore, Lorsch and Tierney (2002) indicate that clients are demanding more and more professional services. Global revenue for professional services climbed steadily from 1980 to 2000. In 1980, professional services generated \$ 107 billion in revenue. By 1990, that had increased over 300 percent to \$ 390 billion. By 2000, total professional service revenue had grown to just short of a trillion dollars.

PricewaterhouseCoopers (PwC), the world's largest accounting/ professional service firm, is not only extremely large in terms of the numbers of its employees, but geographically dispersed to an extent rarely found in other settings, as is described by Greenwood (2010). He continues that PwC employs more than 160,000 people in 757 offices in 151 countries; competitor KPMG has a network of offices in over 140 countries. In comparison, General Motors Corp. operates in 34 countries, Wal-Mart Stores in 15, and General Electric Co. is represented in 160. Moreover, PwC's outputs, like the other Big4 business advisory firms, are a relatively diversified range of intangible, knowledge-based services that go beyond the firm's traditional core service – audit and assurance – to include tax advice, financial services, and an extensive array of advisory services. These services are targeted at the world's largest international corporations as well as smaller, local clients, who expect not only cutting edge professional expertise, but up-to-date knowledge of the client's industry and markets.

Growth itself is largely driven by shifts in the economic cycle and competitive dynamics affecting the spending pattern of the clients, which means that much of the firms behaviour is directly driven by what clients are doing and not by any internal logic (Scott, 1998).

As Van Der Mandele and Parker (2009) explain, accounting firms have a large number of professionals and a low revenue per professional (around \$ 200.000 per consultant). Accountancy is dominated by the Big4 firms, which have a high level of process work in the industry. The character of the Big4 audit firms is comparable to the big systems houses they spawned. Their

strategy is based on client intimacy, in which successful partners share culture, nationality and often hometown with their client leadership. Professional's service contracts are signed with individuals who have their personal preferences and tastes, which explain why the client handling partner is usually such a pivotal person in the professional network.

Lorsch and Tierney (2002) claim that professional service firms are the knowledge engines for business and they are increasingly an important source of innovative services and ideas. They are the most powerful and unexplored source of value (both direct and indirect) in modern business. As direct service providers and as sources of talent, capital, and knowledge, their global impact is exceptional.

Lorsch and Tierney (2002) state that growth industries also attract capital. The boom in mergers and acquisition activity indicates how aggressively professional firms are investing to strengthen their competitive position and penetrate new markets segments and geographies by acquiring firms and recruiting individuals. Professional firms even are exhibiting some unusual behaviour such as advertising their services. Information technology further amplifies this competitive dynamic. Technology creates new consultancy markets like e-business services. Technology encourages the obsolescence of professional services that can be easily commoditised.

Scott (1998) already mentioned that the professional service firm is the firm of the future. Traditionally they were viewed as a collection of peripheral service providers, but have become a vital part of the value chain of most industrial corporations. Firms, like IBM, are pouring resources into developing their consultancy arm rather than focusing solely on manufacturing. Scott continues that larger corporations have tried to build in-house support services, but they failed to do the single most important thing right: attract and attain the highest calibre professionals. For them it is far more interesting to see a wide range of client problems and operate with the objectivity and respect granted by being a professional service supplier rather than an employee of the client. The firm will accrue a degree of specialism and knowledge about a client which will enable it to sustain high prices, which enables them to pay higher salaries than the client organisation is able to

match. According to Scott (1998), it is now generally accepted that the most valuable asset the third-millennium firm will possess is knowledge, and the core differentiating skill will be the ability to deploy that knowledge to competitive advantage. Important is perpetual innovation, extremely sharp market focus and array of intangibles like branding, after sales services and market strategy. The firms tend to experience a process of industry consolidation as rivals compete for a finite number of global client accounts. The accounting industry has been a steady process of consolidation of major activities into the hands of a small number of global players. The consolidation of firms tends to closely track the globalisation of client firms.

This sub-paragraph described the economic significance of the firms. The next sub-paragraph emphasises tensions which firms are facing.

2.4.2 Four tensions

Alvesson (1995) describes four tensions between the professional and the firm. One tension is the ability of individual firms to balance pressures from economic performance with broader social and professional obligations. (ethics versus economics). Another tension is professional autonomy versus bureaucratic control. The sedimented values and norms of a professional partnership do not lose their force. As Gunz and Gunz (2006) describe, firms increasingly have interests that resemble the corporations to which they provide services. They experience pressure to become more “business like”, which is in this way synonymous with efficiency and profitability. Malhotra (2006) recognises that commodification of the audit and increasing market pressure forces large accounting firms to focus on efficiency. Baker (2011) states that the pendulum has swung too much in the direction of efficiency at the cost of innovation, dynamism, client service and investments in human capital. The third tension, Alvesson (1995) mentions, is the expert knowledge: customisation versus commodification, in which traditionally, the firm have distinguished themselves by their ability to customise their services to suit the often complex needs of individual clients in very specific contexts. The last tension is global versus local. The global nature of firms introduces a new tension within these firms between global pressures for conformity and local pressures to be different. As Malhotra (2006) mentions diversification

into business consultancy services increased the size and complexity of account firms, making it necessary to reconsider structures and systems.

This sub-paragraph described the tensions which firms are facing. The next sub-paragraph displays the adaption to new strategies.

2.4.3 Adapting new strategies

Firms can follow three growth strategies (Scott, 1998): entering a global network versus local, national or regional focus; integration of service bundling versus service specialisation; and, client industry specialisation versus product specialisation. The accounting firms are pushing for growth outside their core auditing and tax activities in field as far-ranging as management consultancy, human resource management, commercial law and back office systems integration.

The problem with the portfolio approach in the professional service environment is, according to Scott (1998), that the key "rainmaker"s, who bring in the new business, usually view their own discipline as the most important and the best people tend not to cluster in environments where they are part of a corporate trade-off.

Large transnational professional service firms are highly influential in today's global economy as Greenwood (2010) argues, because they underpin the integrity of financial markets, enable complex international transactions, and deliver ideas and advice to the world's largest corporations and governments. They sell expertise – that most intangible of outputs – and they seek to provide customised solutions to demanding clients on a global basis. As such, professional service firms – of which audit, tax and management consultancy are prime examples – are critical corporate players in the 21st century. Over the past few decades, they have grown in complexity, both geographically and in size.

This sub-paragraph described the adaption to new strategies. The next sub-paragraph provides insight in the challenges in the market.

2.4.4 Challenges in the market

Leaders of professional service firms face significant leadership challenges due to emerging trends and events, as discussed by DeLong et al.(2007), which are:

- Pressure to maximise shareholders wealth;
- Better informed and more demanding clients;
- Failed professional service firms mergers;
- The movement of industrial organisations into the professional service arena (like IBM's acquisition of PWC consulting and Cap Gemini's acquisition of E&Y consulting);
- Increased competition (set up smaller firms from ex-partners of Big Four firms);
- Demanding associates, who become more insistent;
- Fewer tight-knit partnerships, which are not as close as they used to be;
- The outsourcing trend.

Also Young (2005) saw a changing market for professional services, which had become more mature, although there are always new concepts and growth areas in professional services. The sign of maturing is showing by: increased education of modern buyers; people are more willing to question and asking for a second-opinion; and unprecedented onslaught on the stature of the professions through changes in regulation e.g. on the accounting profession after debacles, like Enron.

When demand falls of, the response of the firm tends to be to cut resources than stimulate the market (Kotler et al., 2000). This strategy is not viable in a mature market. Firms need to become more market oriented rather than supplier driven. The best firms have responded either by defending their position fiercely, as is argued by DeLong et al.(2007), or by trying to differentiate themselves in this highly competitive segment by customising their offerings and developing more innovative, value-added services. This although DeLong et al. (2007) showed four forces for a movement of commoditisation in every major professional service business:

- Technology to extensively codify and standardise processes and procedures;
- Productisation, which consists of packaging of solutions formerly delivered as professional services in the form of products and the utilisation of technology to package solutions;
- Transparency across firms, whereby clients shop around and professionals move between firms;
- Client sophistication and higher expectations, which lead to an increased pressure on firms to justify their costs and leads to discounted fees.

Dunn and Baker (2003) recognise that the professional service accounting firm is being threatened by a variety of factors: new technology, intense competition, consolidation, an ability to incorporate new services into a business strategy, and the erosion of public trust. They formulate an answer towards a successful transition to new services that client's value, treating functions such as consultancy as extensions, not alternatives, to traditional services. Liberating professionals from mechanically pursuing billable hours as infinitum and putting strategies for pricing in place in accordance with value and develop leading key performance indicators that measure success the same way clients do. The focus should not be on capacity utilisation and the current year's income statement, but on investing in research and development and building the firm's balance sheet. In a world of completion, customisation and specialisation, firms can no longer be all things to all people. It is critical to define your target clients.

Baker (2011) explains the new business model of the professional firm of the future. Profitability is a product of intellectual capital, effectiveness and price. Profitability is more interesting than revenue because it is not about growth just for the sake of growth. Efficiency focuses on costs, whereas effectiveness focuses on opportunities to focus on revenue, to create markets and to change the economic characteristics of existing products and markets.

This paragraph showed the economic importance of the professional services industry and their challenges. The next paragraph describes the typical characteristics of the services, their firms and the professionals.

2.5 Typical characteristics

This paragraph is divided in the following sub-paragraphs: a concise overview of characteristics, followed by a more extend review of literature regarding the characteristics of services, the firms, and the professionals.

2.5.1 Concise overview of characteristics

Løwendahl (1997) distinguishes the following characteristics for professional services:

- It is highly knowledge intensive, delivered with people with higher education and closely linked to scientific knowledge development;
- High degree of customisation;
- High degree of discretionary effort and personal judgment by the expert delivering the service;
- Requires substantial interaction with the client firm representatives involved;
- Delivered with the constrain of professional norms of conduct, including setting client needs higher than profits and respecting the limits of professional expertise.

Also Løwendahl (1997) summarises characteristics of professions, professionals and firms. Characteristics of professions are:

- Degree to which members are required to have a high level of education and number of years of education;
- Extent of cooperation with academic institution;
- Extent of emphasis on altruistic problem solving for the client;
- Extent of emphasis on affective problem solving for the client;
- Extent of emphasis on affective neutrality vis-a-vis the client;
- Extent of emphasis professional norms guiding member behaviour;
- Extent of peer reviews;

- Extent to which peer sanctions are enforced against members not respecting norms.

Characteristics of professionals:

- Members of highly professionalised occupational group;
- Studying or having passed a higher education;
- Emphasis on application and improvement of knowledge;
- Respect for professional norms of behaviour, including altruistic problem solving for the client, affective neutrality, and the limitations of professional expertise;
- Respect for a willingness to participate in peer reviews and sanctions.

Characteristics of firms:

- Majority of professional employees;
- High priority for professional goals, including altruistic problem solving for the client;
- High degree of respect for the professional norms, including the limitation of expertise;
- Emphasis on creation as well as application of knowledge;
- Professionals in charge of key decisions and activities.

The following sub-paragraph demonstrates the characteristics of the professional services in more detail.

2.5.2 Characteristics regarding professional services

Mudie and Cottam (1999) mention that services can be classified depending on the extend of client contact and customisation, and the degree of labour intensity. Professional services score high in personal interaction and customisation and score also high in labour intensity, like doctors, lawyers, accountants.

Løwendahl (1997) explains that services are largely intangible and developed in interaction with the client, which leads to two challenges: service quality is difficult to guarantee and operations management is highly complex, as the

service cannot be stored and hence production capacity should ideally fit the (partially unpredictable) volume and timing of contracts. In terms of service quality, the more idiosyncratic the service required is, the more difficult it will be for the firm to guarantee the quality ex-ante. Services cannot be delivered without a close co-operation between the service supplier and the client. The client participates in both the problem definition, the choice of solution, and very often also the process of the developing and implementing the solution.

Løwendahl (1997) does not see the importance of the distinction between what is delivered and how it is delivered. He states, in line with DeJong et al. (2007), it is more critical to know whether the firm builds its competitive position from unique client relations, unique solutions or a unique ability to solve new problems creatively.

DeLong et al. (2007) distinguishes the highly product intensive organisations from the practice intensive organisations based on the following characteristics: organisational model (corporate versus partnership); capital intensive (highly versus low); type of training (formal training versus informal on-the-job training); managerial role (managers do little professional work versus managers produce and practice), and codification of knowledge (high codification and re-use of knowledge in formal systems versus low codification).

Van der Mandele and Parker (2009) made the observation that all professional firms occupy a unique and definable market position determined by the nature and value of their service offering and their geographic scope and scale. He distinguishes three levels of value, roughly reflected by three levels of fees that clients are prepared to pay for them:

- Process delivery - professionals help the client through a (change) process, which is a relatively routine activity, with actions and contingencies well-documented through experience. In accounting firms this is the core process of audit;
- Functional specialism - professionals deliver specific targeted knowledge or skills. In accounting this would include fiscal expertise.

In consultancy this category would include experts in personnel management, outsourcing, purchasing or risk measurement;

- Top management counselling - this is unique each time, with a high level of judgment on broad and deep professional knowledge, and a rigorous analysis of facts. In management consultancy, the category includes the trusted advisor of the CEO. In accountancy, the category would include the senior partner in a top-management counselling role linked to financial strategy.

Another characteristic is the nature of their buying process. This will be different for each level of value and for each level of geographic scope, as is stated by Van de Mandele and Parker (2009). For process work, most large clients will ensure that there is a structured purchasing procedure, whereby a shortlist of professional providers is created and a competitive bid process launched, which is handled by a procurement department. Trust and reputation will play an important role for functional specialists, since the approaches offered are usually less directly comparable, and the risks of non-performance will normally outweigh the advantages to be gained on price differentiation. The more counselling is involved, typically the less structured and transparent the buying process becomes.

The following sub-paragraph explains the characteristics of the professional firms in more detail.

2.5.3 Characteristics regarding professional firms

According to Lorsch and Tierney (2002) there is enormous similarity across the various businesses encompassed within professional services. While the businesses are different, the business models are strikingly similar. They all rely on selling high-priced time and services on a sustainable basis, and that, in turn, depends on building client relationships and delivering client value – value that cannot easily be measured and often relies heavily on clients' perceptions.

Greenwood and Suddaby (2006) summarises characteristics of professionals and their firms, like: professional firms lack hierarchy, are decentralised, and

have diffuse authority structures. They continue that professional firms are knowledge intensive and their primary currency is intellectual capital and expertise, which is also mentioned by Vargo and Lusch (2004) and Alvesson (1995).

2.5.3.1 Firms heterogeneity

Løwendahl (1997) explored five critical dimensions that make firms fundamentally different, which are partly industry specific and partly strategic.

- Repetitive versus ad hoc delivery

Auditing firms are required by law to have a reputable auditor. Hence, demand is relatively stable. The overall demand exists, and the competition is more focused on outcompeting competitors than on creating additional demand. Management consultancy firms are typically in the situation of developing and offering services that may enhance client firm value creation, regardless of whether or not the clients knew that they needed this service. Projects are to a large extent ad hoc and may be postponed by the client for years or even cancelled.

This dimension is primary a characteristic of the industry. One of the major differences between ad-hoc projects oriented firms and firms delivering relatively stable services lies in the possibilities of ex-ante planning. The more planning you can do, the more appropriate are formal organisation structures and a traditional routinisation of tasks and procedures. In addition the relevant vocabulary used in the firms is affected. Ad-hoc oriented firms discuss projects, whereas firms delivering services on more repetitive contracts talk about representatives or key account executives. The competitive dynamics are very different for firms where the key issue is that of winning and keeping client accounts, compared to firms offering more ad-hoc based services where the key is winning a new and challenging project to which no previous supplier has any established claim.

- Individual versus team-based delivery

This has to do with the average size of the projects. Firms may develop different niches, as is common in management consultancy. Large projects

requiring the co-operation of large number of professionals over long periods of time tend to upset the basis structure of the firms to a more fundamental extent. Large corporate law firms are examples of firms handling both small and large assignments within the same organisation.

- Personal versus proposal-based service sales

Engineering projects are generally awarded on the basis of public bidding process; most management consultancy contracts are based on a personal interaction between senior professionals of the consultancy firm and senior decision makers at the client firm. Proposal selling and bidding process are typically much less dependent on the sales abilities of individual professionals, and the required competences are different. Personal selling to clients requires experience and skills in social interaction, whereas the more objective and distant bidding process require skills and expertise in the development of convincing documentation. Price competition is typically much fiercer in the more “objective” proposal selling or bidding process.

- Remuneration by man-hours versus by lump sum

The billable hours model forces the firm to explain to the client how many hours have been spent on the project, by whom, and what have they done.

- Application of existing versus development of new solutions

The dimension of repeat services as opposed to new solutions to new problems is a critical dimension to consider. Firms differ across industries, at the same time as firms within the same industries also choose different strategies. The implications for planning and firm organisation are fundamental. The more repetitive the operations, the easier it is to plan and predict the project resources needed.

Besides the discussed five critical dimensions, Løwendahl (1997) emphasised two fundamental aspects of firm heterogeneity:

- The role of professionals employed, or in other words: the characteristics of the resources base utilised for value creation;

- The types of projects targeted for value creation, or in other words: the strategic focus.

Heterogeneity of the first aspect is about the fact that some firms rely on intangible resources that are controlled by individual professionals, whereas other firms rely on organisationally controlled resources such as complex data systems, excellent practices and procedures. In the extreme case, the first can be organised as a network of “federation of equals”, even to the extent that each partner is its own profit centre and only pays a predefined fee for the utilisation of the common office space. The other extreme involves firms where well established methods and other types of organisationally controlled resources enable the professionals to work together for a much higher joint value creation than what could have been created by summing individual efforts. When a firm’s value creation is strongly dependent on individual professionals who are not substitutable, the firm needs to pay particular attention to individual needs in order to motivate and keep the best people. The type of resource base both determines the potential for competitive advantage of the firm, and affects the firm’s domain.

The second aspect of firm’s heterogeneity concerns the source of competitive advantage or the strategic focus:

- Firms primarily emphasising the interaction with the client typically try to develop long-term relationships of trust and confidence with given clients or client groups through personal selling efforts by senior professionals and tend to put substantial effort into the development of strong interpersonal ties between client representatives and professionals. The professionals with the highest status and authority are those who are able to build such confidence and win new clients. Seniority and experience with the key client groups are crucial factors and young professionals can only be trained by years of apprenticeship. Senior professionals are likely to be partners or stock holders;
- Firms emphasising unique problem solving, which result in the most complex firms typically delivering services involving a high degree of

innovation. The expert delivering the solution is unlikely to be made redundant by the development of organisational competences. The firm is likely to prioritise professional goals and hence is unlikely to have external owners;

- Adaptation of already existing solutions. Firms basing their strategies in superior collective capabilities or solutions have developed a core portfolio of such services, methods, or solutions. Growth is achieved by the addition of new markets and client groups where similar services are needed. External ownership is possible.

As Løwendahl (1997) concludes, firms in a position of individually controlled resources and with a strategic focus on client relations, combine individual competences and relationships with responsiveness to all client demands. They are highly flexible. Firms in a position of organisationally controlled resources and a strategic focus on the adaptation of ready solutions, develop organisational competences to enhance efficiency and have routines and procedures that allow them to replicate solutions consistently.

The firm's heterogeneity was described in this section, which is part of the sub-paragraph "characteristics regarding professional firms". The next section is about the "practice segments" of the services.

2.5.3.2 Practice segments

DeLong et al. (2007) distinguishes four practice segments in professional services: standardised services; customised services; expertise-driven services, and rocket science services. These practice segments can be differentiated based on five differentiators: the degree of differentiation (from low to high); having multiple providers or a limited number; work is based on execution or on diagnosis; the way the business model is based on leverage as ratio between number of employees to partners (from high leverage to low); and having low margin on the services or a high margin.

The standardised services are in general more classified based on the left-hand side of the spectrum of the five differentiators, whereas the rocket science services are in general more classified on the right-hand side. As

DeLong et al. (2007) mention international accounting firms must be able to compete in more than one practice segment, because of the breadth of their portfolio of services, where they focus on tax, auditing and management consultancy. Firms struggle with issues of size, scale, and complexity and their leaders may naturally cast a covetous eye at the corporate model, because the stratified apprenticeship form of organisation is limited in its capacity to manage size and scale.

Maister (2003) distinguishes three main categories of client work firms undertake:

- “Brains” work...where the firm sells its services on the basis of the highly professional and technical skills of its staff, dealing with unique and particularly complex situations. Key elements are innovation, development of new approaches and highly skilled and highly paid professionals;
- “Grey hair” work... needing a certain amount of customisation and intellectual skills, in areas where the firm has already had experience and can sell its knowledge, experience and judgement. More junior staff can be employed compared to the “brains” category;
- “Procedure” work...involve well-recognised and familiar types of problems. A client believes an outside firm is more efficient, or lacks the staff capabilities to do the work itself. A higher proportion of junior staff is employed compared to the “grey hair” category.

These categories of client work of Maister (2003) can be mapped to the four practice segments of services DeLong et al. (2007): “procedure” work fits to standardised services; “brains” work to rocket science services; and “grey hair” work fits to customised services and expertise-driven services.

The common attribute that all firms share is that professional skills form the basis of what they offer to clients and the qualifications needed are generally a barrier to entry for aspiring newcomers (Young, 2005).

The practice segments of the services firm's heterogeneity were described in this section, which is part of the sub-paragraph "characteristics regarding professional firms". The next section is about "the size and the geographic scope of the firm".

2.5.3.3 The size and geographic scope of the firm

According to Young, the size of a professional service firm is an important characteristic which affect its business growth. He distinguishes single practitioners (smaller firms based around a single fee earner), boutiques (focused around two or more fee earners, which often become rooted in a particular geographic location or a certain set of skills), international networks (firms that operate internationally with local offices), and publicly listed firms.

Also Van de Mandele and Parker (2009) state that the unique positioning of the firm is determined by its size and geographic scope. Local firms, which have limited size and few partners; national firms, which have one or multiple offices and 40 to 200 professionals; international firms, which have a head-office in the country of origin, and one or more in other countries, and may or may not offer a full range of services; and, global firms which worldwide representation, large size, and have more than 2.000 professionals.

To respond to the growing complexity of their organisation, professional service firms responded through the emergence of a "multiplex" organisational form (Greenwood et al., 2010). Organisations that are successfully implementing the multiplex design are responding to their complex environments by developing highly differentiated structures in order to capture the benefits of deep specialisation along three axes: geographic location, lines of service, and industry/market specialisation. Greenwood (2010) identified four aspects of how these firms have discovered to gain the benefits of multidimensional specialisation without losing overall co-ordinated effort. First, transnational firms have developed multiple axes of deep expertise with respect to their professional services, clients, and markets. Second, professionals within these firms are members of multiple practice groups and teams that criss-cross the multiple axes of expertise, thereby creating a landscape of nascent communities in which personal networks can

flourish and expert knowledge can be identified. Third, the deep specialisation and experience embodied in a firm's resources are pulled together and harnessed via a client management system, an integrative mechanism which classifies and sorts clients according to various strategic and operational criteria, assigns responsibility for each to appropriate senior professionals (partners), and assists in creating semi-permanent or bespoke client teams to address the needs of a client or specific engagement. Fourth, co-operation and co-ordination are achieved through a culture of reciprocity that is developed and sustained by a number of strategic, organisational, and normative processes within the firm.

The different axes (line of service, geography, and industry/market) connect professionals and thus form and re-form a latticework of smaller communities within the broader organisation.

Van Der Mandele and Parker (2009) describe three ways to manage international networks:

- full integration with unified policies, training, easy transfer of staff, one management structure to lead and control;
- federal form, whereby clients perceive a global operation and one brand and a single set of policies, legally separate firms and local independence;
- selective alliance, which is based on low cost, flexible solutions, independent firms and arrangements to pass on foreign work to each other.

Greenwood (2010) states that national partnerships have progressively recognised that the largest international clients are hugely important, both from a profitability point of view and as an influence upon the firm's status and reputation. They also recognise that in order to serve the interests of their largest clients, and to differentiate themselves from other firms of advisors, partners have to find ways to co-operate with colleagues in different countries and across other service lines. Furthermore, Greenwood (2010) shows, that partners in particular countries are primarily sensitive to the

interests of “their” clients and, indeed, this is reinforced by incentives that reward them on the basis of their client fees and client satisfaction. As a result, partners have not always been motivated to devote scarce time and resources to building the international firm, particularly if their own clients are relatively small and local rather than a large, global organisation.

This sub-paragraph described the “characteristics of the professional firm”. The next sub-paragraph demonstrates the “characteristics of the professionals” in more detail.

2.5.4 Characteristics regarding professionals

2.5.4.1 Ownership structure

Transnational firms are typically partnerships in which senior professionals (partners) own and manage their respective national firms and lead client engagements (Greenwood et al., 2010). As Malhotra (2006) states, partnerships as a governance form embodies three beliefs: the fusion of ownership and control; a form of representative democracy for purposes of operational and strategic decision-making; and the non-separation of professional and managerial tasks.

As Young (2005) states, the ownership structure affects the firm’s culture and decision-making process. As the numbers of partner increases, a management structure will evolve. As the partners being managed are also the owners of the firm who vote the managing partner into position, the leadership must work by consensus.

2.5.4.2 Professionals having three-heads

Lorsch and Tierney (2002) say it is a the three-head challenge: being a producer, a manager and an owner. Professionals become hardly into senior management positions unless they are excellent producers. Many seniors do not stop producing professional work. On the contrary, bringing in and serving new clients is the primary source of recognition in firm as well as their economic lifeblood. This is the critical tension professionals experience as being producer-managers.

The engine of all firms are incentives, of which the most powerful incentive for intelligent professionals is ownership (Scott, 1998). It is not just about cash, but also autonomy, freedom of decision making and personal fulfilment. This is why so many firms have traditionally been structured as partnerships.

Scott (1998) continues, the annual bonus is a fairly standard hierarchy of methods available to the firm to simulate ownership rewards. Most firms are stuck with incentives structures, which are not based on significant variable earnings because profit accountability is held by a small number of people and profit accountability is rarely held at the account level. The reason few firms do so is that the management of most firms are afraid to empower staff with financial control. Often they will not trust their account managers or senior consultants to set and manage proper budgets. Such neurosis on the part of senior management of the firm is surprisingly common (Scott, 1998).

2.5.4.3 The professional as a leader

DeLong et al. (2007) characterises the steering and leadership of the professional service firm as follows: specialisation by practice; integration of management and producer role; professional apprenticeship instead of formal trainings; partnership types of organisation instead of corporate form and separation of management and ownership. The distinguishing structural feature with the corporate model is that the corporate model emphasis on specialisation by function, with a clear separation of manufacturing, sales, marketing, and design into differentiated sub-units and its clear separation of managerial roles and producing roles. When making progress on the organisational ladder and become managers in the corporate model, there leaders stop functioning as individual contributors. As DeLong et al. (2007) continues, business development, client service, and execution are not highly differentiated roles in different departments within the firm as they are in the corporate model. When true functional specialties exist in the firm than they are typically support groups, such as human resources, finance, accounting, technology and marketing. Its major role is to assist practice leaders and individual partners in spotting, researching, and developing new business opportunities. Leaders at client-service-group level are also deeply involved in the execution of client work. In today's rapidly paced world it becomes a

problematic leadership issue as partners find themselves with more tasks than time.

2.5.4.4 Professionals and stars

Lorsch and Tierney (2002) state that the success is determined more by the people these firms pay (“the stars”) than by the people who pay them. Success is defined as financial performance, reputation and stood the test of time, like weathered business cycles and evolved well beyond their founding generation.

Aligning these stars argues that strategic success is achieved by building an organisation of executive-level stars whose day-to-day performance reinforces and ultimately achieves the goals of the business. Outstanding firms align stars across business lines, geographies, and even generations.

Lorsch and Tierney, show how successful firms create and sustain alignment via:

- Strategy - determining which elements of strategy are most important and why - and how effective implementation incorporates organisational realities;
- People Systems - converting talent into stars, while nurturing firm first behaviours;
- Structure and Governance - organising around partnership principles even in a corporate environment;
- Culture - actively managing the culture to guide and control individual behaviour;
- Leadership - exercising effective leadership when the power to control partner-peers is limited; and,
- Careers - aligning individual stars by helping professionals build a life, not just a resume.

According to Lorsch and Tierney (2002) outstanding firms are consistently able to identify, attract, and retain star performers; to get stars committed to their firm’s strategy; to manage stars across geographical distance, business

lines, and generations; to govern and lead so that both the organisation and its stars prosper and feel rewarded.

2.5.4.5 Professionals and client's buying behaviour

Young (2005) emphasises the need for a professional to understand client's buying behaviour. Suppliers need to understand the roles of different people in the organisational buying process, the weight given to different purchase criteria and the sources of information used to come to a decision. The buying of professional services can still be very personal with little involvement from purchasing specialists. The sources that buyers refer to in collecting information about a supplier are: representatives of the firm, word of mouth, industry networks, directories, press releases, brochures and internet searches. According to Young, if professionals report that price is the prime consideration of their clients, either they are not diagnosing need properly or their offer has been allowed, by their industry, to become a commodity.

Lorsch and Tierney (2002) say it slightly different: the professional service sector is grounded in a unique business model, which is centred on productively managing highly paid professionals and where the basic building block of its business model is the client relationship. You are buying purchasing time, but mostly you are concerned with the consequences of how that time is used. It is not that price does not matter, but results matter more. They distinguish three dimensions of the business model:

- The already mentioned need for strong personal relations with the client;
- Individual behaviour of the professionals, who should put the interest of the firm ahead of their own needs;
- Implementing the firm's strategy by the individual professionals, which reflects client needs, capabilities and against which competitors.

The distinguishing character of the business model is its reliance, its absolute dependence, on skilled and motivated professionals. These professionals, the stars in the wordings of Lorsch and Tierney, propel the business model

along all three of its dimensions: building enduring client relationships, consistently performing up to their full potential and putting the firm first, and implementing strategic imperatives.

2.5.4.6 The partnership model

Lorsch and Tierney explain, in traditional corporations, power is essentially positional and top-down. In professional firms, power is attached to individuals as well as to positions. Professionals derive power from their accomplishments and expertise: peers and younger professionals will respect you and follow your lead if you are outstanding at your craft and effective with clients, regardless of your formal position in the firm. As a result, power and influences are more widely distributed among partners of a firm than they are in a typical large corporation with a more rigid, hierarchical structure.

Lorsch and Tierney continue that for centuries, partnership was the only form of organisation available to independent contributors who wished to band together in the pursuit of professional success. Even as alternative legal structures such as incorporation evolved, most professional service firms continued to think of themselves as partnerships.

In professional service firms led by partners and in a partner-based sales model, typical of the audit, tax and consultancy sector, there is a tendency to spend too much time on internal administrative and delivery activities instead of developing new business (Baschab and Piot, 2005a). The advantages of the partner model are: alignment between financial and personal interests, a good understanding of the services, preservation of financial resources, and a continuation of the relationships from the sales phase into the delivery phase. There are also challenges: ensuring the efficient allocation of human and financial resources when driving new business with partners and professional staff, the required diligence, perseverance and discipline needed for marketing and developing business, and the necessity to show desire and aptitude to market the firm and develop business. Today, as Lorsch and Tierney (2002) state, the partnership is under siege. Times have changed and more and more firms have decided to expand their service offerings and

to become international, if not truly global. Some have gone public or have merged or been acquired by other firms.

2.5.4.7 Organisational change within the professional service firm

This paragraph deals with the aspect of how to implement an organisational change, like embedding account management, within the professional service firm. Professional service firms are led by the partners. Partnerships are characterised by decentralised decision-making processes and require high involvement of the partners. As Lorsch and Tierney (2002) stated, professionals derive power from their accomplishments and expertise.

As mentioned earlier by Greenwood (2010), the national partnerships have progressively recognised that the largest international clients are hugely important, both from a profitability point of view and as an influence upon the firm's status and reputation. The firms recognise that in order to serve the interests of their largest clients, and to differentiate themselves from other firms of advisors, partners have to find ways to co-operate with colleagues in different countries and across other service lines. Embedding account management in the firm is an answer to overcome this challenge. Account management focuses primarily on clients' needs instead of the chargeable hours of the individual practices within the firm. Also Gulati defines that an outside-in orientation is necessary to get real insights into clients' needs (Gulati, 2010). Gulati emphasises that a culture should be fostered which aligns all professionals around the shared goals of client solutions and bridges the internal silos of service lines.

Løwendahl (1997) mentioned that the structure and culture of the firm differs in a way that some firms rely on intangible resources that are controlled by individual professionals, whereas other firms rely on organisationally controlled resources such as complex data systems, excellent practices and procedures. Embedding account management within a firm will therefore be easier when a firm relies on organisationally controlled resources, because in this case the account management role and activities can be defined and embedded, whereas in an individually controlled firm, embedding account management is more dependent on individual partners.

It is important that for embedding account management in a firm, that attention is paid towards enriching the practitioners' understanding of the (decision) situation, so better decisions can be taken (Nicolai and Seidl, 2010). In a partnership model, this means creating awareness for the value of account management.

To overcome the silos of individual service lines and the "rainmaker" mentality in favour of a co-operation model between account managers and professionals, it requires domination supported by legitimation (Hussain and Cornelius, 2009) and developing shared norms (Lowendahl, 1997).

This requires a cultural change, because the current dominant belief is that account management is personality driven, that every professional should make chargeable hours, and therefore dedicated account managers are not necessary. A dedicated account manager conflicts with the "rainmaker" mentality of the "expert" industry (Baschab and Piot, 2005b). To overcome this dominant belief, the culture of the firm need to be changed that authority should be given to account management to mobilise professionals for the clients, to structure the performance management system of the firm around clients and to act in favour of the whole firm instead of the individual service lines.

As is mentioned by Lawrence et al.(2012), in carrying out successful organisational change it is an important to understand the role of power in professional service firms. Managers must recognise the essentially political nature of the process. They must unfreeze the entrenched political alliances that might otherwise block change without alienating colleagues who ultimately need to support the transformation. Lawrence et al. add that transformation is best achieved by changing the patterns of authority within firms in order to disrupt the traditional rules and assumptions within the organisation. Centralising the decision-making, power and authority can help bring about transformational change. Furthermore, Lawrence et al. mention the importance of achieving legitimisation of the power shift is critical by obtaining buy-in from key individual partners.

This paragraph described the "characteristics regarding professionals", including a review of the literature focusing on an organisational change in

the culture of a professional service firm. The extant literature regarding the importance of having relationships in professional services industry is mentioned in the next paragraph.

2.6 Professional services relationships

2.6.1 Long-term relationships

Amonini et al. (2010) state that firms seek to differentiate themselves by developing long-term relationships, providing better service quality and greater value, and developing brands with strong reputations. Organisations typically seek such interrelated competitive positions simultaneously. The use of a relational approach by service-centric firms receives wide support: they are people-intensive, employ interactive processes, and offer intangible services. Consequently, developing and maintaining relationships is a key differentiator among service firms (Grönrose, 2000). Amonini et al. compiled a list of marketing activities used by the firms to achieve the various competitive positions.

Relationships are defined as establishing, maintaining and enhancing connections with clients and other partners at a profit, so that the objectives of the parties involved are met (Grönrose, 2000). Relationship marketing also concerns the management of long-term relationships and emphasises the interface of marketing, operations and human resource management.

Amonini et al. (2010) emphasise that to establish a competitive position in the market based on long-term relationships, it is necessary:

- To establish good rapport;
- That the firm matches their team to the client's team through either personal ties (e.g. personality, demographics) or seniority and formality (e.g. dress);
- That the firms indicate no hesitation in changing team members if there was a problem, such as a personality clash;
- Those firms (particularly larger ones) decide whether or not to assign an employee to develop new business or co-ordinate and manage the

relationship (e.g. setting up meetings, addressing client concerns, inviting clients for social events). In some cases, a person, such as a relationship manager, marketing manager, or business developer, took responsibility for these activities. The formality and extent of the relationship management activities ranged from casual chats to regular client audits with a formal report and presentations to the supplier team.

Lorsch and Tierney (2002) explain, as long as respect and trust are maintained between professional and client, it is natural for the client to directionally follow the advisor's recommendation. The iterative, consensus-building process between professional and client becomes the foundation for repeat business and the basis for an ongoing commercial relationship.

According to Young (2005), if a marketer is to be successful in a professional service firm, they should have a comprehensive knowledge of relevant service marketing techniques. In addition, they need partner level sponsorship to encourage dialogue and effective integration with the firm's process. As Young continues, for many professionals, their early career is focused on technical skills. At some stages, they begin to realise that the work they are receiving needs to be generated by some mechanism. Frequently, it is also the energy and success of a senior individual that attracts business.

This sub-paragraph described long-term-relationships as part of the paragraph "relationships". The next sub-paragraph demonstrates the relation between delivery and account management.

2.6.2 Relation between delivery and account management

As Kwakman and Burgers (2005) state, the professional service industry is a people business. Separation of sales and account managers from service professionals does not fit, because the person of the professional is important for the client. The distinctive power of the professional is needed and they mention potential. Also, they mention several potential dangers when having separate account managers:

From client perspective:

- Account managers could be associated with “sales”...somebody that wants to sell something;
- They do not understand the business and issues of the client;
- They are not doing the delivery despite having got the trust of the client.

From professional perspective:

- Get restricted in their entrepreneurship;
- The professionals do not have direct contact to clients, which lowers their status;
- Professionals could be too late involved in new engagements and resourcing.

From firm perspective:

- Account managers could become disconnected from expertise and competences of professionals;
- Account managers could have their own ambitions and objectives, which are not aligned with firm objectives;
- Financial remuneration of account managers develops not in line with professionals.

Kwakman and Burgers state that the highest stage of development of the commercial function is that sales and account management is part of every team of professionals, by which the central sales team facilitates the sales process.

Though the model of a dedicated sales force is a generally accepted practice in technology consultancy, performance consultancy, and product-driven companies, the formation of a separate sales organisation does not have serious traction in the professional services industry (Baschab and Piot, 2005a). The reasons for this reluctance to hire and work with sales

professionals include the stigma associated with “sales”, the belief that sales is personality driven and thus that sales “professionals” are not necessary, and that a dedicated sales force conflicts with the “rainmaker” mentality of the “expert” industry. The highest status for a professional is to be identified as one who can make “rain”, and bringing in salespeople creates conflict.

According to Baschab and Piot (2005b), a sales and account management organisation is an effective tool for revenue generation as it identifies the service and the consultants that best fit the client needs. The criteria for an effective sales force to build relationships are having support at the highest level for the sales organisation, ensuring that the sales force belongs to the entire organisation, integrating sales and marketing and forming a partnership between sales and technical professionals. Furthermore, in a professional service environment it is critical to position the capabilities of the practice to gain the legitimacy that is required to gain access to, and the confidence of, the prospective client’s decision makers.

Professional service firms can have different sales processes. In case of proposal selling and bidding processes, the sales abilities of the individual are less important and require skills and expertise in the development of convincing documentation. Personal selling requires expertise and skills in social interaction (Løwendahl, 1997), both of these situations require elements of roles that an account manager can perform.

Kwakman and Burgers mention that due to the pressure on the billable hours, it is not common to invest in any form of relationship management other than generic activities, like brochures, writing articles and organising seminars. They distinguish four perspectives on acquisition:

- Exceed expectations of clients;
- Focused management on relations and believe sustainable relationships count;
- Recruitment of new clients via new markets or extending existing clients;

- Development of new services and innovative projects in existing markets.

During their career, it is recognised by Kwakman and Burgers (2005) that professionals switch between the perspectives, normally starting with the first (exceeding expectations) and ending up with the latter (development and innovation) and sometimes starting the loop again.

Lorsch and Tierney (2002) mention that every individual has a set of relative strengths and weaknesses. Customisation entails nurturing and building on strengths rather than trying to eliminate weaknesses. Customisation requires emphasising some skills and neglecting others. Pointing a partner toward marketing and client development will foster the skills as a "rainmaker". The rewards of this approach are not only more satisfied and productive senior professionals but also a firm with a more diversified and balanced portfolio of skills.

This sub-paragraph described the relation between delivery and account management as part of the paragraph relationships. The next sub-paragraph demonstrates a relationship-oriented client approach.

2.6.3 Relationship-oriented client approach

Grönrose (2000) differentiates transaction oriented from relationship oriented client approach, in which the latter use information and knowledge to develop more client oriented services with higher added value. Maister (2008) states, that many professionals have built their success having a transactional rather than relational view of their clients, and it is not clear whether they really want to change. Moreover, the transaction approach allows professionals to be detached and unengaged, which is very attractive to those who want to focus on their technical skills, avoiding the need for interpersonal, psychological, emotional or political nuances. The pervasive view of professionals is that the person who sells the service is the only person the client wants to be involved with (Maister et al., 2002a, Maister, 2008), implying the roles of professional and relationship manager are the same person. If the roles are separated, it is important to have a mechanism to relate them, incorporating the roles into one organisational unit is an effective way of achieving this

(Maister et al., 2002a), though in practice, the roles are most commonly in different departments.

Relationship management involves establishing, developing and maintaining successful relational exchanges as an ongoing process that requires commitment and trust (Morgan and Hunt, 1994). To create long-term client relationships, it is important to achieve long-lasting satisfaction through sophisticated expectation management, paying attention to making “fuzzy” expectations precise, implicit expectations explicit, and unrealistic expectations realistic (Ojasalo, 2001).

Sales focuses around the transaction, whereby account management is focused around the relationship. Kwakman and Burgers (2005) define relationship management as building and developing sustainable and value added relationships to obtain a balanced client-base which enables professional and economic growth for the firm. They distinguish five guiding principles:

- Satisfied clients do not become automatically sustainable relationships;
- Investing in clients means choosing clients;
- Paying attention to the business of the client;
- Professionals play a key role;
- Only succeeds when the firm’s organisation is ready for it (from secretary to partner).

They state that with relationship management it is possible to meet three goals:

- Strategic: contribution towards your positioning and image in the market;
- Professional: continuous interesting projects for the professionals, and;
- Economic: revenue, continuity and growth for the firm.

Furthermore, they conclude that having a partnership between the firm and the client organisation is the strongest form of relationship management. This includes: structural co-operation, more than incidental information exchanges, high degree of transparency, broad contact patron on both sides, high degree of trust, and a relationship that is not dedicated to one person.

This sub-paragraph described a relationship-oriented client approach as part of the paragraph relationships. The next sub-paragraph demonstrates relationship management types.

2.6.4 Relationship management types

Kwakman and Burgers (2005) furthermore distinguishes four types of relationship managers:

- The client manager, who exceeds the expectations of existing clients (knows the client, executes the work, well-organised);
- The trusted advisor, who develops sustainable relationships with valuable clients, also services outside his own core competence (has empathic skills, different levels of communication, personal contact is strong, overview, also talk outside his own expertise, broadly interested in the client);
- The market developer, who acquires new clients for existing propositions, making use of the relationship network of the client (active direct personality, taking risks, can handle refusal, competitive, initiated, active and flexible, thinking in high-lights and action driven, networking, easy to set up contacts with diversity of clients, not only using his own expertise but also uses colleagues);
- The innovator, who has the competence to develop new services in cooperation with the client (oriented to the outside world, can inspire others, creative thinker, communicative and connected, knows politics and power relations, dare to take risks, 'learning by earning', cooperates with other competences and departments, not selfish and out-of-the-box thinker).

Good relationship management requires the first two types of relationship managers, according to Kwakman and Burgers, whereby a professional can develop from a client manager towards a trusted advisor. The trusted advisor acts on the same eye-level as their clients counterparts; they have content knowledge as well as consultancy and acquisition skills. According to Kwakman (2002) successful professionals in acquisition have to following core competences:

- A good positioning of themselves and their services;
- Capable of building sustainable relationships;
- Diagnose the situation and business issue;
- Setting commercial targets and achieving them.

This sub-paragraph described relationship management types as part of the paragraph relationships. The next sub-paragraph demonstrates literature regarding developing relationship and trust.

2.6.5 Developing relationship and trust

Reichheld and Earl Sasser (1990) already mentioned that for consumer and industrial products there is a correlation between market share and profitability, but within professional services there is not. Profitability, within professional services, is positively influenced by high degree of trust of clients and loyal clients become more profitable over the years.

Kwakman and Burgers (2005) explain via the marketing pyramid that trust is needed to retain clients and to acquire new clients. The highest trust you get is when clients have worked with you (their own experience), followed by ambassadors (your clients telling others), independent sources (articles), media (brochures, websites, mailings), and lower trust is derived from own sales effort and presentations.

The most important entry barriers for firms are the clients relationships and having the credibility (Scott, 1998). For a new entrant it is usually tough to replicate the institutionalised nature of a long-term relationship.

Van De Mandele and Parker (2009) argue that the level, intensity and duration of the relationships between firm and client will also be different for each level of value and for each level of geographic scope. At process delivery level, firms work with counterparts some level below the board and may develop longstanding and strong project-based relationships that rarely over-ride the requirements to undergo a structured bid procedure. The functional specialist may be engaged on board level, but act on day-to-day bases with the functional counterpart within the client. It is hard to expand a relationship based on specific expertise to include other topics. They become typecast within the client, to the frustration of their partners who hope to use their colleagues' contacts as a platform for their own client development or want to migrate the relationship to a higher value-level. The expert is protective of his relationship. Relationships regarding counselling will typically be at CEO or board level, and will be highly personal. The relationships are vulnerable when the CEO moves and it is therefore recommendable to create relationships with "crown-princes" and young partners.

Also Karantinou and Hogg (2007) emphasise that developing and managing supplier-client relationships in professional business services are fundamental to success and profitability. Client relationships need to be developed carefully and managed properly in order to act as strong and enduring relational market-based assets. They have developed two diagnostic frameworks, which identify: key success factors for developing long-term relationships and, the process mechanisms for optimum management of relationships in professional business services companies.

Besides that every partner is responsible for maintaining relationship at the highest levels, consultancy organisations should pay more attention to middle and lower levels and their role in projecting the appropriate image to the client; their role in the success of intervention; and their role in achieving a high degree of client satisfaction and retention (Karantinou, 2007).

Maister (2002b) put structure in the development of a professional's relationship with their client and the need to earn trust. He distinguishes four

types of relationships: starting from a service offering-based relationship, via a needs-based, towards a relationship-based and finally a trust-based relationship. The more the depth of the personal relationship (one axe) and the breadth of the business issue (the other axe, which means the range of business issues the advisor is involved), the more it is a trust-based relationship.

Cram (2001) emphasises securing repeat business from good clients through long-term, loyal relationships is key to generating profit. This contains two key elements: concentrate on clients that count far more than you do on your average clients and sack bad clients and, the second element, loyal relationships. Relationships are loyal when clients stay with you even when you are more expensive than the competition. It is when they trust and respect you like a friend, it is an affective influence. Trust can be defined as “a state involving confident positive expectations about another’s motives with respect to oneself in situations entailing risk” (Cram, 2001). Trust is an interdependent relationship when one partner has to engage without being sure of the outcome. Trust is a revocable contract. “Clients are gold and prospects are silver”, as is mentioned by Cram (2001).

The rationale for a focus on strong relationships can be leveraged into a greater share of wallet, particularly if the insights gained from such relationships result in improved value offerings to clients and more efficient value delivery by firms (Storbacka et al., 1994).

This sub-paragraph described developing relationship and trust as part of the paragraph relationships. The next sub-paragraph demonstrates literature regarding the characteristics of relationships.

2.6.6 Characteristics of relationships

Cram (2001) distinguishes five characteristics of personal relationships:

- Knowledge through the exchange of information and having up-to-date knowledge of the other;
- Application whereby information is actively used;

- Interactive in a two-way dialogue, which includes listening as well as talking, asking questions, and providing answers;
- Long-term focus and continuous;
- Mutually beneficial: seeking to benefit the other and looking after the self-interest.

Athanasopoulou (2009) found in her literature review towards relationships quality that the dimensions of relationship quality include most of the time: trust, commitment and satisfaction.

Eight values do influence the perceptions of relationships between people (Cram, 2001) and are key success factors in creating good relationships: reliability: keeping promises; trust: having confidence in the professional; recognition: remembering the client's needs; accessibility: being able to communicate; service / assistance: managing the time effectively; education: keeping the client up-to-date; preference: having fair prices and priority; and, individuality: liking to associate as client with the professional.

Calibrating the strength and effectiveness of relationships with the clients that count is a vital part of understanding trends, expectations and future priorities, as Cram (2001) notices. Personalities are vital in relationships. People like to associate with people who have definable personalities and who reveal their emotions and opinions. Clients like to work with companies who exhibit a distinct personality and living and delivering their values consistently.

Scott (1998) states that client relationships will tend to be at the most senior level where issues of cost are negligible relative to the value of the advice. Higher margins for the services are possible due to high quality of relationships and high quality of professionals.

Professional firms are finding the market environment increasingly complex and competitive (Reid, 2008). Firms predominantly practice interaction marketing, and interaction marketing is associated with higher levels of marketing performance. The changing marketing environment will require dynamic marketing solutions, including the development of strong

relationship building and relationship management capabilities, the adoption of a market orientation, and improvements to the integrated marketing communication capabilities of firms. As is mentioned by Reid, the basis for competition continues to move away from purely technical competence (a hygiene factor) and further towards relationship management and marketing.

This paragraph was about professional services relationships. In the following paragraph, literature regarding account management - and more specifically account management regarding professional services – is demonstrated.

2.7 Account management

2.7.1 Relationship marketing and market-orientation

Professional service firms must execute a package of practice development steps comprising: broadcasting their services by activities such as articles and seminars, courting the client relationship when a client wants to hire a professional, super pleasing existing clients so that the client is delighted to work with the professional again, nurturing the client relationship and listening to the market to get an understanding of how clients think (Maister, 2003).

The model of co-developing business with the client as a partner has two elements. The first concerns the demonstration of expertise and competencies through publications, public speaking and seminars. The second element is to develop relationships of trust and confidence with existing and potential clients. A combination of a competitive service offering and a personal trusted relationship is a powerful underpinning for successful business development in professional services (Baschab and Piot, 2005a).

Löwe (2004) distinguishes three building blocks for a market-driven infrastructure within the professional service firm. The first one is looking out, which includes an assessment of the firm comfortable it can use information to build solid, market-focused strategies, to do research on clients and

competitors and to detect market shifts or opportunities. The second one is to dig deeper, which handles about the implementation power of the firm, the firm-wide focus and commitment, verve and “let’s do it for the firm” mindset. It is about doing the targeted organisation and analytical work to compete more effectively. The third one is about embedding innovation, which means having the curiosity and enthusiasm for figuring out a client’s unmet needs before they do, to build the organisational capabilities in order to attract clients and incorporating support of innovation into a firm’s practices and policies.

As Löwe (2004) mentions, it is not easy for a professional service firm to “get” the fundamentals of strategic marketing, because: most professionals never learned about marketing; firm-supported professional development opportunities are more focused on tactical implementation of the firm’s services of business development initiatives than that they are on teaching professionals about the newest trends in strategic marketing and competition; the firm’s profit structure does not support pursuit of enlightenment about issues about competition and big picture thinking; and, many firms isolate their marketing department from their professionals.

Relationship marketing focuses on the client as a human being and gives attention to the interaction between human beings in transactions. As Young (2005) states, the assumption is that long-term mutual value is created on both sides, and the interactive relationship with the buyer, becomes a focus of the clients policies, processes and people. It is about enduring profitable relationships with clients, rather than individual random transactions.

The professional who needs to generate work should therefore have a clear idea of the constituency of contacts from which work is generated, their reputation among those contacts and the quality of their relationship to them (Young, 2005). Pipeline management consist of constituency of contacts; generating leads; making client pitches; and fulfilling the jobs. According to Young (2005), it is a powerful tool for leaders of professional service firms and for groups of practitioners. Without good pipeline management, marketing activity can be erratic and will only occur after a particular job has been finished.

This sub-paragraph described relationship marketing and market-orientation as part of the paragraph account management. The next sub-paragraph demonstrates literature regarding client account management.

2.7.2 Client account management

The concept of client account management is, according to Young (2005), based on the knowledge that certain clients will give a stream of business to a supplier whereas others will not. The skills of a sales person focused on getting new business were found to be different to those of a “representative” dedicated to managing the orders from existing buyers. The latter is focused on long-term relationships and gets involved in many issues, other than direct sales, which could threaten the business between to two sides.

A key role of the partners is to generate client work and to build and maintain client relationships, the lifeblood of the firm, according to Greenwood (2010). Key to the way in which the tensions between national and international, and between the lines of service and industry/market, are held in balance in firms has been the development of client management systems (CMS). A client management team is a cluster of professionals engaged upon projects for a particular client. These systems reflect the strategic importance given to meeting the demands of international clients for seamless yet customised global service.

The purpose and outcome of a client management system or account management system is to develop and maintain a relationship with clients to support client satisfaction and loyalty. The activities associated with the practice of account management include making initial contacts, managing ongoing relationships, extending the range of services provided to a client, the creation of service opportunities in cooperation with service experts, negotiation of the formal contract and billing arrangements.

Mudie and Cottam (1999) mention that a style of service, which is appropriate for the nature of the service, can vary from warm, friendly, relaxed to fast, efficient, and impersonal.

Young (2005) appoints four elements of client account management:

- Identify major accounts, those which have the highest potential;
- Dedicate time of senior people to managing the relationship with the client and this is not straightforward as it sounds, because it is an investment in the future;
- Account planning adds discipline to relationship management;
- Decide what support staff it intends to dedicate to its major accounts.

The account management role is defined, according to Young (2005), as the set of activities directed to establish sustainable client satisfaction, and thus their repeat of ongoing business. Examples of these activities are: initiating, building and maintaining relationships, finding service opportunities for new and existing clients, shaping services together with technical professionals, and negotiating about contract agreements with clients.

This sub-paragraph described client account management as part of the paragraph account management. The next sub-paragraph highlights literature regarding account management skills.

2.7.3 Account management skills

Young (2005) continues that account management requires more than technical skills and a surprising number of seasoned professionals cannot talk to clients in any depth about other skills in their own firm. At a minimum, this calls for excellent communications skills and a recognised ability to generate work. In addition to these soft skills, deep knowledge of the industry in which the client operates may also be essential. This is a generated perspective they develop from handling the problems of several companies in the same sector.

The primary skill necessary to succeed at this is industry and client knowledge, while secondary skill is knowledge of their own firm's resources or technical skills (Young, 2005). A leading practitioner is likely to spot needs that their firm can meet. They can create projects unimagined by the client to solve their problems.

Meeting client needs requires both intellectual and non-intellectual skills, as Maister (2008) mentions. Intellectual skills require logic, rationality, analysis and technical excellence. Non-intellectual skills are interpersonal and include earning trust and confidence, influencing clients to accept and act on advice, motivating oneself and others. The ability to show energy, excitement and enthusiasm is largely concerned with character and personality. It is established that relationships are important to knowledge professionals: drive, determination and building trusting relationships are capabilities that professionals need to nurture. The main characteristics of a successful business developer are diligence and perseverance, a focus on opportunities, presenting yourself as confident and engaging, having a willingness to assist others and an ability to maintain and cultivate relationships (Baschab and Piot, 2005a). The amount of activity actually undertaken by professional staff to implement marketing initiatives and provide follow-up via active selling is usually quite low and there is a need to develop further the ability of professionals regarding the interpersonal skills required to retain and further develop existing relationships as well as focusing on the critical skills needed to gain new clients (Clifford, 1996). One of the main barriers that professionals must overcome is their natural reluctance to sell. Professionals rarely experience failure, and over time, they become quite risk averse, thereby extinguishing any learning from mistakes or experience.

One of the key skills of getting a more market-driven firm is using account planning and relationship management programs, according to Löwe (2004). Relationship management requires a thoughtful mapping of the decision-making capabilities and influence posture of the individuals within a client organisation, accompanied by clearly designated relationship counterparts within the firm. Relationship management requires almost as much of external organisational focus as an internal organisational focus, as Löwe (2004) continues. Important is the organisation of relationship management: do new hires get a warm, thorough orientation to the firm; do they have a mentoring program for the newer professionals; and, are the firm's leaders

reluctant to pronounce their plans to grow a client account probably because of the fear for not achieving the firm's hoped-for-goals.

Van Der Mandele and Parker mention, the more process-oriented firms will be much more focused on sales success. In the highest value firms, the quality of a partner's intellect and reputation as a professional may be seen as more important than sales volume.

Dunn and Baker (2003) summarises the following characteristics clients use to select an accountant: interpersonal skills; aggressiveness; interest in the client; ability to explain procedures in terms the client can understand; willingness to give advice, and perceived honesty.

This sub-paragraph described account management skills as part of the paragraph account management. The next sub-paragraph demonstrates literature regarding customer loyalty.

2.7.4 Customer loyalty

Lorsch and Tierney (2002) explain that professional services is a word-of-mouth business. Due to the intangible, personal nature of the services, it is difficult for potential clients to judge the quality or fit with a law firm, an accounting firm, or a consultancy firm, so they ask around by people whom they know and trust.

Lorsch and Tierney (2002) state that customers loyalty is very important in professional services, because time really is money. If the professional has to invest time to sell new clients, his utilisation suffers. Retained clients are more profitable, both because retention reduces selling costs and because strong relationships generate the level of understanding that allow the professional to be more productive and get better results. Also Athanasopoulou (2009) underlines that in today's highly competitive environment losing clients is very costly. It is five times more expensive to acquire new clients than to keep existing ones. Client retention and loyalty have become possible through the development of long-term, mutually beneficial relationships with clients.

Relationship co-ordinators and client specific teams fulfil an integrator role which is essential for the success of collaborative relationships, as is stated by Nätti et al. (2006), such as coordination the professionals: knowing who is doing what and how to canalise business opportunities.

This sub-paragraph described customer loyalty as part of the paragraph account management. The next sub-paragraph demonstrates literature regarding account management systems and client knowledge.

2.7.5 Account management systems and client knowledge

Key account management systems facilitate the client-specific knowledge transfer between professionals, business functions and units. This system provides a powerful tool for counteracting these problems. It functions as a linking pin in a loosely coupled organisation, helping to maintain client-specific knowledge transfer and continuity in client relationships. It offers a forum for interaction among professionals and collegial groups, fostering client-specific knowledge transfer and the maintenance of continuity in client relationships.

According to Nätti et al. (2006), the account manager facilitates knowledge absorption from the client since he is responsible for the relationship and not for single projects, as is common in professional organisations. He may have tasks such as creating client plans and case descriptions, which are important means of building up collective understanding of the client.

The account manager also has a major role in exploiting his client knowledge, which is often tacit in nature. The account manager's contacts with individual professionals, professional subgroups and business units are a crucial element in key account management system design.

The key issue in client-relationship management is to find a match between the client's needs and the competence of the professional organisation (Nätti et al., 2006). One of the major lessons learnt is that the key account management system alone cannot support knowledge transfer, without the back-up of other organisational practices, like internal IT systems, in which

client knowledge is codified; service concepts, through which the expertise of professionals is diffused and exploited more efficiently; and co-operative working methods, through which the crucial tacit knowledge is transferred in direct personal interaction.

It is a big cultural change, as Nätti et al. (2006) mention, and calls for movement from “professional-specific” fragmented operations towards a holistic approach in which sharing client-specific knowledge and combining different areas of expertise are key activities.

This sub-paragraph demonstrated account management systems and client knowledge as part of the paragraph account management. The next sub-paragraph describes literature regarding account management and “rainmakers¹”.

2.7.6 Account management and “rainmakers”

Young (2005) argues, the fundamental way in which nearly all professional services businesses grow is through the generation of repeat business of referrals that come from a good reputation for excellent work. If the marketing is working properly, then the professional needs to participate in the demand-pull process, making sure his reputation is understood by the market and responding to any request for work. Young warns a firm to “sell” their services or tries to “get meetings”, because in that case, the professional is pushing expertise at the clients. The power in any negotiation is then with the client who will tend to be sceptical about relevance and price sensitive. “Rainmakers” are individuals who have above-average capacity to generate a book of business and a healthy revenue stream, as Young (2005) explains. Lorsch and Tierney (2002) define them as exceptional salespeople who develop strong and profitable client relationships. These people generate two or three times the industry average revenue figures. Young distinguishes the following skills and attributes of a “rainmaker”:

¹ “Rainmakers” are individuals who have above-average capacity to generate a book of business and a healthy revenue stream, as Young (2005) defines.

- A driven individual which puts his energy into business success;
- Market focus and understanding of market issues and key individuals within it;
- Reputation management created via “thought leadership” and the use of public relations and the media;
- Client targeting and identifying high profitable projects and seek out buyers with needs;
- Networking and building and energising networks of professionals. Have frequent contact with clients, ask questions, listen carefully, identify projects, close the deal and sell on other projects;
- Delivery is reliable. Manage expectations and deliver high quality work;
- Measurement, ask for feedback, adapt and develop, and build a track record.

Young continues that the leadership of the firm who are focused on revenue enhancement should consider the strategy and processes by which they recruit and manage “rainmakers”. The practice of many firms is to promote lively and successful fee generators into management, which is counterproductive towards revenue enhancement, because it is taking successful “rainmakers” away from the clients. The firm should have clear human resources policies to identify “rainmakers”, either in new graduate recruits or in experienced client service staff and given them the correct support with increasing responsibility for either markets and revenue streams of major accounts as they progress through the firm. The development of „rainmaker“s within a large firm is best managed with some form of apprenticeship.

This sub-paragraph demonstrated account management and “rainmakers” as part of the paragraph account management. The next two sub-paragraphs describe literature regarding business development and account management and the role of account management in the firm.

2.7.7 Business development and account management

Young (2005) explains that firms employ “business developers” specialists who assist them with account management or sales. Their background, role

and tasks vary enormously, but they seem to have one overriding objective: to maintain focus on client development and marketing issues while client service staff execute projects. They assist with account planning and manage the proposal process. Some participate in account development, creating relationships and opening doors for client service staff. Some even come from a sales background and are briefed to sell into client accounts. In most cases, they have to rely on the partner to finalise the deal. Many firms report success in deploying sales people in this way, particularly in cultures that are receptive to sales calls such as that of the US.

2.7.8 The role of account management

One of the main functions of account management is to classify clients according to their strategic importance (Greenwood et al., 2010). Compared to large manufacturing corporations, which may have 20 or 30 global account relationships, the largest accounting firms may have up to 50 top priority clients, and another 200–300 high priority clients. Greenwood (2010) elaborates, heading each team is a lead partner with responsibility to ensure that the client receives the appropriate level of service on a world-wide basis. He or she identifies and recruits personnel for specific project teams, manages the interface between the client and the various national units of the firm, and resolves any conflicts that might arise among those involved in service delivery. Lead partners “identify” the competencies (and individuals) needed for a project and “negotiate” to secure those resources. In these firms, marketing is about building close, personal relationships based upon expertise.

The role of the account manager is quite different in the different types of professional audit, tax and consultancy service offerings which can be categorised as capacity services, solutions-based services and strategy services (Kwakman, 2007b). In capacity services, providing temporary staff such as internal audit accounting staff, a dedicated account manager can take responsibility for sales and subsequent relationship management. Solution-based services such as financial statement auditing, IT implementation, and cash management, services can be delivered equally

well by a dedicated account manager or a professional with an integrated account management role. For strategy consultancy services only technical professionals are appropriate to undertake an account management role.

Greenwood et al. (2006) state that two formal parts of a account management system are:

- A system of sorting clients according to their strategic and operational importance to the firm;
- The teams of professionals, often from different countries and service lines, consisting of a core group who oversee the delivery of all services to a client, and temporary groups that are formed and re-formed according to the remit of a particular engagement.

Greenwood et al., explain that the account management system is supported by cultural norms of reciprocity that hold it together and ensure that the forces for differentiation do not overwhelm its effectiveness. Norms of reciprocity are enabled through the building of relationships across the several axes of differentiation, and they are subtly engendered and reinforced through a series of both “hard” and “soft” organisational processes. The “hard” processes include the communication of the firm’s strategy, its recruitment and socialisation practices, and its methods of career development and promotion. The “softer” but equally important processes include, notably, the culture of reciprocity and the exemplary role behaviour of senior partners. Importantly, the infrastructure of both hard and soft organisational processes reinforces one another and both are essential.

The last two sub-paragraphs described business development and account management and the role of account management in the firm as part of the paragraph account management. The next sub-paragraph describes highlights literature regarding value of existing client.

2.7.9 Value of existing clients

The value of existing clients is greater than that of potential clients. New clients cost a lot: research time, analysis time, strategy development, product

development, service and support, discount, samples, distribution, communication, sales force, risk of failure. Client relationship management is defined as “an integrated approach to maximising client value through the differential management of client relationships” (Cram, 2001) and includes two aspects: analysis and action. Cram (2001) continues that in the human model of relationships, there are four dimensions that count: depth: from deep towards superficial; warmth: from affectionate, which can be informal to formal, towards competitive; balance: from equal towards unequal; and, basis: from task-based towards social-based. A successful personal relationship tends to operate at the deeper end of the first scale and the warmer end of the second scale. The balance and basis can vary. The nature of human relationships provides a model for creating business loyalty.

Professional service companies are contexts with high individualism, strong professional subcultures and collegial groups, which can form obstacles in client-related knowledge sharing in collaborative relationships because of the local inability to share knowledge (Natti and Ojasolo, 2008). Individually gained knowledge is not transferred into the organisational knowledge pool to benefit other experts and enhance client relationships. A well-planned relationship coordinating system, such as a key account management system, is a necessary tool to overcome the problems of client-specific knowledge transfer and maintain continuity in client relationships.

This paragraph highlighted literature regarding account management in professional services. The next paragraph highlights extant literature regarding the value of account management.

2.8 Value of account management

2.8.1 Value defined

Value is defined as “the utility clients obtain from the service, based on their perceptions of what is received and what is given” (Zeithaml, 1988). Most good professional services businesses achieve high operating margins, which are above most industrial manufacturers and this is reflecting the high

value added per professional of those firm, as is mentioned by Scott (1998). It also reflects the fact that the dominant purchase criterion for many segments is not price. The best services are bought on a value-pricing model reflecting the value of the service to the client, the quality of the professionals delivering it, and the quality of the firm's market reputation. Value has a significant impact on satisfaction and client retention, whereby value is defined by four components: service, quality, corporate image and price (Trasorras et al., 2009).

From the client's point of view, six dimensions create value: agent's know-how, trust, personal interaction, service fulfilment, location and direct/ indirect costs (Howden and Pressey, 2008). From the service provider's perspective, all these dimensions except the agent's know-how are beyond the core knowledge service. These dimensions contribute to the reduction of client's perceived risk and limit information asymmetry. The relationship manager has a critical role in the creation and delivery of value through the five non-core dimensions.

There is evidence that the relationship itself can have a major impact on the total value experienced by the client (Ravald and Grönroos, 1996). Client perceived value is created and delivered over time as the relationship develops, to the extent that maintaining a good relationship can make the client more tolerant towards occasional slips in the delivery of professional performance. A framework of relationship value management links the value process with stakeholders including clients, employees and external stakeholders (Payne and Holt, 2001). The value process involves four sequential value-based activities: value determination, value creation, value delivery, and value assessment. For clients, this translates into three key value activities: client attraction, measuring client satisfaction and client retention.

Hammervoll (2009) criticises the "governance value analysis", which assesses the value creation in supply chain relationships as mentioned by Ghosh and John (1999). Ghosh and John extended the "transaction-cost

analysis” and treated value creation as the increase in profits that follows from the supplier’s efforts at cost reduction and/or benefit enhancement. According to Hammervoll, the governance value analysis lacks comprehensiveness in assessing value creation in supply chains in that it ignores:

- Certain important factors that affect value creation in supply-chain relationships. The governance value analysis is mainly based on inter-firm relationships involving transactions;
- Governance issues beyond transaction-specific investments, and;
- Co-operative value-creating activities among supply-chain members.

This sub-paragraph gave a definition of value as part of the paragraph value of account management. The next sub-paragraph describes co-creation and relational exchange.

2.8.2 Co-creation and relational exchange

Hammervoll (2009) states that governance value creation is best suited to relationships of sequential interdependence, because it considers only value creation deals with pure exchanges and does not address co-operative mechanisms (such as joint efforts, information sharing, joint production, and so on). It is likely that the market will increasingly assume an interactive form in which value is co-created by buyers and sellers who share innovative competencies.

Venetis and Ghauri (2004) found that service quality contributes to long-term relationships and client retention. Relational exchange relationships, in opposite to transactional relationships, emerge when the buyer and the seller develop a relationship with a more long-term orientation. Continuity is the key element of relational exchange. Furthermore, in service relationships, there is ample opportunity to establish social bonds, and in some case the professional is the organisation in the eyes of the client. Social bonds are the ties that are created between the interacting individuals of the two partner organisations. As Venetis and Ghauri state, the only underlying motivation or attitude that will keep a relationship in the long run is the client’s affective

desire to stay. Regardless of the length of a relationship, service providers should continuously make sure that clients are affectively committed.

Woo and Ennew (2004) found that relationship quality, defined as a higher-order construct of co-operation, adaptation, and atmosphere, has a positive impact on service quality. Surprisingly, there is no direct relationship between relationship quality and client satisfaction. Therefore, they advise practitioners to pay more attention to relationship quality because of its significant impact on service quality and service quality has a direct relationship with client satisfaction.

Industrial service providers are more likely to build enduring relationships with their buyers by understanding the factors creating relationship value (Barry and Terry, 2008). Commitment and intentions are influenced by relationship value, which, in turn, is impacted by benefits such as performance, efficiency, and reliability as well as comparative costs and switching costs. In this study relationship value is treated as a higher-order construct that begins with economic value and proceeds to strategic (goal-oriented) value. Buyers are influenced not only by the transfer of services, but with the value of interaction with their service providers. This is consistent with Ulaga and Eggert's (2006) study, that buyers of industrial services see interpersonal ties as the key to problem solving.

This sub-paragraph described co-creation and relational exchange as part of the paragraph value of account management. The next sub-paragraph demonstrates communicating value.

2.8.3 Communicating value

Dunn and Baker (2003) explain it is not enough to price based on a client's willingness and ability to pay, but it is necessary to increase that willingness by constantly communication the value of the offerings. Focus on the client's needs, desires, and wishes – which the firm and the client are both attempting to maximise – not the price of each service, which the client wants to minimise. They refer to the five C's of value as developed by Nagle and Holden (2002): comprehend what drives sustainable value for clients; create

value for clients; communicate the value that you price; convince clients that they must pay of value received, and: capture value with appropriate price metrics and fences.

Mudie and Cottam (1999) explain that communication can add value to the service in the eyes of the client. This is one of its key benefits. In many cases this will enable the provider to charge a premium over that of competitors. Therefore focus on relationship marketing. Relationships that endure are based built on trust and open dialogue.

Dunn and Baker (2003) explain that the accounting profession has done completely the opposite since the 1980s. The audit has been seen as nothing more than a commodity and the firms prices it as a loss leader in the hopes of acquiring the more lucrative tax and consultancy work.

In a technical professional service environment such as audit, tax and consultancy services, the value of a professional service relationship is related to time (Lapierre, 1997) and not to individual transactions. The definition of value changes during the service creation process. Initially, it is concerned with understanding the needs of the client, followed by the value exchange in which the provider looks for means to solve the problem. Finally, because most professional services involve benefits that are intangible to those who consume them, the account manager can facilitate and reinforce the client's appreciation of the service and level of value they have received. The first level of value is "value exchange" and the second level is "value-in-use" (Payne and Holt, 2001). No longer should value creation be viewed as an individual client transaction; value is created over time.

This sub-paragraph described communicating value as part of the paragraph value of account management. The next sub-paragraph demonstrates literature regarding value-in-use.

2.8.4 Value-in-use

This partial shift to a value-in-use orientation can be seen creeping into marketing in general in the form of terms like "co-production" and "value co-

creation” and “experience economy”. Making the term “service” the descriptive core of the new dominant logic makes it super ordinate. By shifting service to a super ordinate position in marketing, value-in-use also takes a super ordinate position in relation to value-in-exchange and the service/goods relationship is clarified. That is, since service is defined in terms of client-defined benefit, it is necessarily aligned with value-in-use, whether provided directly or through a good. Value-in-exchange remains important but it is primarily derived from value-in-use and, like goods, plays a role in indirect value-creation (Vargo and Lusch, 2008b).

This is also in line with Lorsch and Tierney (2002) who state that the true value proposition to your client is all-inclusive, encompassing both the comprehensive service you provide and the process with which you provide it. Ultimately, as Vargo and Lusch (2008a) advocate, it should be clear that activities (or deeds, processes, or performances) of professionals do not per se create value. Value creation occurs only if the intended beneficiary determines that there is benefit and thus experiences value. Value is always uniquely and phenomenologically determined by the beneficiary. Furthermore, Vargo and Lusch state, that a service-centred view is inherently client oriented and relational, because service is defined in terms of client-determined benefit and co-created and therefore, it is inherently client oriented and relational.

Despite research interest in professional services in general, there has been no theoretical or empirical exploration of the value of account management in professional services relationships in the audit, tax and management consultancy industry.

2.9 Literature analysis

2.9.1 Introduction

This last paragraph “Literature analysis” of the rationale chapter exists of an analysis of the forementioned literature which informed the research.

Paragraph 3.5.1.2 “Role of literature” elaborates how literature informed the research. This paragraph structures the aforementioned literature according to the five emerged themes of the research.

2.9.2 External environment

Løwendahl (1997) is convinced that we are moving from a largely industrial economy dominated by manufacturing firms to an economy more and more dominated by knowledge intensive firms, driven by knowledge. Scott (1998) already mentioned that the professional service firm is the firm of the future. However, there are challenges for the professional service firm.

Dunn and Baker (2003) recognise that the professional service accounting firm is being threatened by a variety of factors: new technology, intense competition, consolidation, an ability to incorporate new services into a business strategy, and the erosion of public trust.

Malhotra (2006) mentions that diversification into business consultancy services increased the size and complexity of account firms, making it necessary to reconsider structures and systems. Also Young (2005) saw a changing market for professional services, which had become more mature, although there are always new concepts and growth areas in professional services.

DeLong et al.(2007) confirms that the professional services market has changed rapidly in the last two decades, according to: more service providers entered the market, clients have become more knowledgeable, new laws and regulations came for the audit, tax and management consultancy industry and the economic crisis since 2008, which put even more pressure on the client's budgets.

Professionals needs to reconsider their role in the economy. Professionals need to liberate from mechanically pursuing billable hours, as is stated by Dunn and Baker (2003), and formulate a successful transition to new services that client's value and define new target clients.

2.9.3 Firm's organisation

Professional service firms in this thesis are defined, according to Løwendahl (1997), as firms in which employees and owners of the firm (accountants, tax consultants, and management consultants) deliver services for clients, which

comprise the provision of specific knowledge, typically a higher (academic) education. Greenwood and Suddaby (2006) summarises characteristics of professionals and their firms, like: professional firms lack hierarchy, are decentralised, and have diffuse authority structures.

The professional firms are, according to DeLong et al. (2007), firms whose services are based on the practice of a codified body of knowledge in solving client problems. The professional services also involve a high degree of customisation, discretionary effort, personal judgement and substantial interaction with the client as service is inseparable from those who provide it (Lovelock and Gummesson, 2004).

Natti and Ojasolo (Natti and Ojasolo, 2008) emphasise that professional service firms are contexts with high individualism, strong professional subcultures and collegial groups, which can form obstacles in client-related knowledge sharing in collaborative relationships because of the local inability to share knowledge. Transnational firms are typically partnerships in which senior professionals (partners) own and manage their respective national firms and lead client engagements (Greenwood et al., 2010).

According to Lorsch and Tierney (2002) there is enormous similarity across the various businesses encompassed within professional services. While the businesses are different, the business models are strikingly similar. They all rely on selling high-priced time and services on a sustainable basis, and that, in turn, depends on building client relationships and delivering client value – value that cannot easily be measured and often relies heavily on clients' perceptions.

Van der Mandele and Parker (2009) made the observation that all professional firms occupy a unique and definable market position determined by the nature and value of their service offering and their geographic scope and scale. Van der Mandele and Parker distinguish three levels of value, roughly reflected by three levels of fees that clients are prepared to pay for them: process delivery, functional specialism and top management counselling. This classification of Van der Mandele and Parker fits also to the

categories of client work that Maister (2003) and DeLong et al. (2007) have defined.

Løwendahl (1997) states, in line with DeJong et al. (2007), it is critical to know whether the firm builds its competitive position from unique client relations, unique solutions or a unique ability to solve new problems creatively. Løwendahl does not see the importance of the distinction between what is delivered and *how* it is delivered in contrary to Vargo and Lusch (2004).

The focus of the existing literature on professional services is more on the characteristics or attributes of professional services – like intangibility, heterogeneity, inseparability and perishability (Lovelock and Gummesson, (2004). Vargo and Lusch (2004) define services as the application of specialised competences (knowledge and skills) through deeds, processes, and performances for the benefit of another entity or the entity itself. Limited attention is provided in the literature to *how* the service is provided.

2.9.4 Profession-client relationships

As Mudie and Cottam (1999) mentioned, professional services score high in personal interaction and customisation and score also high in labour intensity. Amonini et al. (2010) stated that firms use these characteristics by differentiating themselves by developing long-term relationships, providing better service quality and greater value, and developing brands with strong reputations.

Karantinou and Hogg (2007) emphasise that developing and managing supplier-client relationships in professional business services are fundamental to success and profitability.

Maister (2002b) put structure in the development of a professional's relationship with their client and the need to earn trust. He distinguishes four types of relationships: starting from a service offering-based relationship, via a needs-based, towards a relationship-based and finally a trust-based relationship.

The use of a relational approach by service-centric firms receives wide support: they are people-intensive, employ interactive processes, and offer intangible services. Consequently, developing and maintaining relationships is a key differentiator among service firms (Grönrose, 2000). This is also underlined by Ojasalo stating that for the creation of long-term client relationships, it is important to achieve long-lasting satisfaction through sophisticated expectation management, paying attention to making “fuzzy” expectations precise, implicit expectations explicit, and unrealistic expectations realistic (Ojasalo, 2001).

2.9.5 Account management

The account management role is defined, according to Young (2005), as the set of activities directed to establish sustainable client satisfaction, and thus their repeat of ongoing business. Young (2005) continues that account management requires more than technical skills, which is confirmed by Maister (2008). The main characteristics of a successful business developer are diligence and perseverance, a focus on opportunities, presenting yourself as confident and engaging, having a willingness to assist others and an ability to maintain and cultivate relationships (Baschab and Piot, 2005a).

Greenwood (2010) states that national partnerships have progressively recognised that the largest international clients are hugely important, both from a profitability point of view and as an influence upon the firm’s status and reputation. Athanasopoulou (2009) underlines that in today’s highly competitive environment losing clients is very costly. It is five times more expensive to acquire new clients than to keep existing ones.

In professional service firms led by partners and in a partner-based sales model, typical of the audit, tax and consultancy sector, there is a tendency to spend too much time on internal administrative and delivery activities instead of developing new business (Baschab and Piot, 2005a).

Gulati defines that an outside-in orientation is necessary to get real insights into client’s needs (Gulati, 2010). Gulati emphasises that a culture should be fostered which aligns all professionals around the shared goals of client solutions and bridge the internal silos of service lines.

Account management plays an important role in establishing long-term relationships. One of the key skills of getting a more market-driven firm is using account planning and relationship management programs, according to Löwe (2004). Young (2005) stated that certain clients will give a stream of business whereas others will not. The account manager or “representative” focuses on long-term relationships and gets involved in many issues. According to Nätti et al. (2006), the account manager facilitates knowledge absorption from the client since he is responsible for the relationship.

Although establishing and maintaining the relationship with the client is important for account manager, the role of the account manager is quite different in the different types of professional audit, tax and consultancy service offerings which can be categorised as capacity services, solutions-based services and strategy services (Kwakman, 2007b). The account management role differ from a dedicated account management role for capacity services to an integrated account management role for strategy consultancy services.

Embedding account management in professional service firms in order to overcome the problems of client-specific knowledge transfer and to maintain continuity in client relationships, may lead to cultural obstacles. That is why Lawrence et al. (2012) state that in carrying out successful organisational change it is important to understand the role of power in professional service firms. Centralising the decision-making, power and authority can help the transformational change. Furthermore, Lawrence et al. mention the importance of achieving legitimisation of the power shift is critical by obtaining buy-in from key individual partners.

2.9.6 Value perceptions

Zeithaml defined value as “the utility clients obtain from the service, based on their perceptions of what is received and what is given” (Zeithaml, 1988).

Trasorras stated that value has a significant impact on satisfaction and client retention, whereby value is defined by four components: service, quality, corporate image and price (Trasorras et al., 2009). From the client’s point of view, six dimensions create value: agent’s know-how, trust, personal interaction, service fulfilment, location and direct/ indirect costs (Howden and

Pressey, 2008). Howden and Pressey continue that from the service provider's perspective, all these dimensions except the agent's knowhow create value. The relationship manager has a critical role in the creation and delivery of value through the five non-core dimensions.

Ravald and Grönroos (1996) evidenced that the relationship itself can have a major impact on the total value experienced by the client, whereby the perceived value by the client is created and delivered over time as the relationship develops. Also, Payne and Holt (Payne and Holt, 2001) explain that value creation should no longer be viewed as an individual client transaction; value is created over time. The first level of value is "value exchange" and the second level is "value-in-use". Vargo and Lusch (2008a) advocate, it should be clear that activities (or deeds, processes, or performances) of professionals do not per se create value. Value creation occurs only if the intended beneficiary determines that there is benefit and thus experiences value. A service-centred view is inherently client oriented and relational. This is also in line with Lorsch and Tierney (2002) who state that the true value proposition to the client is all-inclusive, encompassing both the comprehensive service which is provided and the process with which it is provided.

This thesis aims to make a contribution to the extant literature in the field of value perceptions of account management in the professional service relationships in the audit, tax and management consultancy industry.

This chapter contained an analysis of the literature of this rationale chapter. The next chapter contains the methodology and methods of this research, which are designed to make a contribution to the practice of management – as important objective of this professional doctorate - and also to make a contribution to development of (management) theory.

3 Methodology and research methods

3.1 Introduction

This chapter is divided in four main parts: an introduction into the grounded theory, limitations of grounded theory, a justification for the chosen methodology and methods and a paragraph which is a factual description of the research methods.

3.2 Grounded theory

3.2.1 Grounded theory introduced

Grounded theory as mentioned by Glaser and Strauss (1967b) focuses on the discovery of theory from the data. It is a general method of comparative analysis and has various procedures designed to generate grounded theory. Glaser and Strauss contrast this position with theory generated by logical deduction from a priori assumptions. They have the position that the adequacy of a theory cannot be divorced from the process by which it is generated. Theory must “fit” the situation being researched and “work” when put into use. By “fit” Glaser and Strauss (1967b) mean that the categories must be readily (not forcibly) applicable to and indicated by the data under study and by “work” they mean that the categories must be meaningfully relevant to and be able to explain the behaviour under study.

According to Glaser and Strauss (1967b), it is the researchers job to generate general categories and their properties for general and specific situations and problems. These can provide theoretical guides for practical implications.

Joint collection, coding and analysis of data is the underlying operation. The generation of theory, coupled with the notion of theory as process, requires that all three operations be done together as much as possible, according to Glaser and Strauss (1967b). They should blur and intertwine continually, from the beginning of an investigation to its end.

The comparison of differences and similarities among groups not only generates categories, but also rather speedily generates generalised relations among them. It must be emphasised that these hypotheses have at first the status of suggested, not tested, relations among categories and their properties, though they are verified as much as possible in the course of the research (Glaser and Strauss, 1967b). The elements of theory that are generated by comparative analysis are, first, conceptual categories and their conceptual properties; and second, hypotheses or generated relations among the categories and their properties.

Glaser and Strauss (1967b) explain, that a category stands by itself as a conceptual element of the theory. A property, in turn, is a conceptual aspect or element of a category. Both categories and properties are concepts indicated by the data (and not the data itself). Conceptual categories and properties have a life apart from the evidence that gave rise to them. Kelle (2007) explains that many users of the grounded theory found it difficult to understand the notions “category” and “property” and to use them in the research practice. Kelle states that by looking for commonalities and differences between coded incidents, the constant comparison method can reveal two kinds of properties: sub-categories of a given category and relations to other categories.

It must be emphasised that integration (that takes place at many levels of generality that emerge) of the theory is best when it emerges, like the concepts. The theory should never be put together, nor should a formal-theory model be applied to it until one is sure it will fit, and will not force the data (Glaser and Strauss, 1967b).

To start writing the theory it is first necessary to collect all memos on each category, which is easily accomplished since the memos have been written about categories. The discussions in this memos provide the content behind the categories, which become the major themes of the theory later presented in writings (Glaser and Strauss, 1967b).

The practical application of grounded sociological theory, whether substantive or formal, requires, according to Glaser and Strauss (1967b), developing a theory with four highly interrelated properties:

- Theory must *fit* the substantive area;
- It must be *understandable* by laymen concerned with this area;
- Sufficiently *general* to be applicable to a multitude of diverse daily situations within the substantive area;
- It must allow the user *control* over the structure and process of daily situations as they change through time.

3.2.2 Theory grounded in the data

After having grounded their theories in data and validated their statements of relationship between concepts during the research process, most researchers are confident about the conclusions, but secure enough with their findings that they regard their theories, even after publication, as qualifiable, modifiable, and open in part to negotiation (Strauss and Corbin, 1998). According to Strauss and Corbin, researchers of this methodology tend to be flexible and are open to criticism. They appreciate the give and take that occurs in discussions. Flexibility and openness are linked with having learned to sustain a fair amount of ambiguity and the realisation that phenomena are complex.

Grounded theory is not focus solely on the procedures and apply them in a rote manner, as is stated by Strauss and Corbin (1998). The importance of the methodology is that it provides a sense of vision, where it is that the researcher wants to go with the research. The techniques and procedures (method), on the other hand, furnish the means of for bringing that vision into reality. Procedures are needed as techniques for the researcher to help him see beyond the ordinary and to arrive at new understandings of social life.

The value of the grounded theory methodology, as Strauss and Corbin explain, is its ability not only the generate theory but also to ground that theory into data. Both theory and data analysis involve interpretation, but it is

interpretation based on systematically carried out inquiry. The procedures, as described by Straus and Corbin, are not the only way of doing analysis and researchers are not obliged to use every procedure described in their book.

Strauss and Corbin (1998) define the term “grounded” as theory that is derived from data, systematically gathered and analysed through the research process. In this method, as is discussed in more detail in the following paragraph, data collection, data analysis and eventual theory stand in close relationship to each other. The research begins with an area of study and allows the theory to emerge from the data.

Grounding concept in data is the main feature of this method, but creativity of the researcher is also an important ingredient (Strauss and Corbin, 1998), like: being open to the multiple possibilities, generating a list of options, exploring possibilities before choosing, coming back and forth to get a new perspective, diverging from one’s usual way of thinking, but also trusting the process and not going back and having fun while doing it. Analysis is the interplay between researcher and data. Creativity manifest itself in the ability of researchers to aptly name categories, ask stimulating questions, make comparisons, and extract an innovative, integrated, realistic scheme from masses of unorganised raw data.

3.2.3 Coding procedures

As Strauss and Corbin (1998) explain, there are procedures to help provide some standardisation and rigor to the process. However, these procedures were designed not to follow dogmatically, but rather to be used creatively and flexible by researchers as they deem appropriate. The purposes of coding procedures are to:

- Build rather than test theory;
- Provide tools for handling masses of raw data;
- Consider alternative meanings of phenomena;
- Be systematic and creative simultaneously;
- Identify, develop and relate the concepts that are the building blocks of the theory.

A description, according to Strauss en Corbin (1998) is the use of words to convey a mental image of an event, a piece of scenery, an experience. It's the account related from the perspective of the researcher doing the depicting. Description is the basis of more abstract interpretations of data and theory development. Description already embodies concepts, is clearly not theory, but is the basis for theorising.

Conceptual ordering, as Strauss and Corbin (1998) explain, is organising of data according to a selective and specified set of properties and their dimensions. Data is organised into discrete categories according to their properties and dimensions and then using description to elucidate those categories. In the process, items are identified from data and are defined according to their various general properties and dimensions.

Theory is defined by Strauss and Corbin (1998) as a set of well-developed concepts related to statements of relationship, which together constitute an integrated framework that can be used to explain or predict phenomena. The statements of relationship explain who, what, when, where, why, how, and with what consequences an event occurs. A theory enables users to explain and predict events, thereby providing guides to action.

What makes a research situation different when theory, rather than findings or conceptual ordering is the aim: in general it is not different, but it is only that some procedures, especially the analytic ones, are more extensive and elaborate. Analysis does not end with conceptual ordering, and thus with open and axial coding, but rather may go on to include integrative selective coding.

Each incident in the data was coded into as many categories of analysis as possible, as categories emerge or as data emerge that fit an existing category, as is in line with Glaser and Strauss (1967b). While coding an incident for a category, it was compared with the previous incidents in the same and different groups coded in the same category. The coding process was stopped and a memo was written in case of conflicts in the emphases of thinking.

3.2.4 Sensitivity and objectivity

Sensitivity and objectivity are important in grounded theory. Sensitivity is the ability to respond to the subtle nuance of, and cues to, meanings in data and to recognise the connections between concepts. Objectivity is the ability to achieve a certain degree of distance from the data and to represent them fairly. It is the ability to listen to the words of the respondents and to give them a voice independent of that of the researcher. Objectivity is necessary to arrive at an impartial and accurate interpretation of data (Strauss and Corbin, 1998).

Obtaining objectivity means maintaining an attitude of scepticism. All theoretical explanations, categories, hypotheses, and questions about the data arrived at through analysis should be regarded as provisional. These should be validated against data in subsequent interviews or observations.

Sensitivity means being able to see beneath the obvious to discover the new. Personal experience can help sensitivity if used correctly. It provides a comparative base for asking questions. Insight sparks more insight and how discovery builds (Strauss and Corbin, 1998).

3.2.5 Constant comparative method

The constant comparison forces to consider much diversity in the data, while each incident is compared with other incidents or with properties of a category, in terms of as many similarities and differences as possible. It is a “developmental” theory, it specially facilitates the generation of theories of process, sequence, and change pertaining to organisations, positions, and social interaction. To make theoretical sense of so much diversity in the data, it is necessary to develop ideas on a level of generality higher in conceptual abstraction than the qualitative material being analysed, to bring out underlying uniformities and diversities, and to use more abstract concepts to account for differences in the data (Glaser and Strauss, 1967b).

Delimiting features of the constant comparative method occurs at two levels: the theory and the categories. When the theory solidifies underlying

uniformities in the original set of categories or their properties may be discovered and the theory can be formulated with a smaller set of higher level concepts. The second level for delimiting the theory is a reduction in the original list of categories for coding (Glaser and Strauss, 1967b).

Grounded theory makes comparisons between data to identify, develop, and relate concepts. It creates an awareness in interrelationships among conditions (structure), action (process), and consequences (Strauss and Corbin, 1998).

The constant comparative method is designed to aid the researcher who possesses the abilities in generating a theory that is integrated, consistent, plausible, close to the data and at the same time is in a way clear enough to be readily, if only partially, operationalised for testing in quantitative research, as explained by Glaser and Strauss (1967b). The purpose of the constant comparison method is to generate theory systematically by using explicit coding and analytic procedures.

The constant comparison of the incidents very soon starts to generate theoretical properties of the category in terms of the full range of types of continua of the category, its dimensions, the conditions under which it is pronounced or minimised, its major consequences, its relation to other categories, and its other properties (Glaser and Strauss, 1967b).

According to Glaser and Strauss (1967b), the constant comparison method consist of four stages: comparing incidents applicable to each category; integrating categories and their properties; delimiting the theory; and, writing the theory. Each stage do remain in operation simultaneously throughout the analysis.

3.2.6 Research methods

This research is primary based on interviews, although, according to Glaser and Strauss, also other data resources besides interviews may be used in the grounded theory, especially in early stages of the research, to:

- Help understand the substantive area;

- Are used for descriptive analysis;
- Special and highly empirical studies are made, as when the contents of novels or newspaper columns are studied for what they reflect on an era, a class, or the changing tastes of a country.

The challenge of not projecting prior knowledge in applying grounded theory in the field of accounting research has been previously identified (von Alberti-Alhtaybat and Al-Htaybat, 2010). Nevertheless, Goulding (2002) explains that grounded theory may be based on single or multiple sources of data, which might include secondary data, life histories, interviews, introspection, observation and memos. Grounded theory may include the use of secondary data to give context and factual substance to the analysis. Secondary data that have been gathered for a previous research study has advantages which it removes the steps of sampling and data collection and more effort is placed on analysis and interpretation of findings, but has also the limitations regarding a lack of control in generating the data, not having the opportunity to conduct second or third interviews for elaboration, clarification and penetration of particular issues and theoretical sampling is only possible within the confines of the data set.

Strauss and Corbin (1998) distinguish three major components of qualitative research:

- Data that might consist of interviews and observations, but also documentation, films or videotapes;
- Procedures that the researcher can follow to interpret and organise the data. These consist of conceptualising and reducing data, elaborating categories in terms of their properties and dimensions, and relating to a series of propositional statements. Other procedures are part of the analytic process, like non-statistical sampling, writing memo's, diagramming, and;
- Written and verbal reports.

According to Strauss and Corbin (1998), concepts can be derived from the literature. Literature can provide a source for making comparisons to data at

the dimensional level. Familiarities with relevant literature can enhance sensitivity to subtle nuances in data. It is not that literature and experiences are used as data, but rather that the properties and dimensions derived from the comparative incidents are used to examine the data under study.

Even nontechnical literature, as Strauss and Corbin continue, can be used to supplement interviews and observations. Much can be learned about an organisation, its structure and how it functions by studying its reports and internal memos. Nontechnical literature can provide questions, initial concepts, and ideas for theoretical sampling. It can be used as data or for making comparisons, and it can act as the foundation for developing general theory.

This research is concerned with understanding account management in professional service relationships and its related value; to this end we employed a qualitative approach because of the limited extant research in this context and to facilitate insight through the vocabulary and narratives of the players in the relationship. By doing this, an inductive approach was accommodated, emphasising the way that individuals interpret their social world, accepting that social reality is a constantly shifting emergent property created by individuals (Bryman and Bell, 2007). Grounded theory is embraced as the methodology as it is the intention to go beyond description and to generate a new conceptualisation of account management in audit, tax and management consultancy professional services relationships.

The next paragraph discusses the limitations of the grounded theory research design.

3.3 Limitations of the grounded theory methodology

According to Glaser and Strauss (1967b), criticism on qualitative research stems from sociologists' taking as their guide to credibility the canons of rigorous quantitative verifications on such issues as sampling, coding, reliability, validity, indicators, frequency distributions, conceptual formulation, hypothesis construction, and presentation of evidence. Glaser and Strauss

raised doubts in their book about the applicability of these canons of rigor as proper criteria for judging the credibility of theory based on flexible research. The conviction of the researcher in his own theory, as Glaser and Strauss mention, does not mean that his analysis is the only plausible one that could be based on his data, but only that he has high confidence in its credibility.

In the grounded theory as mentioned by Strauss, Glaser and Corbin, the position of the researcher is neglected in the generation of knowledge (Bryman and Bell, 2007). This in contrast to ethnographic research of which the reflexive nature of ethnography is a characteristic which implies that the researcher is part of the world that is under study and is consequently affected by it (Boyle, 1994).

Another criticism of the grounded theory is that it is questionable whether researchers can suspend their knowledge and awareness of relevant concepts of theories till the end of the research (Bulmer, 1979). Nowadays it is rarely accepted that a theory-neutral observation is feasible (Bryman and Bell, 2007). Particularly difficult is to what extend the research can ever be free of mind in its own pre-conceptions. Literature is not exhausted prior to the research, rather it is consulted as part of an iterative, inductive and interaction process of data collection and simultaneous analysis and emergent interpretation (Goulding, 2005).

It is the challenge not to project prior knowledge towards data and findings when applying Glaser's approach to grounded theory in the field of accounting research (Alberti-Alhtaybat von and Al-Htaybat, 2010). Projecting knowledge can be evaded by constant comparison, asking the basic questions of Glaser and theoretical sampling. The three basic questions in order to stay as neutral as possible are (Glaser (1978): What study is this data of? What category or property of a category does this incident indicate? and What is happening? Glaser's approach to analysis is that the researcher takes a distant position and let the data speak for themselves.

Besides the disadvantage of the time necessary to translate the interview and continuous interplay between data collection and conceptualisation, another criticism of grounded theory is whether in many instances it really

results in theory. It provides a rigorous approach to the generation of concepts, but it is often difficult to see what theory is being put forward (Bryman and Bell, 2007). Furthermore, by coding the data and making categories, information of the context of the data can be lost (Coffey and Atkinson, 1996).

Twin critiques of accurate evidence and verified hypotheses associated with qualitative research fail when realising that accurate description and verification are not so crucial when one's purpose is to generate theory, as is declared by Kuhn (1962). This is especially true because evidence and testing never destroy a theory (or any generality), but only modify it. A theory's only replacement is a better theory.

The problem of conveying credibility is dividable in two sub-problems, as discussed by Glaser and Strauss (1967b):

- Getting readers understand the theoretical framework by providing a extensive abstract presentation of the overall framework and its principal associated theoretical statements at the beginning or end of the publication, and;
- To describe the data of the social world studied so vividly that the reader, like the researchers, can almost literally see and hear its people – but always in relation to the theory. The standard approach for this is to present the data as evidence for conclusions, thus indicating how the researcher obtained the theory from his data. The researcher usually presents characteristic illustrations and various accompanying crude tables.

Another way to convey credibility of the theory, according to Glaser and Strauss, is to use a codified procedure for analysing data, which allows readers to understand how the researcher obtained his theory from the data. In addition, the constant comparison method's requirement of keeping track of one's ideas increases the probability that the theory will be well integrated and clear, since the researcher is forced to make theoretical sense of each comparison (Glaser and Strauss, 1967b). Furthermore, several aspect of

judging credibility are: sufficiently caught up in the description and the readers assessment how the researcher came to his conclusions: what range of events the researcher saw, whom he interviewed, who talked to him, what diverse groups he compared, what kind of experiences he had, how he might have appeared to various people whom he studied.

Like Glaser (1978), also Charmaz (2006), agrees that grounded theory is not a verification method. Rather than contribution verified knowledge, grounded theorist offer plausible accounts. Despite criticism, grounded theory probably represents the most influential general strategy for conduction qualitative data analysis (Bryman and Bell, 2007). Grounded theory is well suited for organisational research in, among other areas, capturing complex contexts and facilitating theoretical work in substantive areas that have no well be researched yet (Locke, 2001).

Grounded theory is particular suited as methodology to situations that have a symbolic and, or interactional element to them and has consequently potential for research direction and contexts of relationship marketing and or even the sales situation (Goulding, 2005).

In the following paragraph the justification of the chosen methodology of grounded theory and the used research methods will be explained.

3.4 Justification for the methodology and research methods

3.4.1 Justification for grounded theory

As Goulding (2002) mentions, researchers adopt the grounded theory when the topic of interest has been relatively ignored in the literature or has been given superficial attention. Grounded theory is being used to explore a wide range of management issues, according to Goulding (2002), whereby management is about people, their behaviour, relationships, and communication.

The basic premise, according to Strauss and Corbin (1998), is that the research question should dictate the methodology and method. A valid

reason for choosing qualitative research is the nature of the research problem. Qualitative methods can be used to explore substantive areas about which little is known or about which much is known to gain novel understandings. Grounded theory fit for this research because little is known about account management in professional services relationships.

The initial research question starts out broadly and becomes progressively narrowed and more focussed during the research process as concepts and their relationship are discovered. The research question in a qualitative study is a statement that identifies the phenomenon to be studied (Strauss and Corbin, 1998).

Qualitative research is defined by Strauss and Corbin (1998) as any type of research that produces findings not arrived by statistical procedures or other means of quantification. It can refer to research about persons' live, lived experiences, behaviours, emotions, and feelings as well as about organisational functioning, social movements, cultural phenomena, and interactions between nations. Strauss and Corbin refer to a non-mathematical process of interpretation, carried out for the purpose of discovering concepts and relationships in raw data and then organising these into a theoretical explanatory scheme.

Themes which emerge via the procedures of the grounded theory are themes on semantic or explicit level. Themes on latent or interpretative level, as being developed and interpreted in thematic analysis (Braun and Clarke, 2006), are not part of grounded theory, because they request an involvement of the interpretation of the world by the researcher. As mentioned in a grounded theory approach, the researcher tries to be as neutral as possible, by using the semi-structured questionnaire as a checklist and by letting the interviewees tell their story.

3.4.2 Research method - interviews

At the beginning of the research, interviews usually consist of open-ended conversations during which the respondents are allowed with no imposed limitations of time and in which the researcher sits back and listens. Later

when the interviews and observations are directed by the emerging theory, the researcher can ask more direct questions bearing on his categories (Glaser and Strauss, 1967b). Semi-structured interviews fit within this exploratory methodology and discover knowledge from interviewees in the field.

As is stated by Singleton Jr. (1999), names of interviewees and other identifying information has been made anonymous in the first transcription step to guarantee the confidentiality of the participants of this research.

Confidentiality and anonymity can be distinguished (Clark, 2006).

Confidentiality is the process of not disclosing to other parties opinions or gathered information, whereby anonymity is the process of not disclosing the identity of the research participants.

Beside interviews, no other or additional methods such as analysing documents or observations have been used. It is not expected that professional service firms will have specific documentation about the value of the account management role, because account management is not their first point of interest (Clifford, 1996). Observation is not expected to generate more relevant data for this research topic, because value of the account management role is expected being created over time (Lapierre, 1997).

3.4.3 Data gathering instrument

As Glaser and Strauss (1967b) mention, as categories and properties emerge, develop in abstraction, and become related, their accumulation interrelations form an integrated central theoretical framework – the core of the emerging theory. This core becomes the theoretical guide to the further collection and analysis of data. At the end of the data collection and after the analysis, the published word is not the final one, but only a pause in the never-ending process of generating theory.

The possibilities of multiple comparisons are infinite, and so groups – of which interviewees are selected - are chosen according to theoretical criteria, which are those of theoretical purpose and relevance (Glaser and Strauss, 1967b). The basic criterion to select groups and how to select them is their

theoretical relevance for furthering the development of emerging categories. The researcher chooses any groups that will help generate, to the fullest extent, as many properties of the categories as possible, and that will help relate categories to each other and to their properties, according to Glaser and Strauss (1967b). A more general substantive theory is achieved by comparing different types of groups and the scope is further increased by comparing different types of groups within different larger groups, within different regions, or within different nations, etc. The selection of groups is based on simultaneous maximalisation or minimalisation of both the differences and the similarities of data that bear on the categories being studied. This control over similarities and differences is vital for discovering categories, and for developing and relating their theoretical properties, all necessary for the further development of an emergent theory (Glaser and Strauss, 1967b). The researcher selects the groups as active sampler of theoretically relevant data, choosing particular groups for theoretically relevant data collection and analysing the data to see where the next theoretical question will take him.

Merely selecting data for a category that has been established by another theory tends to hinder the generation of new categories, according to Glaser and Strauss (1967b), because the major effect is not generation, but data selection. Also, emergent categories usually prove to be the most relevant and the best fitted to the data.

Data collection and data analysis occur in alternating sequences. It is the data analysis that drives the data collection (Strauss and Corbin, 1998).

Explicitly, no dyads between professional and client relationship were selected. Due to the explorative character of the research: each individual (either a client or professional) has more than one relationship in mind and could use that insight during the interview instead of focusing on just one relationship. Also by using dyads in a personal relationship as in professional services, it is possible that information stays undiscussed, because people can feel uncomfortable to harm the other. In the current design, the interviewees can speak openly and without fear for their counterpart.

3.4.4 Research sample

Theoretical sampling is the process of data collection for generating theory whereby the researcher jointly collects, codes, and analyses the data and decides what data to collect next and where to find them, in order to develop the theory as it emerges. This process of data collection is controlled by the emerging theory, where substantive or formal (Glaser and Strauss, 1967b).

The criteria for judging when to stop sampling the different groups pertinent to a category is the category's theoretical saturation. Saturation means that no additional data are being found whereby the researcher can develop properties of the category, according to Glaser and Strauss (1967b), and he become empirically confident that a category is saturated. One reaches saturation by joint collection and analysis of data. As Glaser and Strauss mention, the criteria for determining saturation are a combination of the empirical limits of the data, the integration and density of the theory, and the researcher's theoretical sensitivity. The latter has two other characteristics: it involves his personal and temperamental bent; and it involves the ability to have theoretical insight into his area of research, combined with an ability to make something of his insights.

Theoretical sampling is done in order to discover categories and properties and to suggest the interrelationships into a theory compared to statistical sampling, which is done to obtain accurate evidence on distributions of people among categories to be used in descriptions or verifications (Glaser and Strauss, 1967b). The adequate theoretical sample is judged on the basis of how widely and diversely the researcher chose his groups for saturating categories according to the type of theory (general substantive or formal) he wishes to develop.

One of the risks and critiques, Goulding (2002) mentions, regarding to the strict set of procedures which Strauss and Corbin (1990) use to develop a theory, is the nature of theoretical sampling. Sampling is controlled by the data instead of defined prior to the field research. The researcher must remain open and flexible and be prepared to sample across several groups

and possible locations before the data start to make sense and the research finds direction.

The depth to which a category should be sampled is relevant until being confident of its saturation. The depth of inquiry should not be the same, because all categories are not equally relevant, e.g. core categories should be inquired as completely as possible. As the theory develops and becomes integrated, the researcher learns which categories require the most and least complete saturation, and which can be dropped (Glaser and Strauss, 1967b). Core categories are the most relevant for prediction and explanation.

3.4.5 Implementation

The researcher got consent from all interviewees and explained the purpose and context of the interview. The rules of “good” interviewing were taken into account: appropriate preparation, respect for the participants, intensive listening, appropriate question formulation with fewer, rather than more questions (Roulston, 2010).

Not having a very detailed questionnaire fits well in semi-structured interviews. Letting the interviewees tell their experiences and the interviewer only facilitates during the interview by taken care that the story is still in the field of account management in professional services firms.

3.4.6 Data management

In accordance with Clark (2006), anonymising has been done as early as possible in the research process by transcribing the interviews. Names of participants and their organisations have been changed in the data analysis part of the research. Pseudonyms were used for the names of the interviewees and their departments and organisations.

A qualitative research tool such as Atlas.ti enables researchers to think in a visible way. Visualised thoughts or mental operations can easily be stored, recollected, classified, linked and filtered out in great numbers. Software packages support practise-based knowledge making (Kanopásek, 2008). Although, using a tool like Atlas.ti could have been beneficially, especially for

reporting reasons, all data analysis has been done in coding tables of Microsoft Word.

3.4.7 Analysis procedures

In keeping with a Straussian approach to grounded theory, the data analysis starts with a detailed line-by-line analysis of each interview necessary at the beginning of the research to generate initial categories (with their properties and dimensions) and to suggest relationships among categories. It is a combination of open and axial coding (Strauss and Corbin, 1998). Coding is the process whereby data is split up in component parts which are giving names. Open coding, axial coding and selective coding are three different levels of coding that can be distinguished (Strauss and Corbin, 1990). Open coding is the process of conceptualising data into coding of concepts that later will be grouped into categories; axial coding is a set of procedures whereby open codes are linked to contexts, to consequences, to patterns of interaction, and to causes; and selective coding is the procedure to select the core category and the systematic relation to the other categories.

The comparison of differences and similarities during the open coding generates categories and sub- themes, and also generates generalised relations among them. In keeping with this, the open codes were refined to theoretical themes and sub-themes into which comparable open codes were grouped. Finally, the interviews were compared for common themes. The accumulated interrelations form an integrated central theoretical framework - the core of the emerging theory (Glaser and Strauss, 1967a).

During the analysis phase, theoretical notes and small memos were written down. As is mentioned by Bryman and Bell (2007), theoretical notes or memos are particular helpful in the generation process of concepts and categories. They serve as reminders about what is meant and provide building blocks for a certain amount of reflection.

Theoretical saturation is related to the coding phase of data and to the data collection phase (Bryman and Bell, 2007). Saturation is realised when further

analysing the data does not lead to other concepts or categories and saturation is realised when new data does not give more insight into existing concepts neither lead to new concepts. Data collection is a “zigzag” process: out to the field to gather information and back into the office to analyse the data, back to the field to gather more information and into the office, and so forth (Creswell, 2007).

All the factual steps which were undertaken in this research are explained in the next paragraph. That paragraph starts with a description of the research approach, followed by the data collection instrument, and the research sample. After that the implementation of the interviews are discussed and the data management of the interviews and finishes with the analysis procedures.

3.5 Research methods – a factual description

3.5.1 Research approach

In this paragraph the application of the grounded theory methodology for this research is described in more detail, including the research method.

Futhremore, the way literature informed this research is discussed, followed by the description of the position of the researcher. This paragraph ends with the limitations of grounded theory and how this thesis dealt with these limitations.

3.5.1.1 Grounded theory in more detail

This thesis uses a qualitative research methodology, because little is known from the literature about the subject as has been discussed in the rationale chapter. Limited extant literature exists regarding professional services and even less literature exist about account management in professional services relationships. Choosing the grounded theory contributes also to the originality of the thesis, because this methodology is limited used for research in the professional service industry.

For this thesis, predominantly semi-structured interviews were selected as approach to answer the research objectives. Only three interviews – 3, 4 and

5 – were unstructured interviews. This was a try-out to compare the advantages and disadvantages of unstructured and semi-structured interviews as part of assignment 4 (Van Bon, 2010). After this experience, semi-structured interviews were held. Semi-structured interviews have the advantage that the researcher can fall back on some structure which was designed upfront, without being too directive during the interview. Furthermore, the duration of an unstructured interview was a bit longer than a semi-structured interview and in case the interviewee was deviated from the core research theme it took more time for the interviewer to interrupt and to direct the interviewee to talk again about the research theme.

Keeping interviews suits for this qualitative research methodology, because semi-structured interviews are designed to provide rich data in a research setting where little is known of the subject. Interviews fit well in a grounded theory approach, which is chosen as methodology for this exploratory research.

Besides semi-structured interviews and literature review, no other methods were used. Secondary documentation, like for example human resource recruitment advertisements, were considered to be taken into account, but not chosen to be included in the research methods. The reason for this is that these documents are not fit for purpose for this research and that this could give biased information, because recruitment advertisements could contain information which does not reflect reality and does not provide a proper answer to the research question. The researcher chooses semi-structured interviews, because specific fit-for-purpose information regarding the subject could be collected. Access to the interviewees was not a problem due to the fact that the researcher was working in the field and could make use of the snowballing technique, and also the relative intensive time consumption involved with collection and analysis of the interviews was taken for granted.

During the research period, which started after getting ethical approval in summer 2011 till submission, the researcher had several telephone calls with his supervisor and also email communication about questions the researcher raises dependent on the phase of the research. The researcher made notes

and used a tape recorder during these conversations. These insights were used during the stages of the research.

Furthermore, the researcher attended twice a year the peer review workshops of the DBA program. He prepared questions regarding his research dependent of the stage of his research and asks the group of DBA students to discuss these items. Notes were taken even so were the discussions recorded by tape. Also these insights were used during the research.

3.5.1.2 Role of literature

The sub-paragraph discusses how literature has informed this research. Traditionnally, grounded theory as mentioned by Glaser and Strauss (1967b) is not informed upfront by literature, while this could influence the research direction and the research should emerge from the data. Literature is not seen as a primary data resource, but can be used for making comparisons to data. As mentioned earlier in paragraph 3.6.2, literature can enhance sensitivity to subtle nuances in data.

Limited literature was already read before starting this thesis, because for the aforementioned assignments, limited literature had been read. This literature was mainly in the field of account management and professional services. Also for these assignments, the literature was used for making comparisons with the findings of the analysis of the interviews. This approach was also followed during this thesis: starting with the interviews and parallel analysis of these interviews and after approximately 20 interviews were held and analysed, an extensive literature review was performed. The literature review was performed in the same period as keeping and analysing the last 9 interviews. The content of the literature was used to compare the outcomes of the analysis of the interviews e.g. to confront literature with output of the interviews that showed similarities or dissimilarities. The themes that came out of the analysis of the interviews informed the selection of the literature. Also the other way around, informed the literature - by making comparisons with the output of the interviews – the interviews and encouraged the researcher to pay more attention to a particular area in the next interview. As

mentioned earlier, extant literature in the specific area of the value of account management in professional service relationships in the audit, tax and management consultancy industry is limited to not existing.

The literature review in this thesis is focused on professional service firms in the audit, tax and management consultancy industry, account management in professional services, professional service relationships and the value of service provisioning according to Vargo and Lusch (2004).

The focus in literature has not so much been on other industries, because this research wants to find out the specific characteristics of the professional services industry and their impact on account management. Literature about client satisfaction was not extensively reviewed, because it was not specifically related to professional services and it deals with much more variables than service provisioning. The mainstream literature regarding account management literature is dominantly focused on organisations who offer a product or a service by which the producer and seller are not the same individual, which is often the case in professional services. Therefore, this research reviewed the limited extant literature of account management in professional services relationships.

Even so, the literature about business-to-business relationships or business-to-business partnerships was not extensively included in this thesis, because it does not include the characteristics of personalised professional services relationships which is an important and distinguishing element – it's the professional who delivers the service - in a professional service relationship. In line with grounded theory, literature is selected after having started to analyse the interviews. Based on the outcome of the interviews, literature focus was on professional services relationships, account management and service dominant logic.

3.5.1.3 Role of pilot study

During the DBA program, the researcher had performed several assignments (Van Bon, 2011, Van Bon, 2010, Van Bon, 2009) and wrote a submitted unpublised article (Van Bon and Wright, 2012). The educational aim of the assignments was different each time, but as area of research the role of

account management in professional service relationships in the audit, tax and management consultancy industry was selected. The assignment of 2009 was performed to experiment with different research methods, like interview techniques, which includes two semi-structured interviews. The assignment of 2010 was about doing qualitative research and was based on three unstructured interviews. The assignment of 2011 is a pilot study based on grounded theory methodology, which includes three semi-structured interviews. The positive experience with the grounded theory in this pilot study and assignments, informed the use of this methodology for the current thesis. In this thesis a more Straussian approach of the grounded theory was chosen because of a well established descriptive set of procedures for data analysis. The experiences collected via these assignments were used for the research approach of this thesis. Grounded theory has evidenced to be an useful methodology for qualitative research in an area where little is known in extant literature. The promising insights of the assignments were used to elaborate further in this thesis. This thesis re-used the transcripts of the interviews of these early assignments and analysed them ones again with the same level of detail as the newly held interviews.

3.5.1.4 Position of researcher

The area of research knowing account management in professional services relationships in the audit, tax and management consultancy industry, was selected because the researcher had worked for more than 16 years in this industry as accountant and management consultant. This research will inevitable be informed by these experiences in the field. He experiences that firms did not want to invest in account management although they recognise the need for having a broader view then their own practice to be able to service the client. The partnership structure and culture of the firms lead to short-term focus on chargeable hours, primary focused on delivery from their own practice. The researcher was particularly interested in the views of professionals and clients in the field and did not want to direct the interviewees in a particular direction. The procedural grounded theory approach suits a more distant position of the researcher. The bias coming from the position of the researcher, was tried to be limited by using the

interview checklists during the interviews, by letting the interviewees tell their stories, by written the wordings of the interviewee's word-by-word and by analysing them carefully with structured procedures.

As mentioned, the researcher has a conviction, which is based on empirical - non-academic - knowledge and experiences, that account management is important in professional services relationships and that it is often undervalued by the leadership of the firm and the professionals.

Nevertheless, the researcher does not want to justify this stand. He is aiming to take a neutral position and is curious to the views of the interviewees. His background knowledge has also an advantage because he has knowledge of the professional service industry and its characteristics and because he has rather easy access to interviewees.

3.5.1.5 Limitations of grounded theory

The following limitations of this approach could be considered:

- This research is based on 26 semi-structured interviews and 3 unstructured interviews;
- The interviewees came primarily from Western Europe especially from The Netherlands;
- The interviewees were selected based on snowballing;
- No dyads were made between a professional and a client who have a professional relationship and therefore answers could not be verified directly from that relationship between professional and client;
- The researcher works in the field as accountant and management consultant and has therefore upfront empirical knowledge.

The grounded theory approach can cope with these limitations by compensating and minimising the disadvantages of the aforementioned limitations by:

- It is exploratory research which is focused on getting an understanding of the subject, which is completely different from quantitative research where it's about verification and the number of respondents are necessary for statistical purposes;

- Transcribing the interviews word-by-word and using detailed procedures by analysing the information from the interviews provides rich information whereby reaching the saturation point determines the number of interviews;
- For this qualitative research approach it is not necessary to choose the respondents randomly as would have been the case in quantitative research setting neither claims this approach that the outcome of this research is valid for other countries;
- No dyads were chosen for the research design, because – as explained above - for this exploratory research broader understanding of the experiences of the interviewee were collected instead of focusing on one specific relationship between professional and client. Every client has experiences with more professionals and also a professional has more client experiences. Furthermore, it could be the case that some – more negative - information would have been hidden when a professional and a client were interviewed as dyad;
- As mentioned before, the researcher is curious about the reactions of the interviewees and does not feel the need to justify his own stand. By having the empirical knowledge of the field, he will use this knowledge during the interviews to get a better and deeper understanding of the subject and also to get a good rapport and high trust with the interviewee.

3.5.2 Data gathering instrument

The interviewees were selected through the technique snowballing. Each individual has experiences with professional services in the audit, tax and consultancy industry. Each interviewee, especially before saturation, brought insight, which generated rich data that made it possible to get a better understanding of account management in professional services relationships.

The interviewees can broadly be separated into four groups: professionals with a dominantly account management role, professionals with a dominantly delivery role, clients with a dominantly purchasing role (e.g. head of

procurement) and clients with a dominantly business role (e.g. CFO's, controllers, CIO's). The interview schedule is a variation of these four groups or perspectives. The decision which interviewee – and from which group - was selected for the next interview was made based on a combination of gap's in the current understanding after the analysis, the availability of the interviewee and the suggestion for a new interviewee from earlier interviewees.

At two stages of the interview schedule, after 15 interviews and almost at the end – after 26 interviews – two experts of the university were interviewed. The first one is a marketing professor and was interviewed regarding the chosen methodology and the interpretation of the results so far. The second one is a professional services professor and was interviewed to discuss the results of the research and to find similarities and dissimilarities with his knowledge compared to this research. After this interview, two more interviews were held to reach saturation, especially from the perspective of procurement. Saturation was realised after no new insights came out the analysis of additional interviews. As the number of interviews increased, the researcher asked the interviewee to talk a bit more about items of which saturation was not yet realised, which was efficient for the data collection process.

3.5.3 Research sample

As mentioned earlier, all interviewees which a professional background can be split into two groups: a dominantly delivery role and a dominantly account management role. The interviewees from the client side can also be split into business – or finance - responsible interviewees and interviewees with a procurement background. The majority of the interviewees have a management position, fulfil a senior role and have many years of experiences with professional services relationships. Four interviewees – 4, 14, 20 and 23 – have a background in an IT management consultancy firm, of which two have a delivery background and two an account management. These interviewees were selected to find similarities and dissimilarities with audit, tax and management consultancy firms and to create new insight in

account management in professional services relationships. Especially, because the IT services industry is in general more adaptive towards innovative concepts. Furthermore, delivery and account management are more separated roles in this part of the IT management consultancy professional service industry.

The recruitment of the interviewees started via the business network of the researcher and continued via snow-balling. The researcher asked the interviewees whether they could introduce him to the next interviewee. The analysis of the last interview directs also the course for the area of exploration in the next interview.

Table 3.1 summarises the interviewees with their background. The interviews were held in sequence with their number in the table.

The interviews 1 up to 9 were undertaken during three assignments of the DBA program, the initial assignment module 1 (interviews 1 and 2), the qualitative research assignment module 4 (interviews 3, 4 and 5) and the pilot study assignment module 7 – interviews 6, 7, 8 and 9 (Van Bon, 2009, 2010, 2011). The underlying subject in these assignment was still in the area of understanding account management in professional services relationships and therefore relevant for this thesis. These interviews were completely re-analysed for the thesis in the analysis phase.

Some of the interviewees were known by the researcher, because they worked in the same audit, tax and consultancy firm or are (former or current) clients and were known via former engagements. After analysing the interview, the researcher approached the next interviewee via snowballing based on the outcome of the analysis. Interviewees gave sometimes also suggestions to talk to someone else, e.g. the business buyer introduces the researcher to the purchase department. The interviewees have been selected based on their experiences regarding account management in the professional service firm and covering the professional perspective and client perspective on the value of account management.

	Name	Function	Organisation	Dominant role
1	Mike	Senior manager	Audit, tax, consulting firm	Delivery
2	Joanne	Business development manager	Audit, tax, consulting firm	Account management
3	Oliver	Finance director	Client	Business buyer
4	Adam	Partner	IT, management consulting firm	Delivery
5	Gerr	Finance director	Client	Business buyer
6	Nicole	Accountant and consultant	Audit, tax, consulting firm	Delivery
7	Marian	Account management support	Audit, tax, consulting firm	Account management support
8	Peter	Head of department	Client	Business buyer
9	Mary	Procurement	Client	Procurement
10	Roger	Account manager	Client	Account management
11	Perry	Consultant	Audit, tax, consulting firm	Delivery
12	Antoinette	Tax consultant	Audit, tax, consulting firm	Delivery
13	Franc	Tax director	Client	Business buyer
14	Steven	Account manager	IT, management consulting firm	Account management
15	Rich	Partner	Audit, tax, consulting firm	Account management
16	Gina	Marketing professor	University	Expert
17	Teo	Partner	Audit, tax, consulting firm	Account management
18	Herbert	Partner	Audit, tax, consulting firm	Account management
19	Tony	VP Finance	Client	Business buyer (former accountant)
20	Trudy	Head of department	IT, management consulting firm	Delivery
21	Ann	Head of Procurement	Client	Procurement
22	Arny	Manager	Client	Business buyer (former accountant)
23	Henry	Director	IT, management consulting firm	Account management
24	William	Internal audit manager	Client	Business buyer (former accountant)
25	Anthony	Partner	Audit, tax, consulting firm	Account management
26	Dave	Business develop manager	Audit, tax, consulting firm	Account management
27	Frans	Professor Professional Services	University	Expert
28	Harry	Director Group Procurement	Client	Procurement
29	Ferry	Global Category Manager ICT & Management Consulting	Client	Procurement

Table 3.1 interviewees

The background of the 29 interviewees can be classified as follows:

- Four interviewees – 9, 21, 28 and 29 - have a procurement position in a client organisation;
- Seven interviewees – 3, 5, 8, 13, 19, 22 and 24 - have a business position in a client organisation (of which four – 13, 19, 22 and 24 - had a background in a former audit, tax and consultancy firm);

- Ten interviewees – 2, 7, 10, 14, 15, 17, 18, 23, 25 and 26 - have an account management role (of which two – 18 and 25 - had a delivery background in an audit, tax and consultancy firm and one -17 - a consultancy background);
- Six – 1, 4, 6, 11, 12 and 20 - interviewees have a delivery background
- Two interviewees – 16 and 27 - were interviewed as expert, of which one had a technical background in a management consultancy firm and one a position as university professor in professional services.

About half of the interviewees who participated in this research were known by the interviewer because they are working in the same field. In order to minimise subjectivity, the interviewer has taken appropriate measures, such as asking neutral questions, interfering as little as possible and letting the interviewee tell the story. An advantage of known interviewees is the relatively easy access to them and there is no need for “breaking the ice”. On the contrary, it could also be the case that the interviewees would do the researcher a favour and would please him in telling things they thought the researcher wants to hear. This risk was minimised by saying upfront that the researcher was interested in their experiences and opinions.

3.5.4 Implementation

3.5.4.1 Consent

All participants gave consent to participate in the research. Initially, the researcher asked the interviewee to participate verbally or by email. After the participant agrees, the researcher made an appointment for the interview. The interviews took place at the office of the interviewee.

The participants that gave consent were competent to do so and are substantially free from constraint in the form of coercion, influence or inducements, and did substantially understand that they are agreeing to the researcher performing some act upon them and the nature of that act.

The interviewees were told that all the data will be confidential, that anonymity is guaranteed and that the research ethics of the University of

Bradford apply. Interviewees and companies will stay anonymous and names will be made anonymous early in the process (at the transcription phase).

If the participant was not willing to cooperate after the interview had been taken place, the data would not have been used further in the research. All of the 29 interviewees did cooperate also after the interview.

No separate consent form was signed. Consent was documented in email confirmations. Sometimes a third person was also witness of the consent of the participant e.g. a secretary or a related person via the snowballing technique. No vulnerable participants were interviewed.

3.5.4.2 Interview guideline

Besides the consent, the researcher prepared the interviewees via an interview guideline. The interview guideline contained: the purpose of the interview, the duration of the interview, any upfront preparation, use of audio tape, and confidentiality and anonymity.

The purpose of the interview was that the interview was held as part of the doctoral research for the DBA program of the University of Bradford School of Management. The title of the research is: "Understanding account management in professional service relationships". The aim and objectives of the research were explained in a separate information sheet.

The duration of the interview was estimated about an hour. No specific preparation is needed upfront and it was recommended not to prepare something. Two questionnaires were used one for the participants of the professional services firms and one for the participants of the clients of the professional service firms.. The interviewee was told that these questionnaires were used as checklist, which guide the interview.

The interviewee was informed that the researcher will talk as less as possible, because it is about the information of the participant that is of relevance. Furthermore, the whole interview was taped with an audio recorder and the researcher asked permission upfront.

The interviewees were told that all the data will be confidential, that anonymity is guaranteed and that the research ethics of the University of Bradford apply. Names of participants and companies will stay anonymous. Names will be made anonymous early in the process (at the transcription phase). The researcher thanked the interviewee after the interview. The original data of the tapes of the interview will be deleted after finishing the thesis. The transcripts of the interviews will be documented by the researcher and can be used in further publications.

3.5.4.3 Questionnaire

Based on experiences of the researcher from his profession and added with experiences of the questionnaires used in the first three assignments, two short questionnaires were developed. The questionnaires stayed almost the same and only small amendments were made after the first interviews. One questionnaire was used for the interviewees of the firm (table 3.2) consisting of 13 questions and one questionnaire was used for the interviewees of the client (table 3.3), which consists of 11 questions. The questionnaire for the firm contains two additional questions knowing how account management is embedded in the firm and how the account manager is rewarded in the firm compared to other employees. These questions were used as a checklist and only at the end of the interview reviewed if some questions had been forgotten.

Interview questionnaire: *Questions to interviewees of professional service firm*

- 1 What is the essence of a professional service firm?
- 2 What is the role of relationship management for professional service firm's?
- 3 What is the role of the account manager as part of relationship management?
- 4 How does the client's buying decision making process looks like?
- 5 What are the main responsibilities and activities of an account manager in the buying decision making process?
- 6 Do other people of the professional service firm play a role (if yes, what kind of role) in the relationship management (long term)?
- 7 Do other people of the professional service firm play a role (if yes, what kind of role) during the buying decision making process (short term)?
- 8 How is the position/ role of the account manager embedded in the professional service firm?
- 9 What is the ideal background (experience, education) for an account manager?
- 10 .What are the requirements (job criteria: skills, seniority, attitude) for an account manager?
- 11 .What are the challenges of an account manager in a professional service firm?
- 12 .How is the account manager rewarded (money, career opportunities) compared to other employees of the professional service firm?
- 13 .Are there any other elements/ things which you would like to mention?

Table 3.2 Interview questionnaires

Interview questionnaire: *Questions to interviewees of client of professional service firm*

- 1 What is the essence of a professional service firm?
- 2 What is the role of relationship management?
- 3 What is the role of the account manager as part of relationship management?
- 4 How does your buying decision making process looks like?
- 5 What is the role of the account manager in your buying decision making process?
- 6 What is the role of other people of the professional service firm during the buying decision making process?
- 7 What are the main responsibilities and activities for an account manager?
- 8 What is the ideal background (experience, education) for an account manager?
- 9 What are the requirements (job criteria: skills, seniority, attitude) for an account manager?
- 10 .What are the challenges of an account manager in working with your key decision makers?
- 11 .Are there any other elements/ things which you would like to mention?

Table 3.3 Interview questionnaires

The checklists covered the following items: the essence of a professional service organisation; relationships between client and professional; what does account management mean for the interviewee; the way of organising the buying decision process at the client of professional services; the organisational embedding of account management; the challenges for account management within the firm and for the professional.

3.5.4.4 Interviews

The majority of the interviews – 10 up to 29 - were held in the period August 2011 till February 2012. The interviews collected during the assignments were held earlier: interviews 1 and 2 in October 2009; interview3 3 up to 5 in June 2010 and interviews 6 up to 9 in February and March 2011. As mentioned before, the interviews which are collected during the assignments were re-analysed and the research objectives were in line with the research objectives of the thesis.

For this thesis 29 semi-structured interviews were held, which took on average 60 to 90 minutes per interview. All interviewees had substantial

experience in the audit, tax and management consultancy industry, either as client or as professional or both.

The preparation of the interview was done, based on limited prior literature review and own experiences of the researcher. Along the way, the output of the interviews was used – after being analysed - as input for the selection and questioning of the new interviewees.

All interviews were held as semi-structured interviews, except interviews – 3, 4 and 5 – which are related to assignment module 4, who were unstructured interviews. Collecting data via unstructured interviews was a try-out during that assignment as mentioned in the first sub-paragraph 3.2.1.

3.5.5 Data management

The data has been collected via audio taping during the interviews after asking for permission and explaining that the ethical procedures of the University of Bradford apply. The interviews were held in the respondent's offices.

Anonymising has been done as early as possible in the research process by transcribing the interviews. Names of interviewees and their organisations have been changed in the data analysis part of the research. Confidentiality of the participants of this research and their organisations has been guaranteed by replacing their names and their companies names into pseudonyms and by removing other identifying information. The names of the interviewees have been made anonymous in the first transcription step. While this research is focusing on the audit, tax and consultancy services industry, which is dominated by the so-called Big 4 firms who are delivering services to the larger international clients. Interviewees from the client side had worked for these firms or have a commercial relationship with these firms. The research process assures that the information of the interviews cannot be traced to an individual or an individual professional service firm. Also (IT) management consultancy firms, without an audit and tax practice, were part of the scope of the research which increases the population of organisations and professionals.

The interviews were held in Dutch, German and English. Also, the transcripts of the interviews were written in Dutch, German and English, which were the native languages of the interviewees. The open coding was written in English and readable on a stand-alone basis. For this reason, care was taken that when reading the open coding it still contained logical sentences. The amounts of words were reduced by deleting hesitations and redundancies.

3.5.6 Analysis procedures

All data analysis has been done in coding tables of Microsoft Word. First, the whole interview was transcript in full detail by the researcher himself, which took between 6 and 8 hour for each interview. During the open coding phase, the transcript was put in the left-hand column and the critical incidents in the right-hand column of the table. A second table was made, starting with the critical incident in the left-hand column and the emerged sub-categories in the right-hand column. A third table was made, starting with the sub-categories in the left-hand column and the categories or themes in the right-hand column.

The data analysis started with a detailed line-by-line coding of each interview necessary at the beginning of the research to generate initial categories (with their properties and dimensions) and to suggest relationships among categories. This line-by-line coding through which categories, their properties and relationships emerge takes the research beyond description and puts it in a conceptual mode of analysis.

After the analysis of each interview, the next interview was planned and new data was collected via snow-balling and thus finding the next interviewee which generates new data that could possible generate new (sub)categories or confirm existing categories.

For practical time constrains, it was not always possible to completely finish the analysis of the interview before having a new interview. Incidentally, two interviews were held after each other on the same day and then analysed shortly afterwards.

The comparison of differences and similarities during the open coding phase generated sub-categories and themes, and also generated generalised relations among them. The open codes were refined to sub-categories and theoretical themes into which comparable open codes were grouped. Similarities and dissimilarities of sub-categories, their properties and relationships, were analysed across the interviews. Axial coding was used as set of procedures to link the open codes – and on a higher aggregation level the sub-categories - to contexts, to consequences, to patterns of interaction, and to causes.

Finally, the interviews were compared for common themes. Selective coding was used to select the core theme, which is the theme that has the most relevance towards the research objectives and has the most relationships with the other themes. Account management – especially the none-profession related skills as part of account management – is the core theme.

For practical and completeness reasons after the analysis from transcription, via open codes, towards sub-categories and themes, the researcher made an overall table in Excel, which started with the results of the analysis phase: the themes. These themes came in the first column, and the sub-categories came in the second column. The third column was filled with open codes connected to that sub-category including the reference to the original transcript. In the columns four to eight that particular reference was spilt-up between the four perspectives: starting with client business perspective, followed by the client purchase perspective, the delivery professional and the account management professional at the end. This overall table gives a nice overview from all themes, sub-categories and open codes and their connection with the interviewees and their perspective.

During the research period, theoretical notes and short memos were written down. All notes and memos were writing down in a table, which has the following columns: number of note or memo, date, content of the memo and related chapter of the thesis (e.g. rationale, methodology, results, conclusion, etc.). The notes and memos were used during the analysis phase of the

research because it was helpful to find additional relationships between categories or to provide insight in some sub-categories and themes. Memos were also used in the writing up phase of the thesis, because parts of the memos have been used in the chapters of the thesis.

3.6 Summary

This chapter methodology and research methods started with an introduction into the grounded theory and its limitations, followed by a justification for the chosen methodology and research methods and ended with a factual description of the research methods.

Grounded theory fits well for a qualitative research design with a research subject of which little is known. Little extant literature is available about account management in professional services relationships in the audit, tax and management consultancy industry. A semi-structured interview is a good research method to collect data from participants, which were selected via snow-balling, and which fits within the grounded theory methodology. The new theory is grounded in the data and emerges from the data by doing the collection of the data and the analysis of that data simultaneous.

The next chapters contain the results of the research.

4 External environment, organisation and relationship

4.1 Introduction

In the upcoming chapters 4, 5 and 6, the themes and underlying sub-categories regarding the understanding of account management are discussed. Each chapter – and additionally twice a paragraph of chapter 4 - will start with the research objective upfront and the results provide answers to that particular research objective.

The results are analysed from client and professional perspective as has been described in the methodology chapter. These perspectives are described integrated per theme and sub-category which a focus on the communalities and differences. An overview of the themes and sub-categories is shown in table 4.1. Chapter 4 demonstrated three themes: the “external environment” of the professional audit, tax and management consultancy industry, the “organisation” of the professional service firm and the view on the professional services relationship. Chapter 5 is dedicated for the theme “account management” and includes a description of maturity of account management, the responsibilities, skills and activities. Also results regarding an integrated versus dedicated account management role are described. Chapter 6 contains a description of the theme “perceived value of account management” and finishes with a conceptualised value framework.

Chapter	Theme	Sub-category
Ch 4	External environment	Economic situation
		Trends
		Law and regulation
Ch 4	Organisation	Business model
		Structure
		Culture
		Service portfolio
		Investment
Ch 4	Relationship	Initiating
		Sustainable
		Depth
		Trust
		Orchestrating
Ch 5	Account management	Maturity
		Responsibilities
		Skills
		Activities
		Integrated versus dedicated
		Personal development
Ch 6	Value of account management	Operational value
		Tactical value
		Strategic value
Ch 6	Value framework	

Table 4.1: Overview of themes and sub-categories

4.2 External environment

The research objective that is answered in this paragraph is the following:

- Explore broadly the **external environment** of the audit, tax and management consultancy industry

The theme external environment emerged in almost every interview – independent from professional or client perspective – and the following sub-categories emerged from the data: economic situation, trends, and law and regulation. This theme gives insight in the changing environment of the client

and the professional. The primary focus of the research is to understand account management, however during the interviews the external environment influenced account management, which is described in this paragraph.

The following paragraph describes the emerged sub-category economic situation.

4.2.1 Economic situation

The world-wide economic downturn since 2008, has led to tighter budgets, more cost control at clients and therefore more pressure on the number and size of engagements and the height of audit, tax and consultancy fees.

Account manager Steven says *“the world has become harder...tougher, more results driven...companies need to adapt quicker to changes...cost reduction”* and account manager Dave adds *“it are not the strongest or the smartest who survive but the people and organisations who can adapt themselves have the flexibility to react on circumstances”*. Procurement director Mary explains further *“The price is becoming more and more important...our revenue is at risk...this leads to price pressure in the chain”*.

Professionals must emphasise more on their added value for the client.

Account manager Mike states that *“a natural behaviour of professionals is to dive into their own expertise...especially when the market is worse”*. Such a demanding environment leads to less focus on the needs of the client and more internal competition with other practices and less internal co-operation within the firm.

Client Army states *“the trend is to hire fewer consultants”*. When the demand towards services decreases, this is immediately recognised in a decrease of revenue due to fewer engagements, which lead to fewer professionals who are working on an engagement and can make chargeable hours. The cost, of which labour cost is the biggest part, are more fixed and stay the same and the results decline. To turn this situation, firms focus on short term actions which are in their circle of influence, like reducing the investments (e.g. in innovation), out of pocket costs, and overhead costs. The focus is on the internal organisation, as Mike mentioned above, and therefore not on investing in long-term relationships with clients. Every professional will get

the message to make chargeable hours and limit the spending of time on internal or external meetings.

Another sub-category that emerged from the data is trends within the professional services industry, which is described in the next paragraph, starting with the information technology trend.

4.2.2 Trends

4.2.2.1 Information technology

One of the trends of the last decades is the continuous increase in application of information technology (IT) in the society and more specifically within organisations. This has led to an increase in the variety of communication, like among others via email, Internet, web events, social media, and often to an increase in communication between client and professional.

IT has also influenced the profession, especially within audit and tax, the primary audit and tax process is embedded in IT. Besides a further professionalisation and rationalisation of the profession by a more standard way of working, this has also a downside regarding to less physical interaction between client and professional. Account manager Anthony says *“IT leads to less social interaction with the client”* and *“more social skills are needed then now provided”*. Because professional services are intangible, it is important to have interactions with the client so the expectations will be managed.

The introduction of IT in the professional process makes it more difficult to differentiate between professionals, especially when standard leading IT applications, like e.g. the world-wide leading application software of SAP, are introduced. Services are becoming more so-called commodities for which the client is less willing to pay a premium price. The Internet has also increases the transparency of the services of the professional firms which makes a comparison of services easier for the client, but also for the professional firm.

The next sub-paragraph explains the changed client's attitude that emerged from the data.

4.2.2.2 Client's attitude

Client's are better informed and become better and more demanding sparring partners, partly due to being better informed by the increased application of IT, but also due to better education and an attitude or necessity of wanting value for money. Account manager Henry admits that "*time has changed and clients know more...also more in-depth knowledge of the business of the client is needed*".

Procurement director Mary says "*the internet provides more information and people have less respect and don't believe immediately what is told by the Big4...the world is getting flat*". Procurement director Ferry adds that "*the prices of the Big4 are high*" and "*there is space for additional competitors to enter the market*". Account manager Dave says "*times have changed that partners could use their job title to get entry to the market... clients are not flabbergasted when they hear the name of the firm*". The firm need to show and legitimate the added value of the service. There's also a trend, and not only in the United States of America, that in case clients are not satisfied with the service, they start a claim against the professional firm or their professional oversight body.

Furthermore, the demand of the client is broader than the current service portfolio of the Big 4. Expert professional Frans states "*the Big4 only have content professionals... clients have also other needs, they want to know where their business is going, what competitors are doing. There is space for new professionals, who only have business knowledge*".

Demographic developments, as part of the sub-category trends, are described in the following sub-paragraph.

4.2.2.3 Demographic developments

Especially in Europe the age of the total population will rise due to increase of life expectancy. Also the percentage of the population who is able to work compared to the total population will decrease significantly, mainly due to a lower birth-rate and the increase in life expectancy. This increases the pressure to attract, develop and retain professionals and is called the "war for

talent". Due to the economic crisis this pressure is temporary lower but will increase when the economic situation ameliorates. But even now, there is a shortage of excellent professionals. Account manager Antony draws a parallel with soccer by saying that *"we have a shortage of excellent defenders and excellent attackers"* meaning respectively professionals who are an expert in their profession and excellent account managers. The shortage of professionals is also dependent on the possibilities to make use of the available international professionals from e.g. India and China. Account manager Dave remarks *"every year so many well educated professionals are available on the market...they provide consultancy services...we have to adapt"*. For some services it will be possible to use these international resources, while for other services more local professionals are needed. A mixed business model with a local front-office and a back-office in e.g. India is also possible. Account manager Herbert states that *"the account manager should identify the needs of the client...know the competences of the professionals...and optimise service delivery...independent where the professional is located or from which internal practice he is"*.

Increased competition between firms emerged from the data and is described in the following paragraph and is also part of the sub-category trends.

4.2.2.4 Increased competition

Expert consultant Frans explains *"the market has changed from a supply market, in which the professional dominates, towards a demand market, in which the client dominates"*. He continues that *"there are too many consultants...with lower prices abroad...I think that the size of Big4 firms will decrease to 50% of current size within 5 years. The price of a statutory account in India is one third of the price here"*. The increased competition is partly due to a decrease in demand from clients due to the economic crisis and partly due to an increased supply of services because of a broader range of world-wide services providers. The Big4 firms are not the only providers of audit, tax and management consultancy services. Especially in the field of management consultancy, many specialised management consultancy firms have entered the market. Sometimes a couple of partners or senior

managers, who came from a Big4 firm, start a new firm or as consultant Mike states *“I notice even tough competition from independent consultants”*. Competition is also increased from areas as IT consultancy firms or strategy firms who enlarge their service portfolio towards management consultancy. More competition requires that professionals put more effort in distinguishing themselves from other firms and communicate these so-called “unique selling points” towards their clients. Procurement director Mary recognises that *“the competitive market will force the Big4 to shift towards a more selling model like the system integrators. More smaller companies exists which are a split of from the Big4-firms, have lower rates and perform the same job, companies hesitate to spend much”*. Mary adds to say that also the Big4 are doing work, which is not perceived as their core because *“the work that is around the core work of the Big4, that can be done be others...this is pretty much...the Big4 are doing work on operational, tactical and strategic level, but the rates are on strategic level...it should be that a Big4-firm gives direction and others do the implementation and execution”*.

Law and regulation is the next sub-category - of the theme external environment - that emerged from the data.

4.2.3 Law and regulation

Existing and new laws and regulations effect clients and professional firms. On one site, the professional firm’s service clients with audit, tax and management consultancy services around the interpretation and application of laws and regulations, on the other site, the firms are sometimes self subject of changes in the law and regulations. Due to the world-wide accounting scandals of the last decade of amongst others Enron in 2001 and WorldCom in 2002, the United States government enacted the Sarbanes-Oxley act. This act especially affects clients and firms to behave in an ethical manner and take their responsibility for accurate and valid corporate financial reports. Regarding the firm, no audit and consultancy services should be delivered at the same client. In the Netherlands, the law that regulates the oversight of the audit firms who perform statutory audits by the Authority Financial Markets (Autoriteit Financiële Markten) has been endorsed in 2005.

As a reaction of the financial downturn of 2008, in the Netherlands the lower parliament endorsed new legislation for clients and firms. Firms are not longer permitted to deliver audit and consultancy services at the same client and to have a mandatory rotation of the firm every 8 year. Consultant Perry remarks that *“the euro commissioner Barnier of the internal market has made draft regulation which must assure that the firms act as an independent auditor and this will restrict the commercial possibilities of the firm”*. Account manager Dave predicts that *“after Barnier, there will be less market for the Big4...audit is like a mattress...you need it for a while...it gives you guaranteed income for a while... the basis for the firm is audit on which tax and consultancy are provided as additional services”* and he continues with *“there is enormous price erosion for the audit services, because you do not have many big clients and they know”*.

New laws and regulations affect the professional firm, but also the client. The European Commission proposes early 2012 that banks in the euro zone have to pay a tax or levy on financial transactions to ease the debt crisis and improve financial stability to mention a recent example. Besides this and among other examples, the banks and the insurance companies are confronted with renewed regulations, respectively Basel-III and Solvency-II, which is regulation to assure a sufficient solvency position.

Anticipating on these developments is a key element in the relationships between client and professional. Client Tony explains *“especially consultants have more peeks in their work, because a lot of their work is driven by implementing new regulatory and other external changes”*. So it sometimes gives new opportunities for services, but sometimes means also a restriction in the service delivery. Tax consultant Antoinette explains that *“the new independence rules lead to fewer co-operations between the audit, tax, and consultancy practices”*. Account manager Anthony adds *“the relative impact of having relationships is declining due to the regulations like Barnier”*.

The next paragraph describes the results that emerged of the theme organisation.

4.3 Organisation

The theme “organisation” focuses on the internal organisation of the professional firm. The research objective that is answered in this paragraph is the following:

- Understand the characteristics of the audit, tax and management consultancy business model, its way of organising and its services

First, the sub-category “business model” will be discussed, followed by an analysis of the typical structure and culture of the professional firm. The sub-category “service portfolio” describes the influence of the service portfolio on account management. Finally, the sub-category “investment” shows the willingness to invest in account management.

4.3.1 Business model

4.3.1.1 Short term results

The business model of audit, tax and consultancy firms is based on pressure to achieve chargeable hours. If the productivity is in line with the budget, the professional service firm is profitable. Account manager Teo says *“a lot of partners focus on their own revenue”*. Important performance criteria for partners and senior managers are productivity and the revenue and profit per partner. It is common practice in the industry that *“professionals get a year-end bonus when the firm makes enough profit”* says auditor Nicole and therefore, productivity is extremely important. Client Arny remarks *“by focusing on the profit per partner...you are probably not doing on profit maximising...leading should be to recognise and to respond on client needs”*.

“The reputation of the professional firm and the individual professionals in the market are very important, especially for more strategic consultancy services, for which high rates can be charged against a good productivity” says consultant Adam.

Besides short term results, the business model is also characterised as having an internal focus, which is described in the next sub-paragraph.

4.3.1.2 Internal focus

Auditor Nicole also explains that *“professionals like the feeling of scoring on their own field”* and continues *“the rewarding structure is based on selling engagements who contribute to the revenue and consequently the productivity of your practice or business unit”*. Nicole considers that this *“does not support the client perspective, which should be focused on the long term”*. Client Peter adds *“due to the intercompany calculations I had to pay 20 euros per hour more for the same professional only for the fact that he was located in another business unit”*.

Account manager Marian adds *“I see a lot of internal competition between senior professionals, all wanted to have the revenue for their practice”*. This is due to the partnership model. Account manager Dave states *“there are too many colonels or generals and all have their own agenda”*. The individual autonomy and power of the partners is also underlined by procurement director Mary saying *“the professionals are more important than the firm”*.

The following three sub-paragraphs – as part of the sub-category business model - describe: limited service differentiation, limited growth and limited account management.

4.3.1.3 Limited services differentiation

“Services of the firm are intangible and clients do not know what they exactly buy and trust the professional that he can solve their problem”, explains account manager Teo. The more remarkable is the statement of account manager Marian mentioning *“professional services firms do not differentiate themselves based on their knowledge and services”*. Due to IT, as discussed in paragraph 4.2.2.1, a lot of services from the Big4 become more commoditised.

4.3.1.4 Growth agenda

Audit, tax and consultancy firms cannot substantially grow via the audit market, because this is a mature and highly competitive market. The audit basis is used for cross-selling tax and consultancy services. Account

manager Dave mentions two threats being *“further regulation focusing on further independency rules between audit and consultancy services at the same client”* and he remarks *“that partners are no entrepreneurs...but bookkeepers...many consultancy practices of the firm are led by an auditor...but this is not about doing the accounts or consultancy...this is about how to build a sustainable business”*.

4.3.1.5 Limited account management

By having a strong focus on productivity, *“account management will always play a secondary role”* in the professional service firm. Client Peter commented *“in this industry there are two overhead functions: human resource management and account management”*. Auditor Nicole remarks *“doing account management activities is tolerated”*, but there are few partners who lead by example and *“professionals are not rewarded for these activities”*. Procurement director Ann states *“the firms are more thinking in costs than in revenues regarding account management”* and continues *“account management can be very efficient by realising more efficiency due to standardisation and already gained experiences and the professionals have no loss of billable hours”*.

Full-time account manager Marian says *“I find it a big loss for the firm that there are so less professionals like me in the firm”* and continues *“account management is crucial in creating added value by close interaction with the client, by being a sounding-board and finding out what their needs are”*. Also expert consultant Frans emphasises *“clients wants to have a sparring-partner”*.

Account manager Anthony introduced a buddy system in which an experienced partner coaches a younger senior manager in doing account management. He says *“the implementation is the most difficult part, because of not having a productive code where the professional can charge his hours on”*.

The next paragraph is about structure, which is a sub-category that emerged from the data. It's about structure within the firm and the client's organisation and the impact on account management.

4.3.2 Structure

The sub-category structure – as part of the theme organisation - is analysed separately from the former sub-category business model, because a lot of insight from the interviews is related towards the structure of the firm, but also regarding the structure of the client's organisation and its impact on account management.

4.3.2.1 Account management system

Professional firms have no formal account management system in place. This is not meant as an IT system, but as a structure and procedures to embed account management in the firm. *“It's important to understand the needs of the client, to know the propositions of the firm and to set a clear account management strategy for the coming three to five years”* emphasises account manager Dave and *“the strategy must also result in concrete actions, which is often not the case”*. Part of the strategy is to select the markets or industries, followed by an analysis of which existing and new client are selected to invest in.

In order to let the account management system work, besides a strategy, also *“the sales process, the account management roles and the geographical division should be clear”*. The whole system is needed for being successful, but is not in place. Dave continues *“if you have no structure...just freedom...even in case you are successful, you do not know why”* and *“it's important that if you promise something to your client that the professionals in the organisation will follow and make it happen...there should be alignment between account manager and the performance of the firm”*. Auditor Nicole recognises that *“no bonuses, other rewards or conditions are in place to excel in account management”*. Account manager Marian mentions *“the account managers need steering”* and Dave states *“the system should be supported and endorsed by the leadership of the firm”*. *“Also ask important feedback from the client. This closes the loop”*. Marian continuous that also for the professionals in the field *“it is important that they know where they can hand-over client opportunities within the firm”*.

Marian has experiences in facilitating a so-called challenger team, which exist of experienced managers and who are performing and initiating account management activities for a big client. These managers are connected in pairs to partners who are part of the account team for the client. *“This creates a dynamic learning environment in which the managers learn account management and the partners are challenged by the ideas and actions of the managers”*. This is important because *“there is less exchange in knowledge between the account managers”* says account manager Herbert.

Account management meetings for a specific client or sometimes even with the client are important to co-ordinate actions and to keep the pressure on the execution. Account manager Roger evidences *“it is necessary to have a reporting structure in place about the progress and discuss this in presence with the involved account managers”*. Account manager Henry adds *“competition between the account managers is good and the results need to be monitored”*.

The account strategy, the account team and their roles and responsibilities, including the planned actions and the investment should be laid down in the account plan. Professionals can differentiate themselves by communicating and sharing the account plan with the client, because up till now account plans are only for internal communication purposes. Account manager Steven from a IT management consultancy firm explains *“we have set up a formal key account management program with a formal key account director role for specified bigger accounts”*. Also *“strategy consultant McKinsey and investment bank Goldman Sachs are two examples of firms who have a formal account management role”* mentions account manager Rich and continues *“professionals are content people...the account team is needed to combine account management and delivery”*.

“The account manager is the key relationship holder and is the first contact person for responding to questions of the client” explains account manager Marian. Steven adds *“executive sponsorship for the account management program is essential within the firm and client organisation”*. *“To get things done for the client”* says procurement director Ferry *“it’s necessary that the account manager has a profit and loss (P&L) account for his client and has*

the authority to make decisions". Rich contributes *"in an international setting it is even more difficult for an account manager to direct someone to co-operate on the client"*.

An up-to-date Customer Relationship Management (CRM) system is often not in place either, but this is an integral part to the account management system. Tax consultant Antoinette underpins this and experiences *"the CRM is also very helpful for new account managers on the client or in case of a change in account manager, because all the client history has been documented"*.

Marian, Rich and also account manager Dave emphasise *"objective rewarding of account management activities which is part of the performance management process is not in place"*. Marian evidenced *"I had to put extra effort to get approval of the performance managers of the account managers of the challenger team to get a minimum amount of hours to spend on account management"*.

Besides an account management system, the positioning of account management in the firm's organisation is important, which is explained in the next sub-paragraph.

4.3.2.2 Positioning of the account management in the firm

Different account management roles exist, although seldom formally described and both the roles and the position in the organisation are not clear and subject to continuous change. The maturity of account management is low, account management is not well embedded in the firm and the amount of full-time account managers is low. Auditor Nicole explains *"for some large clients an internal client co-ordinator role exists, e.g. for monitoring the account plans and actions, and a client-facing full-time account manager"*. Also client Peter recognises *"a wide variety in roles: from door-openers to a higher level of account manager, who takes care for relationship and the long-term"*.

IT account manager Roger states *"account management is build up around accounts and the delivery organisation is build up around services"*. In this

case mutual understanding is very important. Otherwise it can happen that account management promises the client services, which cannot be delivered by the professionals.

The more senior the position of the professional in the firm, the more time a professional is expected to spend on account management. Account management is predominantly part-time done by professionals. *“In case of full-time account managers”*, expert consultant Frans recommends *“having them in the business and not in a separate sales and marketing department”*. Account management support can be organised centrally for efficiency reasons, but the moment that also the support professionals have dedicated accounts, integration with the responsible business professionals is required to create mutual understanding and information exchange.

As described earlier by Marion regarding the challenger team, account management should not only be done by partners of the firm. Account management can also be done by experienced managers on lower levels in the organisation. Client Franc underpins *“account management is also possible on lower levels and could be divided per expertise”*. In that case, the client gets for every significant expertise area an account manager. Overall co-ordination between the account managers is still required and should be assigned to a more senior professional. This is evidenced by account manager Rich *“account management only on managers levels is not good, because they have less power in the firm and also client conversions at ‘C-level’ require more seniority”*. Rich continues *“in international settings, it’s even more difficult to tell someone what to do”*. This is because most firms work together in an international network of more or less independent firms per country. During the last decade the trend is that more and more firms want to integrate within the global regions, like Europe, Middle East and Africa (EMEA), Asia Pacific, and the Americas. Also changes in local accounting laws have made this possible.

Account management is seen as overhead by the firm, because you cannot charge the hours to the client, which is the business model. Peter recognises this *“I have seen firms combining the two overhead functions - account management and human resources - which makes it more efficient. Besides*

planning a meeting with the client, the account manager arranges also a meeting with the professionals at the client". Consultant Trudy calculates one full-time account manager to 20 professionals based on services around implementation of IT systems.

The positioning of account management has been discussed in this sub-paragraph, the next sub-paragraph deals with the primary focus of the professionals on service groups or practices.

4.3.2.3 Functional versus market dominance

The current organisational structure of the firms are dominated by function, which means that the services groups or practices are based on the expertise areas of the professionals. Herbert evidences *"the functional organisation structure makes it difficult to fulfil account management"* and *"account management should primarily cover the themes of the client"*. Client Ferry confirms *"at the client side, account management should be lined up around the client's business lines"*. Inside the firm, account management should be organised around identified accounts within identified industries. Account manager Rich underpins *"account managers per industry"*. By focussing on the industry, the account managers accumulates knowledge of the industry, which can be used for the selected accounts within that industry.

Within the firm, the account management position - sometimes also the markets position - is often not represented in the board of the firm. Account manager Anthony, who got recently a promotion to a central account management role, underpins the importance of such a representation, because *"in every board meeting I will take care that client issues are being discussed"*.

Not only the firm's organisation is important and did emerge from the data, also the client's organisation has an impact on account management, which is discussed in the next sub-paragraph.

4.3.2.4 Client organisation structure

The embedding of account management in the firm is also dependent on the

size of the clients of the firm. The larger the clients, the more complex the structure of account management because of dimensions, like, among others, internationalisation, several divisions, a procurement department and more buyers in the client organisation. Account manager Roger explains *“account management is divided into categories regarding the size of the clients, in our case: global accounts, major accounts, corporate accounts. On average every account manager has 4 to 15 accounts, depending on their size”* and Steven adds *“the market is split in clients who have more revenue than 500, between 250 and 500 and below 250 million USD”*. The larger the client the more intensive account management per client is needed.

The intensity of account management will vary during the years, depending on the changes in the industry, changes in the client's organisation, whether it's a new client or an existing client that needs to be revitalised, the number of projects of the firm undertaken, and the changes in relationships at the client. Steven explains *“it's a client life cycle. In the beginning of the relationship or service opportunity, account management is more in the lead, but then the professionals of delivery take over and account management follows”*. Client Tony continues *“it's a maturity cycle: in the beginning account management is more pro-active for a new client...what they do is open the doors and facilitating introductions...after service delivery there comes a point in time where the relationship needs to be refreshed or re-energised”*. Dave makes a translation from client needs towards account management by indicating *“depending on the size of the client and his needs, you need different account management types: more farmers for existing clients or more strategic account developers”*.

It's important to understand the client organisation and their decision-making process. Is procurement involved and what are the responsibilities between procurement and the business buyers? Auditor Nicole evidences *“regarding the course of the client's decision-process...I grope in the dark so now and then...just before the finish, when you are almost there, they say sometimes no”*. Client William *“it's important to talk to the managers level in the organisation...they know the real issues...and of course have the network on C-level as well otherwise you are dependent whether that upward line works.*

Procurement is a formal step, but the business decides” and he adds “I’m a bit disobedient to the strict procedures...a good account manager can make use of that space”.

The influence of procurement can differ between clients but also within a client between the services. Procurement director Ferry gives an example *“audit is an area in which procurement has not must influence yet...ownership belongs still to controlling and finance”*. Account manager Anthony explains *“clients have not put their most brilliant procurement people on buying of professional services because it’s not their core business to buy”*. Dave underpins *“the importance of understanding the maturity of procurement...when procurement is involved in the process...when budgets are generated...or even better how to influence the initiating of new projects and creating support in the client organisation for these projects”*.

The structure of account management is dependent on the structure of the client and involves coverage of more hierarchical layers in the client organisation. Sharing this mapping of relationships between client and firm is information which client’s appreciate, but is seldom done. Account manager Herbert evidences *“in negotiations with procurement, I take a negotiation specialist of the firm with me, so in case the negotiations are tough, this will not damage my relationship with procurement and the client”* and he continues *“share with the client your account team...who is responsible for what part of the client’s organisation”*. Procurement director Ann explains *“the procurement people of my department talk to someone else of the firm as I do, and the board will talk to someone else of the firm as well”*. Besides hierarchical levels in the account team also *“mix the account team between people who are more practitioners, thinkers and client-facing people”*.

4.3.3 Culture

In this paragraph the results of the sub-category culture as part of the theme organisation are described.

4.3.3.1 Hierarchy and silo’s

Professional service firms are hierarchical organisations in which the partners

as owners have the final say evidences by Marian's experience of account management training when she was told that *"the partner is always right"*. Compared to corporate organisations, the partners of the firm have a large autonomy regarding making decisions which are client related or service related. Decisions regarding investments in the firm or regarding the firm's strategy, are taken by the complete partnership. This makes the firm rather slow in decision-making towards new developments and investments. The involvement is high, because every penny goes via the partner's account. The firm is characterised as conservative and risk avoidance, because as account manager Dave explains *"the bases of the firm is still audit...and there is little innovation"*.

Auditor Nicole explains *"high specialised firms, like so-called boutiques, can act much faster on changes in the market. We are more a mammoth tanker, in which it cost a lot of energy to turn him one degree of his course"*. She continues *"the practice or business unit structure in the firm is responsible for the so-called "silo" focus of the partners"* and *"the productivity is the most important key performance indicator, which makes account management difficult"*. Account management is seen as overhead, which generates no chargeable hours. The high pressure on the hours is responsible for *"an internal competition between partners for servicing clients"* as account manager Marian describes. Nicole adds *"clients are seen as property of the partner"*. A further disadvantage of this culture is that *"partners focus on their "point" solution"* as account manager Roger remarks, instead of taken the issue of the client as starting point. Professionals are inward looking and *"are not market oriented"* as Dave describes.

Within the partnership, there is a lot of resistance to give power to full-time account managers, especially when they are purely for sales and account management. Dave evidences *"partners do not want to give up authority towards more pro-active people"* and *"in these firms not necessarily the best professionals become partners...it is a so-called "elbow" system...me, myself and I"*, but *"in the end not the strongest or smartest will survive but the ones who can adapt...it is about flexibility"*. As mentioned above, this is not a strength of the firm.

This sub-paragraph has shown the results of the partner influence and the “silo” focus. The next sub-paragraph specifies the emerged results regarding the rewarding policy.

4.3.3.2 Rewarding

The rewarding policy is based on the performance of their practice or business unit for which the account manager is responsible instead of the performance on the client or industry. Professionals are primarily assessed by their performance managers of their practice instead of the responsible account manager for the client, where they have worked for. The focus of the head of practices is productivity of their people. This is evidenced by Rich *“professionals are assessed and rewarded in their business unit, primary based on chargeability...more markets focus comes in just recently”* and *“the lead partner - who is the overall account manager on the client - should do the performance review of the partners who have worked on the client”*. Client Peter realises *“the rewarding model in these firms, which is based on the profitability of the practice, makes the practice leader powerful and leads the narrow-minded behaviour in the firm, which also hinders the mobility of professionals to clients, who are part of another practice”*.

Rewarding structure for the full-time account managers is not in place. Firms do not know how to reward non-professional staff. Account manager Marian evidences *“professionals also use account managers for other purposes in case for example for an audit client they need specific information they ask the account manager to find out. So, to solve ad-hoc problems. Those account managers do not feel rewarded by the professionals”*. Nicole agrees *“it is a struggle how to reward the full-time account managers, especially compared to the integrated account managers”*. Account manager Roger, who had prior experiences in the account management of IT products and services, explains *“the rewarding was annual based, not longer, and the bonus was very important”*. Account manager Henry is convinced *“the rewarding of account management should be predominantly based on client satisfaction. The sales should be done by the professional”*. Account manager Rich and Dave agree, who both have worked before in two different IT management services corporations *“for long-term investing in building up*

relationships, also for the first year you can set targets based on for example the number of new relationships” and Rich continues “I have had a bonus in the first year without having any revenue...this is unbelievable in a firm”.

This sub-paragraph has shown the results of the rewarding policy. The next sub-paragraph describes the results regarding the account management behaviour.

4.3.3.3 Account management behaviour

The current account manager is often focused on generating short term success and revenue instead of taking the issues of the client and trends of the industry as drivers for account management. The culture in the firm, which has his base in audit, is numeric or “spreadsheet” based instead of focusing on account management of which building long term relationships is important. Client William supports this *“partners are no long-term thinkers, have a spreadsheet mentality and are supply driven”*. Consultant Roger, who joined a Big4 firm one year ago, characterises the account management of his former IT services firm as *“within account management there is a mono culture...white man between 30 and 40 years old...they survive, it is Darwinistic”* and *“it’s very soloist...transaction driven...hard...impersonal...and without incentive to coach younger people”*. Roger sees parallels between the IT services firm and his current audit and consultancy firm, especially regarding the short-term focus and inward looking mindset and he adds *“account management is a very transparent role...like walking in your underwear...if you don’t sell...the rest of the organisation feels it, because more professionals will be on the “bench””*.

Consultant Perry states *“when the account manager brings in new business, this means more revenue, more profit, but also he gets more power and more to say in the firm”*. Account manager Henry mentions *“account managers must look up to their boss, it is the same as with professionals, and they want to see the evidence that you can close the deal”* and he continues *“there is a difference between doing a new business sales and doing long-term account management”*. Procurement director Ann explains

“no “hard” sales for Big4 firms, but long-term relationships based on strategic added value”.

This sub-paragraph has shown the results of the account management behaviour. The next sub-paragraph describes the emerged results regarding the informal and immature account management organisation.

4.3.3.4 Informal and immature account management organisation

Professionals are careless regarding keeping the account management data up-to-date. Marian gives an example of customer relationship management software *“even when it has been implemented, professionals do not use it properly”* and it was part of her role to *“remind professionals to use it in order to get an overview of who knows who at the client”*. The account management system is not formally embedded in the firm neither known by professionals. Without formal structures, like role descriptions, it is very dependent on the way of working of the professional and ad-hoc. Tax consultant Antoinette underpins this *“if a partner wants to have tight control of the client, he decides to be the first point of contact, while other partners leave the first point of contact to a senior manager”* and professional Trudy mentions *“there are a lot of unwritten rules in the firm”*. Full-time account manager Rich evidences *“the account manager get things done in the firm when the professionals have a liking towards him or when something is in for them as well”* and *“it is very inefficient how it works at the client...you are dependent whether professionals want to work with you...it is all based on my own power”*.

The maturity of account management system is low and account managers do not act as can be expected from being long-term partners. Account manager Marian gives an example *“specific account management plans of the firm and relationship matrices are not shared with the client”*, which is supported by client William *“even sharing of information is very difficult for some firms”*. Account manager Dave explains *“the need to change is difficult to see, when you are still feeling comfortable...have a luxury life”*. At the contrary, Rich sees light at the end of the tunnel *“there is an initiative of*

“account management development program”, in which senior managers are being coached by experienced partners in doing account management”.

This sub-paragraph has shown the results of the account management organisation. The next sub-paragraph describes the results of the behaviour of the professional regarding account management, followed by a sub-paragraph regarding the culture of the client.

4.3.3.5 Two worlds

Professionals are not used to go out to client for setting up relationships and do not like it to talk openly with the client about his issues instead of their own known services. Professionals have their own vocabulary, which is different from the language of the client, and often also not the language of the account manager. Account manager Marian explains *“I was not sitting in the same part of the building as the professionals who worked for the same client, because I sat in the central Sales and Marketing department”* and *“we did not know each other in the beginning and we did not talk each other language...professionals are very bright people...they think fast...and talk even faster...and then I have to find out where they talk about...that is difficult”*. Account manager Rich evidences *“account managers have another personality...have another breath...you need someone from outside the firm...someone with another framework...who is people-attached, but needs also be recognised in the firm, because the partners will not like it”*. Client William adds *“a full-time account manager works as internal coach for the professionals, but not as primary contact for the client”*.

4.3.3.6 Culture of client

The larger the client and the more centralised the procurement activities, the more account management should interact with procurement. At the client side, in the end, *“it is the business who decides which professional service firm will deliver services although it is procurement that influences more and more”*. Client Tone asks aloud *“is it not really the client who is buying? I agree that the account manager can influence some add-ons, but the primary impulse comes from the client”*. Auditor Nicole agrees *“I see a growing*

influence of procurement, especially at larger clients”, client Arny underpins “procurement is facilitating...they count”. Procurement director Harry from a somewhat smaller international fashion chain states “professional services are still done by the business with no or low involvement of procurement...for several reasons...not willing to be transparent...buying from a friend of a friend...are afraid of damage to the existing relationship...not willing to know that the contract could have looked better in case procurement would have been involved” and he continues “when procurement is involved, we play a game together with the business towards the firm: the business is the good guy and we are the bad guys”.

It is important that account management understands the client organisation, its procurement process and authorisations. Account manager Teo explains *“when a client has several sub-cultures...the account manager must adapt his behaviour”* and procurement director Ferry adds *“sometimes the business has its own favourite firm...procurement is more objective and likes to compare...it is important to understand this politic environment as account manager”*.

These aforementioned two sub-paragraphs have shown the results of the behaviour of the professional regarding account management and the client organisation. The next sub-paragraph describes the results how to deal with different competences of the professionals in the firm.

4.3.3.7 One size fits all

In professional firms, every professional has a standard scorecard which belongs to his job profile. Technical skills related to the profession dominate this scorecard. Business or client related competences are part of this scorecard and become more important when reaching a more senior position in the firm. Each professional has to follow the same route to the top, because there is one career path. Professionals who are predominantly people-attached or professionals who are predominantly content-attached cannot spend 80% of their time towards their strengths. Client Franc discerns differences between professionals *“account managers of audit or tax are more people who are figured-based, while account managers with*

consultancy background are more abstract thinkers...procedure and systems-based...those people are better in presenting topics, talking in public and are more extrovert". Client Army asks "do I get the best out of my people when everyone has to do the same...wouldn't it be better to focus more on account management when that is someone's strength?".

Nicole explains *"the environment of the firm is less demanding for professionals who want to excel in account management...there is no measurement...they are not challenged on their skills"* and she continues *"it would be good that in the future professionals who like to do account management could do that for, let's say, 80% of their time"*. This would also solve the problem account manager Anthony raises by saying *"we are always short of good defenders and attackers"*, meaning the specialist professionals in content areas as well as in account management and sales area.

This sub-paragraph described the results of the how to deal with different competences of the professionals in the firm. The next sub-paragraph shows the emerged results regarding motivation and inspiration.

4.3.3.8 Motivation and inspiration

Professionals are people, who also needs to be motivated and inspired for doing their job. In account management, professionals are not structurally motivated or inspired by senior professionals or senior account managers. Auditor Nicole evidences *"there are markets initiatives, but these are based on individual initiatives, not on structural. Account management is tolerated, but not embedded in the rewarding culture"*. Account manager Marian gives an example *"some initiatives, like the challenger program, are successful and attract therefore also new interested professionals"*. Account manager Dave has also other experiences *"I started doing the account management activities together with the partners, but I got low response...then I mobilised the managers...there I got more support...but then it is the problem of empowerment, which is also needed"*. For being successful, it is *"necessary to thank people...to involve them timely...to think and act out-of-the-box...outside existing structures...to give people a place where they can be proud"*.

This sub-paragraph described the results regarding motivation and inspiration. The next paragraph explains the emerged results of service portfolio, which is a sub-category of the theme organisation.

4.3.4 Service portfolio

4.3.4.1 Categorisation of services

The kind of services has effect on the organisation and structuring of account management. Procurement director Mary states *“professional services can be classified in three categories: temporary employment, so-called “hands-on without brains”, capacity or secondment business, so-called “hands-on with brains”, consultancy firms, so-called “the brains”, in which the Big4 firms are even as IT consultancy firms”*. Procurement director Ferry confirms this classification and adds *“we distinguish within the last category: strategy consultancy and management consultancy. Within management consultancy, the Big4 are on tactical and strategic level and the IT consultancy firm more on operational level”*.

Auditor Nicole and client Peter agree with each other saying *“the broader the service portfolio of the firm, the more the need for account management, especially to overcome the tight business unit steering, which makes the professionals act in silos towards the market”*. Furthermore Peter mentions *“even a global account manager cannot always overcome the tight business unit steering”*.

Expert consultant Frans, professionals Trudy, Mike and Adam confirm *“the more standardised the services, the more they are experienced by the client as commodities, the more full-time account management is required”* and Adam adds *“very exclusive and specialised services are being sold by the in-depth professional him selves”*. Adam continues *“the size of the service engagement determines the account management strategy: for large deals, relationships are the most important, for medium deals, the procedures of the buying process of the client are more important and for smaller, but very specialised deals, the competence of the specialised professional counts”*.

Impact on account management

The buying-decision making process for audit services is very clear and transparent. Also internally in the firm as Rich explains *“the decision-making structure and procedures for audit clients are much more tight and clear”*. Regarding consultancy services, it is for every offering important to investigate the buying decision-maker unit and build upfront relationships. Marian explains *“An account management role for an audit client has a completely different dynamic compared to a consultancy client. An audit client has a yearly recurring process and the account management role is focused on supporting the risk procedures and administrative support, such as addition information requests from the professionals and having the contacts of the relationships up to date”*. The services for a consultancy client are none-routine and Marian continues *“account management is more focused on generating and establishing new relationships and business opportunities”*.

Nicole, Adam and Marian evidence the influence of services on account management *“mandatory audit services are becoming more and more a commodity and undergo price competition, although it is the partner who does the “sell””*. Client Peter explains *“the higher the perceived value of the services, the less pressure on the price and negotiation”*.

This sub-paragraph described the results of service portfolio, which is a sub-category of the theme organisation. The next paragraph explains the results of the sub-category investment, which is a sub-category of the theme organisation.

4.3.5 Investment

4.3.5.1 Training and personal development

Within the firm a lot of money is spend for technical training, limited money is spend for social skills training and little to no money is spend for account management training. Account manager Marian evidences *“I had some internal training, but that was more in the area of soft skills: how to engage with a partner”* though she was *“not allowed to go to an external training”*. Also, a lot of money is spend for risk management training and supporting systems, but very little money is spend on customer relationship

management and account management systems. This is evidenced by account managers Herbert, Marian and Joanne and auditor Nicole *“there is limited account management training and no money for this”*. Account manager Rich states *“Compared to my earlier experiences for a large IT consultancy and services corporation, there was one way of working...one way of approaching the client...this was created by starting with world-wide nine-months account management training”*. What is happening, Adam mentions *“account managers going to the technical training of the professionals to learn the services”*, but this is something different as investing in account management training for account managers and professionals.

4.3.5.2 Investments in relationships

As is mentioned in paragraph 4.3.1.1, the firm has a short term focus for generating revenues and the account management activities are directly linked to the practices of the partners and not to the full service portfolio of the firm or investing in building up long-term relationships. Marian underpins *“it is hard to find a partner, who is committed to invest in a client for the coming years, because he will not get profit in the beginning”* and Rich adds *“structural client development takes three years”*.

Above, the results of the sub-categories of the theme organisation were described. The next paragraph displays the emerged results of the theme professional services relationships.

4.4 Professional services relationships

The research objective that is answered in this paragraph “professional services relationships” is the following:

- Understand the professional services relationship between professional and client

The theme “professional services relationships” exist of five sub-categories. The first sub-category focuses on the initiating of the relationship. The second sub-category describes the importance of sustainability of the relationship. Depth of the relationship is discussed in sub-category three. The

fourth sub-category reveals trust as part of the relationship and the fifth sub-category mirroring throws a light on personalities of the account manager and client in the relationships.

4.4.1 Initiating

The sub-category initiating is about the starting a relationship between professional and client and consists of the following items or properties: approaching the client, the “human” factor, and knowledge and seniority.

4.4.1.1 Approaching the client

In general, clients have an idea of the services of professional service firms and it is not uncommon that they approach the firm proactively in case of a problem. Firms have a website in which they present themselves and provide information about their services. Professional Adam underpins *“clients know which firms are capable and invite them, especially for large engagement, which get board attention”*.

In these times of more competition between firms and tighter budgets of the clients, firms go to the market more pro-actively. Cold calling is not a way which is common in professional services firms, although the more standardised the services, the more a less personalised approach is used. Client Oliver evidences *“professionals go to clients via “warm” introductions such as a recommendation of the supervisory board of the client”* and *“a weak approach would be to get an introduction via telephone or email, but in case this is used I prefer that the professional himself calls and not his secretary”*. Account manager Marian gives an example of being creative in getting new relationships *“we developed together with professionals of the firm and the client a personal development program for their management and during these sessions we had a wonderful entrance for building up new relationships”*.

4.4.1.2 Starting a relationship and the “human” factor

A current engagement can lead to new relationships, but also the other way around, a strong relationship will lead to new engagements. This is what consultant Mike calls *“a reciprocal character between sales and*

relationships". The first impression and the first contact is extremely important for the rest of the relationship. This is confirmed by client Gerr and consultant Mike *"if the first contact went wrong, it is over" and "the first contact is important for starting the relationship...there should be rapport"*. Mike continues *"an account manager will see the needs of the client earlier than a professional, what is important for starting a relationship"*.

The "human" factor is important in a professional relationship. Services are intangible and the professional is the gateway for the services and is an integral part of the service. Consultant Mike evidences *"the "human" factor is important in the face-to-face communication"*. Client Peter adds *"during a meeting you are seeking for similarities of interest which can be exchanged"*. Mike goes on *"an account manager is better in building relationships, in making connections than a professional"*.

4.4.1.3 Knowledge and seniority

For building the relationship, it is important that the account manager knows the services of the firm, the professionals, and also has knowledge of the industry and the specific client. Therefore, it is not a junior role. Client Peter agrees when remarking *"for me it is a dissatisfier when a just graduated bachelor or master student in biology gets a lease car and get "stamped" as account manager"*. Professional Adam explains *"good relationships on board level makes the differences in winning a bid"*.

This sub-paragraph was about displaying the results of the sub-category initiating the relationship. The next sub-paragraph is about the sustainability of the professional services relationship between professional and client and consists of the following items: continuity in the relationship, the relationship pyramid, working together, human interest, and situational dependent relationships.

4.4.2 Sustainable

4.4.2.1 Continuity in the relationship

Account management is focused on continuity in the relationship - a long-

term relationship based on accumulating a *“continuum of knowledge about the past engagements with the client’s business”*. Professional services relationships are intended for a long period and are in most cases not mentioned for just one transaction. It takes more time to know and understand each other and to find out what the specific circumstances of the client are under which the services are delivered. Client Peter explains *“in such a long-term relationship, the knowledge of the past engagements is transferred by the account manager to future professionals starting to work on the client account”*. Peter’s view is that *“the account manager wants to build relationships”* and he sees this role as distinct from the sales activity of a provider about which Peter says *“the salesman wants only to close the current deal”*. Client Oliver underlines *“this relationship is not transaction-only based, but continuous”*. Oliver adds *“there is for me only little space for a new entrance firm and this is when things went wrong and have not been solved”*. Understanding the power in a relationship is important as well. Account manager Dave explains: *“audit is like a mattress...you need it for a while...it is guaranteed income for a while... the bases for the firm is audit on which other services can be built like tax and consultancy... you do not have many big clients...they know...without big clients, you cannot invest in your people”*.

“Relationships are normally formalised in agreements for a period of few years” clarifies account manager Marian *“which is a time consuming activity”*. Client Arny adds *“it is creating a kind of partnership”*. Teo explains *“these relationships in services have another dynamic than a short-term transaction-like relationship when I am buying a special part for my mountain-bike”*. Although the relationships are focused on the long-term, it is still related to doing business and not for “fun”. When the business relation ends, also the relationship will end. Account manager Henry evidences *“although it is about committed relationships, they are seldom for live...they are bought relationships”*.

The relationships can be dominated by a single point of contact of the firm, which has a base in a business unit of the firm and this can negatively impact the services delivery because of having a too narrow view at the client’s issues. Account manager Teo recognises this risk *“the profit and loss*

account of the individual partner dominates the relationship, which is a danger for a sustainable relationship". Client Army evidences "relationships are built up from business unit perspective instead of from client needs".

4.4.2.2 Relationship pyramid

Relationships are built on different functional levels as well on the client side as well on the firm side. It is important to have a relationship matrix, which gives an overview of the relationships and key relationship holders. Account manager Joanne agrees *"the account manager build relationships at all levels of the client, but also within the firm"*. Tax consultant Antoinette explains *"within the firm, the partners and senior managers keep the relationships, below that level there is more turnover of staff"*. *"Relationships on board level are key"* states Adam *"go where the board is"*. Procurement director Mary mentions *"the account manager of more complex services talks to the business first and then to procurement"*. Antoinette says *"for smaller engagements, such as tax services, procurement is not involved at all"*. Mary continues *"for the Big4 firms, there is often no visible account manager in place"*.

4.4.2.3 Working together

For a sustainable relationship, it is important that account manager can work together with the professionals and understand each other, but also that they can interact well with the client as well with procurement as well with the business. Client Gerr evidences *"account management and delivery ought not to be two worlds"* and *"also the combination of procurement and business should fit...the consultant is more important than the price"*. Account manager Herbert states *"an accountant has a more stable relationship with the client because of his recurrence in service provision...a consultancy relationship can be more ad-hoc"*. *"When things went wrong, it is important to talk about it and to overcome conflicts, such as problems in delivery"* explains client Oliver *"try to understand each other: in good times and in bad times"*.

4.4.2.4 Human interest

Professional services is a people-business. Services are intangible and made

by professionals and the client together. Client Oliver explains *“personal attention from the professionals is important for having a good fit...it is about human interest”* and he continues *“changing formal and informal settings, like having meetings or visiting events, works well for this”*. Client Peter understands the importance of the human factor *“I am convinced it is about psychological processes between people...that is fascinating”* and he continues *“is importance to keep the relationship in good condition”*. Oliver contributes *“when it comes to value creation, asking two questions are important: “would you do it again?” and “would you recommend me to someone else?” If both are answered with yes, then you are doing a good job”*.

4.4.2.5 Situational dependent relationships

Relationships are influenced by the industry of the client but also by the nature of the services being provided. Procurement director Harry evidences *“especially for audit and tax services the relations in the business of the client are leading and not procurement”* and *“inside the client, it is important to have a buy-in and relationships with other departments as well, because for a service to be effective, you need empowerment from other departments as well”*. Account manager Henry states *“in the governmental market you need more durable relationships and people are more broadly interested compared to the private market”*. “Above all, it is a granting business”, account manager Rich concludes.

This sub-paragraph was about displaying the results of sustainability of the professional services relationship between professional and client. The next sub-paragraph is about the emerged results of “depth of the relationship” and consists of the following items: frequency, importance of depth, and the client’s and firm’s perspective on depth.

4.4.3 Depth

The sub-category depth has to do with the intensity of the relationship between professional and client.

4.4.3.1 Frequency and other aspects

“Frequent contact between account manager and client is needed” states client Peter and *“the experience of the quality leading above price”*. The more strategic the services, the more intense is the relationship. This is evidenced by client Oliver *“the dependency on the professional is higher in case of more strategic services, which makes more interaction between professional and client needed”*. Client Peter underlines *“the importance of having a mutual understanding between account manager and client”* and that this led to the downgrading of price from being the dominant factor for some, more strategic projects *“It is more a gentlemen’s agreement, the experience of quality is the leading criteria”*.

Marian emphasises *“contact management as part of relationship management is a profitable business. You need to keep a structured track of your relations and making subsequent appointments”*. *“The exchange of personal information between professional and client is important for the depth of the relationship”* as professional Trudy adds.

4.4.3.2 Importance of depth

The depth of a relationship between account manager and client generates a competitive advantage towards other firms. Professional Adam evidences *“good relationships make the difference in winning a bid”*. Client Peter explains what is meant by depth *“it means knowing the issues of the industry, the client organisation, the department and the individual client representative”*. Therefore, procurement director Harry states *“you need to be longer in the firm and at the client to understand the politic environment”* and *“it is important to adapt yourself towards your client, such as how are they dressed”*.

4.4.3.3 At the client side

For the depth of a relationship it is important to understand to position of procurement of the client and also what are the requirements of the buyers and what are the personalities of the buyers and do they match with the personality of the account manager. Professional Nicole experiences *“a more*

detached relationship with procurement to keep an objective position” and professional Trudy realises “the position of procurement is more centralised now due to cost savings and this means that they are mandatory involved”.

4.4.3.4 At the firm’s side

Professionals are not good in making strategic choices regarding which clients to service. At the same time, it is important for the depth of the relationship that account managers can pay attention towards the relationship. Account manager Roger evidences *“partners have too many accounts and do not focus, therefore relationships are not deep”.*

Procurement director Harry emphasises *“the importance of the way the service is delivered by the professional, because the service is less tangible and is full of emotions”.*

This sub-paragraph was about describing the results of depth of the professional services relationship between professional and client. The next sub-paragraph demonstrates the emerged results of the sub-category “trust” of the theme “professional services relationships”.

4.4.4 Trust

Trust is an important sub-category of the theme “professional services relationships”. Clients appreciate open and consistent communication and expect a reliable professional. Also the relationship with procurement is an integral part of the relationship with the client. *“Getting trust from the client”* evidences consultant Adam *“by being a reliable account manager is essential especially for larger engagement and more strategic ones, because the client becomes dependent on the consultants”.* Consultant Perry underpins the necessity of *“being consistent in the communication throughout the whole service team”.* *“Having an open relationship, even with procurement, is important”* mentions account manager Marian and *“take the relationship with procurement seriously”.* Tax consultant Antoinette realises *“trust and confidentiality are closely related especially when you are consultant about the tax income of the owner of the firm. For this reason, it is not common that clients change from service provider”.* Account managers Rich and Teo admit

“the importance in a relationship of reliability as “do what you have promised” and liking as “the way clients like you and reversely””.

Consultant Perry states *“the base for being credible lies in the knowledge of the services”*. A trusted relationship exists in accordance to account manager Joanne when *“helping the client with his issues, finding out the essence of the issues and finding a firm’s solution for it”*.

An important element of trust is embedded in the personal relationship between professional and client. Not being selfish is essential in this relationship. Client Gerr evidences *“it is also about discussing personal things, which are not content related”* that makes a relationship trustworthy. Consultant Trudy explains *“in case of more commodity services, it is not trustworthy when an account manager tries to sell himself”*. Trudy, who has been an account manager for a period of time as well, continues *“client’s are suspicious when it comes to sales”*. Account manager Herbert adds *“it is not about selling tricks, but being in discussion continuously”*. *“It is about open and transparent conversations”* as client Franc contributes. Client Franc continues *“I must have the feeling that the professional is not becoming better at my expense”*.

This sub-paragraph described the results of the sub-category “trust” of the professional services relationship between professional and client. The next sub-paragraph is about the sub-category “orchestrating” of the theme “professional services relationships”.

4.4.5 Orchestrating

The relationship between professional and the client is being orchestrated continuously. Are all the relationships on the relevant levels in the client organisation in place? Is the depth of the relationship high enough? Are the counterparts of the client in the firm in place? It is important that the professional can work well with client’s staff, Marian is *“always checking whether there is a good match between the professional and the client”*. Nicole explains *“we are in a business in which the client must like you before you get the business”* and matching is important at this stage, *“it is mirroring*

personality and the required level of knowledge” that make a difference. Client Gerr evidences *“it is about personalities and knowledge: the account manager takes care of the rapport between the professionals of the firm and the client”*. *“It is important that the firm shows the account team to the client”*, experiences client Peter. Also client Tony states *“I want to see and speak with the professionals before they start”*. Client Oliver and account manager Roger continues *“even when the relationship with procurement is more formal, it is important to have rapport as well”* and *“the account manager should handle this, including the contract terms and conditions, not the professional”*.

Oliver emphasises *“the existence of multi-level relationships between client and professional and multi-level selling...there should be a matching in the hierarchies of client and firm”* and *“dependent on whether the power is more in the business or more with procurement, the professional will invest more time in the relationship”*.

It is not only the front-office of the firm which needs being orchestrated. Oliver mentions *“It is importance that the back-office of the firm knows and understands the client requests”*. Consultant Mike recognises this requirement *“in case of an opportunity or client request, the firm should be able to act quickly, especially within the firm”*.

This sub-paragraph described the results of the sub-category “orchestrating” of the professional services relationships between professional and client. The next paragraph summarises the highlights of chapter 4.

4.5 Summary

This chapter 4 described the following emerged themes: external environment, organisation and professional services relationships.

The external environment has had an enormous effect on the audit, tax and management consultancy industry. The economic situation of most of the clients decreased due to the recent economic crisis since 2008, which limits the budget, which can be spent on audit, tax and consultancy, at the client side, which gives more pressure on the efficiency of the operation within the firms and more competition between the firms. Another sub-category that

emerged is “trends”, such as a wider use of information technology, an increased client’s attitude, and demographic developments - such as a decrease from the number of people who can work compared to the total European population - and an increased competition between the firms. Another sub-category emerged from the data which is an increase in “law and regulation” due to accounting scandals of the last decade, but also new independency regulations between audit and consultancy services due to the last economic crisis.

The theme “organisation” of the professional firm that emerged from the data gave a better understanding of the characteristics of the audit, tax and management consultancy business model, its way of organising and its services. The business model of audit, tax and consultancy firms has a short term internal practice focus, which is based on chargeable hours instead of investing in building up long-term relationships. There is little services differentiation between the firm, auditing professionals are mostly dominating the whole firm, including the consultancy part, and there is limited focus on account management. Professional firms have no formal account management system and procedures in place. The maturity of account management is low, account management is not well embedded in the firm and the amount of full-time account managers is low. The current organisational structure of the firm is dominated by function/ practices instead of by market segment and is dependent on the size of the clients and the size of the firm. Regarding sub-category “culture” of the firm, it can be said that firms are hierarchical organisations in which the partners as owners have the final say. The culture in the firm, which has his base in audit, is numeric or “spreadsheet” based instead of focusing on account management. The rewarding policy is based on the performance of the professional’s practice or business unit instead of the performance on the client or industry. The larger the client and the more centralised the procurement activities, the more account management should interact with procurement. Furthermore, also the kind of the services – more operational or more strategic – have an impact on account management. Within the firm a lot of money is spent for technical training, limited money is spend for social skills training, and little to

no money is spent for account management training, which characterises the audit, tax and management consultancy industry.

The theme “professional services relationships” that emerged from the data gave a better understanding of the professional services relationship between professional and client. The “human” factor is important in a professional relationship. For building the relationship, it is important that the account manager knows the services of the firm, the professionals and also has knowledge of the industry and the specific client. The relationship should be sustainable, has enough depth and trust, and rapport between the personalities of the account manager and client.

Chapter 5 describes the results regarding the theme ‘account management’ that emerged from the data.

5 Account management

5.1 Introduction

Account management in professional services relationships in the audit, tax and management consultancy industry is immature. Professional service firms struggle how to incorporate account management in their predominantly technically oriented delivery role. There are no job descriptions, no standard procedures how to fulfil the activities, no key performance indicators or a performance manager responsible for periodic performance reviews.

The importance for having account management in place rises because of tougher competition between professional services firms, lower budgets at the clients side, more demanding clients and more formal procurement departments and procedures.

The research objective that is answered in this chapter “account management” is the following:

- Get a deep understanding of account management in professional services relationships

Account management is discussed in this chapter. First, the maturity of account management in the firm and at the client side is discussed, followed by the responsibilities, the skills, and the account management activities in sequential paragraphs. A separate discussion highlights an integrated versus a dedicated account management role and finally personal development as part of account management is described. This chapter ends with a summary.

5.2 Maturity

5.2.1 Description of job profile

As mentioned above, professional service firms have difficulty in structuring and formalising account management. Auditor Nicole evidences *“it is completely unclear how to reward – dedicated - account managers”*. Marian’s account management support role has been *“restructured three times in the*

previous five years". Her experience - in two commercial departments and as a dedicated account manager - gives considerable insight into the ambiguity regarding the status of account management. In her first role in Marketing, Branding and Communication, *"my manager had no idea what I was doing in my newly created account management support role for an advisory client"*. At her second department Proposals and Clients, *"they had two function levels: advisor and coordinator, but the latter was not allowed to talk to partners...but that is my job!"*. Consultant Mike admits *"there are limited procedures how to do sales or account management...it is very individual based without a firm approach"*. Marian agrees *"the interpretation of the role differs per partner"*. Client Peter also recognises *"I see no uniform account management role...the account management roles are different...with different regional, business unit or global responsibilities"*.

Co-ordination of account management, especially in case more account managers are active at a client, is needed. Procurement director Mary mentions *"the account management role is in place for the system integrators firms, but not for the Big4 firms"*. Client Tony sees *"account management is often done as part of the delivery role"*. Auditor Nicole explains *"the account manager should function like a family doctor: being in contact with the client on a broad range of services and introducing specialists when necessary"* and *"within the firm for these roles the career path is unclear and they will not make it up to partner level"*. Account manager Teo states *"an account management role is something different than a sales role: the account management role compared to the sales role has its focus on the long-term and on the relationship"*.

Expert consultant Frans explains how firms could distinguish different types of account managers *"more "farmer" types for existing clients and more "hunter" types for clients who needs strategic development"* and *"this is dependent on the size of the client, the needs of the client and where the firm wants to stand in three years"*. Frans continues *"the "farmer" type can be distinguished into content-driven professional and a relationship-driven professional; the "hunter" type can be split into a business development type and a service innovative type"* and *"this can also be a professional live cycle,*

which the professional goes through: starting from the content, towards relationship holder, into a business developer and finally towards service innovator”.

This sub-paragraph described the job profile as part of the sub-category “maturity”. The next sub-paragraph is about the item “position in the firm”, which also belongs to the sub-category “maturity”.

5.2.2 Position in firm

Account management has not an official position in the firm and the account manager cannot fall back on procedures. Also the embedding of account management, which has its focus on accounts and industries, in a predominantly service oriented firm causes problems. Account manager Marian evidences *“my account management support role develops over time in practice”* and *“in the beginning I had to find out my role and how it relates to the account management role taken by the professionals working for the same client”*. She continues *“the firm has difficulty to structure account management, there are a lot of changes in the – informal - job profiles and the position is loosely linked to direct reports”*. Consultant Adam supports this *“account management needs to get formal authority to get the professionals lined up”* and *“guidance and steering from top management of the firm is needed”*. Consultant Mike adds that it is not only the missing position of account management in the firm, but also *“the need to have structured sales meetings in place”*.

Auditor Nicole explains *“the – informal - account management role starts at manager’s level with the earlier discussed “family doctor” model and sometimes having a focus for a particular industry”*. Consultant Perry elucidates the common practice *“the professional who services the client the longest becomes the account manager”*. Client Gerr recognises *“in this audit, tax and consultancy industry I see that sales and delivery are united in one professional”* and *“in case of more professionals working for the same client, one co-ordinator is assigned”*. It consultant Trudy has experiences in more commodity services and has the opinion that sales and delivery should be divided, but *“there should be a thin line between sales and delivery...sales*

should feel the pressure of the “bench”, on which the delivery professionals are waiting for their new engagement”.

Client Franc states *“there should always be one single point of contact for the client, also in case of consultancy services”*. Account manager Teo and consultant Adam agree *“account management should be organised per industry”* and *“per industry a different kind of account manager is needed depending on a fit of personality with that industry”*.

This sub-paragraph described the “position in the firm”. The following two sub-paragraphs are about the items “incentive system” and “the client side”, which also belongs to the sub-category ‘maturity’.

5.2.3 Incentive system

An incentive system for account management is not in place and the current incentive system is primarily based on making chargeable hours. Account manager Joanne evidences *“professionals should be held accountable for sales and not only for chargeable hours”* and *“an incentive system for account management does not exist and should be made part of the performance system”*. She continues *“it is important to align the incentives with the personal motives of a professional, like e.g. getting an extra day off”*. IT consultant Trudy gives an example from the system integration industry *“the rewarding for sales and account management functions has a higher variable part and is more based on group targets and less on the individual targets”*.

5.2.4 The client side

The organisation of the professional towards the client is immature and not using the possibilities of account management expertise. Client Peter emphasises *“the importance of serving the bigger picture of the client”*. Client Oliver explains *“a professional can go together with an account manager to the client...each fulfilling their role”* and *“an account manager should not only have relationships with finance or IT, but also on board level”*. Client Peter admits *“at the client side, there are informal structures and the expectations*

of the owner of the engagement are not always that clear” and “the engagement approval process is not that transparent and is layered - starting with the man on the floor, followed by his manager, going up to the department director and finally to procurement”.

The above-mentioned sub-paragraphs explained the results of the sub-category “maturity” as part of the theme “account management”. The following paragraph is about the sub-category “responsibility”.

5.3 Responsibilities

5.3.1 Role responsibilities

There is ambiguity in the responsibilities of the account management role and a clear outline does not exist. Account manager Anthony explains *“in the senior grading model of the partners 50% of the time of a partner is spend on account management and this is growing”*. Account manager Rich is explicit *“it should be clear in the account management role: are you client facing or having a more back-office internal role...both are important”*. Client Franc states *“the account manager should lead the professionals”* and procurement director Ferry contributes *“the account manager should have a holistic view”* and *“the target must be based on client satisfaction and not on billable hours”*. He continues *“at bigger clients, the account manager will not do delivery, but at smaller clients this is possible”*. *“Negotiations with procurement is done by the account manager or a procurement specialist of the firm”* explains account manager Herbert.

Expert Frans brings the project responsibility of account management on the table *“in case the account manager has the responsibility for the projects, this means a high involvement, expertise and showing the professionals that he is still in business and is also “awake at night” when things go wrong”*.

5.3.2 Financial responsibility

The financial responsibility of account management is not carved in stone and not uniform across the firm. Account manager Joanne evidences *“in my*

case, I am responsible for getting the client introductions and introducing a professional...I prefer also to have responsibility regarding client satisfaction or even client revenue". Rich agrees "an account manager should be revenue responsible". Consultant Adam warns "an account manager should not only be responsible for sales, but also for the productivity of the unit" in order to align internal and external needs.

5.3.3 Non financial responsibilities

As mentioned in the above sub-paragraph, it is not only about the responsibility for revenue but especially being focused on the client value. Account manager Herbert evidences *"maximising client value for the firm in the long run is the responsibility for account management"*. Account managers Henry and Rich give examples of *"key performance indicators regarding having a number of meetings with the client per year or a responsibility of managing e.g. 80 client relationships"*.

The above-mentioned paragraphs described the results of the sub-category "responsibility". The following paragraph is about the sub-category "skills" of the theme "account management", which is divided into the sections "profession related skills" and "none-profession related skills".

5.4 Account management skills

5.4.1 Profession related skills

Professional related skills are also called technical or functional skills. In this thesis, no differentiation is made between "skills" and "competencies". An account manager needs to have some kind of profession related skills to fulfil his job. The key question is how much profession related knowledge does an account manager need for his job.

5.4.1.1 Education and experiences

Both client Peter and auditor Nicole expect *"account managers to have an academic background with at least a bachelors degree"* and *"they need to shift quickly in conversations"*. Peter believes that account managers should

be expected to be *“thinking one step ahead of the client”* and even that they need *“problem analysis capabilities to find the right answer to the client’s business issue”*. Account manager Roger, who worked in the IT services, says on the contrary about the sales colleagues who sell IT products, merely licences, *“selling is not an intelligent job”*. Also Adam states *“the education background of account managers vary: some have studied commercial economics, psychology or have no academic or technical background at all”*.

“It is important to show evidence or earlier experiences to clients” explains consultant Mike. Therefore, as procurement director Mary states *“account management should be done on senior level...managers level and higher”*.

5.4.1.2 Knowledge of industry, client and services

An account manager should have sound knowledge of the industry, deep knowledge of the business and organisation of the client and a good understanding of the services. Client Gerr and account manager Roger agree *“knowledge of content background is good for the depth in the conversation and understanding of the project helps in getting things done quicker and more effective in case of issues. Partners often have knowledge of their service”*. *“It is important to have knowledge of the clients, the trends and new developments in the industry and initiate knowledge exchange between professional and client”* evidences client Tony. Client Gerr, procurement director Mary support Tony’s view *“knowledge of the industry and business of the client are essential”*.

Procurement director Ferry evidences *“the higher the complexity of the services, the more the account manager should know of the client and the individual projects and the more experience and seniority is required”*. Client Peter pays special attention towards *“the knowledge of the account manager of understanding of the buying process of the client”*.

Procurement director Mary emphasises *“account managers should know their own organisation, their people and to a certain extent their services”*. Joanne explains *“no in-depth knowledge of the service is required”*. *“Knowledge of the services is necessary, but this can be common knowledge”* agree Peter, Mary and consultant Mike, and *“in case of selling products instead of*

services even less knowledge would be sufficient” adds account manager Roger.

5.4.1.3 Way of thinking and acting

The account manager should be pro-active in his thinking and innovative in the solutions. Peter evidences *“the account manager need to think one step ahead”* and, which is also supported by procurement director Mary, *“he needs to have analytical skills...making the connections between “events””*. Consultant Perry and account manager Dave underpin *“it is important to be innovative...have the future in mind”*. Client Gerr emphasises *“showing passion for the profession is important”*. Auditor Nicole and account manager Rich agree *“professionals did choose their profession because of the craft, not because for the sales...they do not like hawking with services...they like the content”*.

The above-mentioned sub-paragraphs described the emerged results of the “profession related skills”. The following paragraphs demonstrate the emerged results of “none-profession related skills”.

5.4.2 None-profession related skills

None-profession related skills are also called behavioural skills or non-intellectual capabilities associated with account managers that are considered beneficial or even essential for the profession, but are not specifically related to the technical or functional knowledge required for the profession.

5.4.2.1 Character

The character of someone consists of all the qualities that combine to form his personality or atmosphere (Sinclair, 1987). An account manager must like the interaction with the client, have no self interest, have a broader view than the individual services of the firm and has a commercial antenna. Nicole evidences *“it is important to have a broad interest in what is happening in the world, not having a large ego, have good listening skills and forget your own interest”*. She adds that *“this is a skill of account managers which offsets the*

nature of professionals for whom these skills are difficult, because they choose to be a professional, not to be in sales". Peter added to these skills, believing that the account manager should be "a commercial tiger, serving the bigger picture, resistant against long working hours, especially when integrating account management and delivery".

Clients Peter, Oliver and William agree *"the account manager should think broader than the engagement and be a very active personality"*. Consultant Adam states *"sales is something you can or cannot...it is in your "genes"".* Account manager Joanne admits *"you can learn sales skills to a certain extent...but it will never be part of their DNA"*. *"Courage is needed...having no fear to contact clients...some professionals are afraid to call a client to ask for a meeting...or to tell about your sick dog...dare to ask: what has the service brought you?"* explain account managers Joanne and Marian and procurement director Ann.

5.4.2.2 Behaviour

Behaviour is the way someone acts in general, especially in relation to a situation he is in or the people he is with (Sinclair, 1987). An account manager has a keen nose of what clients wants, is not too modest, like action above thinking, is authentic in his appearance, can mobilise people and is persistence in his actions. Marian has a view on these skills, explaining that after a client meeting she always *"leaves with more activities than my professional colleagues"*. As an account manager, she *"always try to feel what the client wants by looking at his behaviour"*. Furthermore, Marian saw persistence as a key account management competence including *"towards the partner in performing their tasks, in getting people at the client to speak, and even having the courage to call the client"*. *"It is also about motivating professionals...to show career perspective for (senior) managers by creating (partner) visibility within the firm of their account management activities"* explains Marian.

It is important that the account manager adapt his behaviour on the client situation. Consultant Mike and account manager Henry mention *"not being too modest and speak on the same eye-level as the client"*. Consultant Adam

evidences *“account managers should communicate smoothly, be friendly and look to a certain extent relaxed as if they are not selling...they will not talk about content details”* and *“for exclusive services, on the contrary, they must be senior and fancy dressed”*.

“Account managers are sales people who are practical and like action” explains Joanne, but client Oliver emphasises *“also when they have no running projects, they should stay in contact”*. Client Gerr experiences *“account managers are authentic in their commercial behaviour...they are not forced or artificial”* and *“they should not go for a “pushy” sales style and constantly look for sales opportunities during the meeting”*.

Auditor Nicole underpins the importance *“account managers should have a broad view on the client and being able to talk about all services...but only a view are able to do this”*. *“Account managers should be flexible when client issues come up and respond quickly on them...think in solutions”* adds client Oliver and *“they can also ask the client for feedback in general or ask to become a reference for a new client of the firm”*.

Auditor Nicole summarises *“being honest and transparent, come with a quick responses, including fit for purpose answers”* as main key behavioural aspects. *“Mobilising people, as well internally as well as externally via a clear vision with leadership skills”* adds account manager Dave and *“not being touchy”*. *“Having resilience”* contributes procurement director Ferry as behavioural skill.

5.4.2.3 Attitude

Attitude is the way you think and feel about something. It is also the way someone behaves when he is dealing with someone, especially when this shows his feelings (Sinclair, 1987).

The attitude of the account manager is characterised as being target driven and enthusiasm about stimulating people and the sales process. He behaves more extrovert, handy to get information and make use of it, needs to be an informal leader without being offensive towards others because it is a team spirit. Client Franc recognises *“an account manager is a more extrovert*

person...being an informal leader". Account manager Marian emphasises *"the enthusiasm and commitment for the client and for the account team"* and *"he is service oriented, but no "plaything" internally or externally"*. Consultant Adam states *"an account management is target driven and tries to get his bonus at the easiest way"*. *"He likes the hunting game...it is about the sale process, not the result that keep the "engine" going"* says account manager Roger. IT consultant Trudy as well as Marian state *"being a bit naive or guileless helps to get more information, which can be used for the client but also for own benefit"*.

5.4.2.4 Social skills

Account managers have well developed social skills, because the most important part of their role is to interact with other people, as well as within the firm as well as within the client organisation. Consultant Mike and client Tony evidences *"social skills in general are important for account managers, they need to have emotional intelligence"*. *"Imagination is key...I try to feel what the client wants, not only regarding the services but also regarding account management"* adds Marian and continues *"looking at the behaviour of the client, like e.g. the intonation of his voice"*.

Auditor Nicole emphasises *"the ease in setting up relationships with different levels of the client"* and Mike adds *"being creative and providing trust to the client"*. Also *"knowing the political environment of the client...understanding the sensibility of the organisation...knowing what is driving a person"* is essential argue procurement director Ann, consultant Adam and account manager Herbert to manage different buyers at the client who have different objectives.

"Being a team-player" Herbert contributes and *"having good rapport with each other"* as Herbert indicates. Marian recognises that this is not always easy *"to act with busy pigheaded professionals"*. Marian continues *"being flexible and effective in communication and using different communication mediums, like e.g. email, telephone or walking along"*. Mary contributes *"communication should be influential, convincing and having enough "weight"* and *"the account manager is diplomatic, a bit humble but not too*

much and act as the “spider in the web””. *“Being flexible in the style of communication is important...sometimes acting a bit clumsy so the other feels superior...and sometimes the opposite”* explains account manager Henry. Client Arny appreciates *“having good conversations that are not only about what the professional can offer, but function as sounding board about issues who are in the interest of the client”*.

5.4.2.5 People-attached

Account managers are people-attached as opposite to content-attached professionals. They can easily make connections at all levels in the client organisation as well as in the firm. They are liked by others and have good knowledge of how people are and function. *“Account managers are empathic...people must like you to get things done”* evidences client William and account managers Roger and Herbert. *“People-attached professionals are the most successful as account manager”* states client Franc clearly. *“Account managers are relationship builders...they are keeping conversations with other people at the client also to them who are outside their project”* explains Marian. *“They are applying the personality typology of Carl Gustav Jung in practice”* adds account manager Dave.

Auditor Nicole experiences *“it is difficult for professions who have their passion in the profession to get into contact with people without having a delivery task”*. *“Account managers should be able to share personal information”* adds client Oliver and Adam adds *“they should focus on the client needs”*. *“They are no office-boys, but need to organise the client wishes in the firm”* explains account manager Henry.

Consultant Adam evidences *“body language of the account manager is extremely important: not being too pushy, relaxed to a certain extent, not forced and authentic”* and *“also getting access to board level”*. Nicole and Marian agrees *“it is about mirroring personalities between the client and the professional and also the level of knowledge between them”*, emphasising a balance between rapport and knowledge or between so-called emotional intelligence and cognitive intelligence.

5.4.2.6 Other capabilities

Along the discussed behavioural skills, account managers have a broad interest in the actual world news, are able to filter the right information from the client, work structured regarding the client request, communicate what they do and what not, come with new business solutions, and are able to convince the client and the professionals to their proposed solution. Nicole and Marian evidences *“account managers are not only focused on their job or profession...they have a broad interest in what is happening in the world”* and, as Peter adds, *“serve the bigger picture to the client”*.

Procurement director Ann mentions *“asking the right questions...also to ask further and deeper”* is important to find out what the client needs are and furthermore, *“being able to shape the request of the client and match this with the capabilities of the firm”*. It is important *“to know where to get the knowledge in the firm, to know the professionals and being hard but also flexible to mobilise them”* explains client Franc and consultant Mike. *“The account manager is focused on the solution and works very structured - account plan driven - and updates his relationships matrix regularly”* states account manager Henry. Oliver contributes *“account managers are creative and distinguish themselves and their services...they are bringing new business ideas on the table”* and *“they show commitment and letting the client feel involvement”*. Procurement director Harry states *“account managers are able to put themselves in somebody’s shoes”*. Marian elaborates *“they have to overview of the client...what is happening and where...they are sitting on the chair of the client and are thinking through his eyes”*, but, as Henry adds, *“are also able to ask for the order”*. The latter is easier for account managers, because as Mike states *“the convincing skills of account managers are better developed than – delivery - professionals”*.

“Account managers speak more languages in mouth and in written” contributes consultant Perry and as Rich explains *“they are able to translate complex issues in simple words”*. Harry and account manager Herbert agree *“account managers tell what the borders are regarding a – potential - engagement and are able to pass the “no” from the client with alternatives”*. Also Herbert confirms the importance of *“saying “no” when it is not the firm’s*

core competence” and “they need to be able to speak based on relative less information during conversations”. The listening skills are “developed to listen selective to client information and listen “between the lines”” as Peter, Nicole, and account managers Herbert and Roger recognise. In order to be able to have a good conversation, as is required in accordance to client Army, “the account manager must have reflexivity power”.

“Technical professionals need to feel pressure to do sales...they are not self-starting”, Joanne mentions. Account manager Herbert and Joanne agree “for account management you have to go out of your comfort zone, like e.g. setting up a call” and account manager Roger notices “account management is to a certain extent an independent role”. It consultant Trudy reacts “client must like to see the account manager...well-gloomed...attentive...they should not focus on scoring the deal like car sellers, those annoying boys”.

The above-mentioned paragraph described the emerged results of the sub-category “account management skills”. The following paragraph is about the sub-category “activities” of the theme “account management”.

5.5 Activities

The activities of the account manager are split into co-ordinating activities, commercial activities and administrative activities.

5.5.1 Co-ordinating activities

An important part of the job of the account manager is to co-ordinate the professionals working at the client, aligning the various sales and marketing activities from the firm, sharing knowledge, facilitating the introductions of the professionals, co-ordinate contractual agreements and settle escalations.

Nicole evidences *“synchronising specialised professionals as gatekeeper because they all want to have a meeting at the same client” and “not being too rigid, because competitors could get a chance to come in”. “Facilitating, but also chasing professionals to meet client deadlines and expectations” is part of their job explains client Tony. Clients Oliver and Tony and tax consultant Antoinette agree “the account manager is the first point of contact*

in case of issues or problems arise". Also *"motivating and counselling the professionals in their account management activities is part of the account manager's job"* add Joanne and Marian.

Another time consuming activity, Marian explains, is *"finding out the client needs and preparing and setting-up the meetings with the client and professional and the aim is that the meetings are useful in the eyes of the client"*. *"It is a networking job, with a lot of talking, sharing knowledge and connecting people"* summarises Peter and procurement directors Mary and Ann. *"Including monitoring the sales activities of the professionals"* contributes account manager Joanne.

"Clients want to limit the handover risk between account manager towards technical professional and therefore see and speak the professional upfront" explains consultant Mike and *"the introduction of professionals is part of their job even as taken care that there is rapport between professional and client"*. Therefore, account manager Anthony adds *"composing the right team based on knowledge of the skills of the individual professionals is essential"*. *"The larger the client, the more time is needed for account management and the more account managers are lined up"* determines client Oliver.

For larger clients, it is common to have master service agreements. Marian explains *"contractual and legal work is also part of the co-ordination activity"* and *"having contractual agreements in place with the client's procurement department is a prerequisite for starting the delivery"*.

"It is important to point out the client on his responsibilities as well" emphasises client Gerr and *"to come with an improvement plan in case of escalations of issues"* states client Tony.

A lot of co-ordination is related to the account management activities as Marian explains *"the preparation of the 'C'-level meeting between the "lead partner" and the client"*, but also *"aligning all the different commercial events and publications...and translate those to individual client level"*.

As part of the account management co-ordination activities, a lot of communication is needed. *"This varies"*, explains Peter, *"from finding the*

right professional for the job to retrieving commercial information from the professionals in the field and organising replacements of professionals". Client William agrees the importance of *"briefing the service team"*. *"Co-ordinating the right people from the client and the firm, having oversight of the relationship and organise the resources and knowledge internally in the firm"* are the main co-ordinating activities client Tony sees for account management.

Expert consultant Frans comes up with a new co-ordinating activity, which lays in *"the involvement of setting up strategic partnership programs with strategic clients, which includes a lot of communication and care that the client is happy"*. This activity could also be classified as a commercial activity, because it strengthens the relationship.

This sub-paragraph described the emerged results of the item "co-ordinating activities". The following sub-paragraph is about the item "commercial activities".

5.5.2 Commercial activities

One of the most important tasks of an account manager is to initiate and execute commercial activities.

5.5.2.1 Positioning

Account managers are core staff in promotion activities, Peter notes that *"clients are invited by account managers to relationship events"* and there is an overall feeling that *"periodic meetings are important"* because as Marian said *"clients find it very relevant to know what we are doing for services for their organisation"*. The advantage of these meetings is that *"sometimes clients say that we know their organisation even better than they do"*. Very important as account manager Dave explains *"undertake follow-up actions after you have had a meeting or event...this is called "closing-the-loop" marketing, which is not or poorly performed"* and events generate *"a multiplier effect...clients spread the worth"*.

This knowledge of the client organisation is echoed by Peter who also comments that with the amount of information account managers have on

client organisations and their projects, they have more opportunities for promotion of their services than they capitalise on *“I am surprised that I do not get more CVs from account managers promoting their professionals who can help with a business issue or that they use the client information for new opportunities”*.

Procurement director Ferry emphasises *“sharing trends in the market and setting up meetings between an expert and the client is valuable even as sharing the account plan of the firm”*. Procurement director Mary mentions *“Do not be arrogant...be good and tell it...it is about broadcasting your capabilities...do not think that everybody knows you because you are a Big 4 firm...it is about positioning yourself without being irritating”*.

5.5.2.2 The sales process

Consultant Mike explains *“a structured sales approach is needed, which is often missing”*. This starts as Joanne clarifies with *“performing a market orientation in which the industry and clients are selected based on an information analysis, but also which the fundamental choice: expending the client base or selling more services to existing clients”*. *“It is important to set targets to get new clients for every partner and sometimes also for the senior managers”* adds tax consultant Antoinette.

“Performing a stakeholder analysis, including the informal and formal buyers” provides insight according to client Arny, which is supported by IT consultant Trudy *“finding the buying decision holders...the (in)formal leaders”*. Also procurement director Mary evidences *“find out the decision makers and meet them...invest in the approvers of the procurement process”*. In this process, *“creating trust”* is important according to account manager Teo *“try to collaborate with the client...show them we are not so different as you might think”*.

Client Oliver underlines *“reveal the client preferences regarding the services, which could be, among others, price, service level, quality, availability, functionality, assortment, co-operation and branding”* but *“also the personal agenda”*. *“Insights from delivery are useful for account management and new sales”* experiences Mike. Account managers Roger and Dave go one step

further and *“try to initiate a client project by influencing and persuading the client based on knowledge of the client”*. *“Knowing the products and services of your competitor helps in persuading your client”* explains IT consultant Trudy.

“For professional services, “cold-calling” is not a proper sales approach” explains Henry and which would also undermine the time-consuming information retrieving approach which is explained above by Oliver, Mike, Dave, Roger and Trudy. Based on a structured approach *“account managers are able to open doors at the client...to introduce subject matter experts”*, auditor Nicole, Mike and account manager Herbert agree. Herbert spends time *“in carefully matching the needs of the client with the competences of the firm’s professionals”*. Client Oliver appreciates *“when firms send a complete course of life of the professional, because this give insight about that person”*.

Mike finds it difficult *“to transfer an opportunity into a sale”*. Therefore, *“coaching of technical professionals in the sales process”* is helpful finds Joanne. Mike and account manager Roger agree *“it is about combining content knowledge and account management knowledge that are beneficial also at client meetings”* and *“going together limits the “hand-over” risk from sales to delivery”*. Procurement director Mary remarks *““real” account managers combine sales with relationships management...Big4 account managers combine relationships management with content”*. Client Tony disagrees and defends the current Big4 model *“sales should be done by the content professional and not by a separated account manager, of which the latter can do account management within the firm, but not towards the client”*.

For translating an opportunity into a sale, *“recognition of the selling moment”* is essential explains account manager Roger. Anthony adds *“shaping the opportunities better and monitoring them in a “pipeline” system is important”*.

Marian pointed out that often, a preferred suppliership is a prerequisite, getting a preferred suppliership with a master agreement *“is a long and intensive process”* and that it includes many people, and *“issues such as legal and risk aspects”*. The task of the account manager is to *“deal the*

engagement letter with procurement and to negotiate about price and other conditions” explains Mary, and “understand the maturity of procurement, when involved in the process”. Client Franc contributes “the account manager must organise the fee arrangements across the countries”.

Clients appreciate when the account manager is pro-active and when he sends CV's of professionals who could support in solving clients issues. Clients also like it when the account management structure of the professional service firm is transparent and shared with them.

This sub-paragraph described the emerged results of the item “commercial activities”. The following sub-paragraph is about the item “administrative activities”.

5.5.3 Administrative activities

The account manager has several administrative tasks, including ensuring that all client and professional's contact details are accurate, preparing CVs for professionals, developing account plans for the coming three to five years, setting up master agreements with the clients, and making sure that client queries are answered in full. There is agreement that these tasks are important and that if they “are not performed properly or quickly enough, there is a negative value to the client”.

Client Oliver states *“having a back-office in place, who knows where the consultants are, who the client is, is able to prioritise incoming calls, and has data management in place, is really important”* and *“It is a challenge to keep the CRM system up-to-date, because this is not in the genes of the professionals”*.

“I expect that the account manager has done some basis research upfront to the meeting” expresses Tony. Also Mary expects *“to be informed every quarter and to get a report with nice outlines what activities have been done and what is planned for the coming period”*. Account manager Dave pronounces the importance of *“making minutes of every meeting”*, which he uses to direct for future activities and meetings.

These sub-paragraphs demonstrated the emerged results of sub-category “activities”. The following paragraph is about the sub-category “integrated versus dedicated account management” as part of the theme “account management”.

5.6 Integrated versus dedicated

There is a level of ambiguity about whether the account management role is integrated and combined with service delivery or a dedicated role. It is commonly seen as an additional role for professionals and in a few cases as a dedicated role. There is a continuum from integration to dedication, depending on the career path of the professional; preferences of leadership of the firm and clients; type, size and number of services and in case of special situations. The majority of professionals do fulfil an integrated account management role though the actual time spend on account management is negatively influenced by performing the delivery role.

The leadership of the Big4 firms, and also sometimes clients, have a preference for an integrated account management role. *“The higher in the hierarchy of the professional service firm, the more a professional is expected to incorporate account management activities”* explains auditor Nicole. Few people are working in dedicated account management roles, such as business development manager or as account management support. The business development manager is externally focused on the client and the account management support facilitates the team of professionals working on the client. IT consultant Trudy remarks *“a business developer “hunts” for bigger projects, which requires a personality type that can focus on the longer time horizon compared to myself, who wants to have more dynamic as is the case in the secondment business”*. There are, however, variations regarding integration and dedication, Peter observes that there are different models for account management, *“for complex strategic services, I see an integrated account management role, in which the account manager is also involved in delivery to a certain degree. That gives a good feeling”*. The less strategic the services are perceived by the client, the more a dedicated account manager is involved, auditor Nicole notices *“in a*

specialised boutique, the partner will be the account manager and there will be no need for a dedicated account manager”.

“A disadvantage of the integrated role is that limited sales activities are performed in times when the workload in the delivery is high...you need account management to get new work” evidence consultant Mike and Trudy and client Arny. Client Peter goes one step further by saying *“the work load is too heavy by combining account management and delivery...therefore, a dedicated role with some background knowledge of the profession is preferred...in theory this knowledge is not necessary, but in practice you need it”*. On the contrary, client Oliver and also Trudy state *“combining delivery with account management is strong, especially for consultancy services, not for “capacity” services...having experienced the “power” relations in the firm and knowing the dynamics of the business”*. Account managers Teo and Rich disagree and are convinced *“having a background in the profession is not needed for an account manager”*.

“For small engagements, an integrated role is preferred, although potential opportunities should not be forgotten”, admits Oliver. He adds one additional element *“in case of a broader service portfolio, a more dedicated role is recommended”*. Consultant Adam and account manager Teo agree *“a dedicated account manager is needed when the size of the engagements rises even as for the larger clients”* and Adam continues *“for smaller, more specialised engagements, an integrated professional fits well”*.

Account manager Henry and procurement director Harry warn *“sales should be done by the professional...the client wants to see the professional...otherwise the risk is that they sell things which are not possible”* and Harry continues *“in case of a tender process, it is the dedicated account manager who takes the lead”*. Henry and client Arny emphasize *“account management is not a side job...it is a full-time job”*. Auditor Nicole prefers *“the family doctor model, in which the account manager has a general background of the services, above specialised professionals who have direct contact to the client and of which one has a more co-ordinating role”*. Client Tony recognises these two models and adds *“in case of already existing relationships, I prefer the specialist model, but in case of not existing*

relationships, I even think a dedicated account manager (above a family doctor) is beneficial". Expert consultant Frans elucidates the embedding of an integrated model for consultancy services *"choose 25% of the professionals in the business unit who want to do more on sales and business development and make them one day a week available for this task and monitor their progress"*. Oliver agrees *"consultants are responsible for their own business development activities"*. "Sales teams exist of knowledge workers who are facilitated by an account manager" is the experience of Joanne.

Dedicated account managers are also very effective in case of some special situations, like e.g. when the firm wants to develop a strategic partnership with a client by setting-up strategic programs, in which for example an innovation service is developed. Another situation is when the firm is not longer the auditor of a client and wants to become a preferred consultancy partner or the other way around. In those situations, as expert consultant Frans says, *"a dedicated account manager takes care for the relationship which requires a lot of communication and project manager's skills"*.

This paragraph described the emerged results of the sub-category "integrated versus dedicated account management". The following paragraph is about the sub-category "personal development" as part of the theme "account management".

5.7 Personal development

The professional development of account managers in the audit, tax and consultancy sector is a serious concern. Client Peter notes that in IT consultancy firms an account management career path exists, *"whereby the account manager starts with smaller clients and ends up with the important larger clients"*. *"A career path in the firm starts with junior consultant, towards (senior) consultant and become partner"* explains account manager Roger.

In the audit, tax and management consultancy industry, Marian's and tax consultant Antoinette's experience *"it is beneficial for your career to have an integrated account management role as you can play yourself in the picture of the partners of that account management team"*. Regarding her own

dedicate role, as account manager support, she feels that one advantage of not having a job description is that *“I had to find it out myself, which was sometimes very stressful, but it also stimulates my own development”*. Another aspect of development, notes Marian, is the importance of the account manager understanding the development needs of their contact person at the client along with their performance targets *“if you can help your client to score with his boss, he will always think of you in the future when he has a question”*.

Account manager Herbert experiences *“for me to become an account manager, it was trial and error...by reading...talking with colleagues...listening...discussing”*. Account manager Dave and Peter evidence *“a career path does not exist for account managers in this industry...in the IT industry it does...everyone has here the same career path”*. *“Nevertheless, an integrated account manager’s role is beneficial for your career”* adds Marian.

Mike and Joanne agree *“account management is a craft...you can develop yourself, but it will not be a natural habit for the in-depth professional”*. Client William is explicit *“you are born more as a entrepreneur or more as a content driven person”* and account manager Mike continues *“you can learn account management to a certain extent”* and *“support is needed to shape the behavioural skills”*. Account manager Anthony gives an example *“set-up a buddy system between an experienced partner and a manager”*. *“A dedicated account manager should learn the professionals the account management craft”* emphasises client Tony. *“Especially the “soft” skills need development, because of the focus on the technical “hard” skills”* explains client William.

Marian experiences *“even the templates for the reports for the ‘C’-level meetings, I had to design myself”* and *“there is no support or counselling from the sales department, which is often set-up for the proposals or marketing events”*. She continues *“performance management is not in place and also the feedback from the professionals towards account management is limited”*.

This paragraph demonstrated the emerged results of the sub-category “personal development” as part of the theme “account management”. The following paragraph summarises the highlights of this chapter.

5.8 Summary

In this chapter “account management”, the results provide deep insight in the understanding of account management in professional services relationships.

Professional service firms have a low maturity of account management. They find it difficult to structure and formalise account management: there are no job descriptions, no standard procedures, no key performance indicators, no incentive system, no performance management system or periodic performance reviews for account management. There is ambiguity in the responsibilities of the account management role and a clear outline does not exist.

Account management skills were divided into “profession related skills” and “none-profession related skills”. Especially the latter category is an important differentiator regarding account management. The character, the behaviour and the attitude are important items of “none-profession related skills” of the sub-category “account management skills”. Account managers have well developed social skills, which is important because their role is to interact with other people, as well as within the firm as well as within the client organisation.

Important “activities” of the account manager are: co-ordinating activities, the initiation and execution of commercial activities and administrative activities.

The emerged results show that there is a level of ambiguity about whether the account management role is integrated and combined with service delivery or a dedicated role. It is commonly still seen as an additional role for professionals and in a few cases as dedicated role. The less strategic the services are perceived by the client, the more a dedicated account manager is beneficial. A dedicated professional is desirable in more turbulent economic time and in case of building new relationships. In case of existing, highly specialised service relationships, integrated account management is preferred. The professional development of account management in the

audit, tax and management consultancy industry is a serious concern and no career path exists for account management.

In the next chapter the emerged results are presented regarding the perceived value of account management. Value is analysed on organisational level - for the firm and the client organisation - and is analysed on individual - professional and client - level. The perceived value is divided in strategic, tactic and operation value. This chapter finishes with the results regarding the conceptualised value framework.

6 Value of account management and conceptualised value framework

The research objective that is answered in this chapter is the following:

- Explore the perceived value of account management in professional services relationships

This chapter consist of four paragraphs: the first three parts describe the perceived strategic, tactical and operation value of account management on organisational and on individual level, and the last paragraph introduces the conceptualised value framework. This chapter finishes with a summary.

6.1 Strategic value

6.1.1 Organisation level

Account management is the glue between the engagements of the firm by which the client gets insight in their organisation, which is recognised by account manager Herbert *“being able to connect different engagements and telling the “red thread””*. Account management support Marian evidences that client values *“discussing issues of strategic importance based on the firm’s observations”*. Also when account management informs the procurement department regularly, they can fulfil their internal function to the “business” partners better based on a better understanding of the market of professional service firms. Procurement director Mary values *“sharing the dot on the horizon”*.

For the firm, account management creates a competitive advantage because the services of the Big4 firms themselves are not the differentiator, but the way the services are provided is. Account managers Rich and Herbert evidences *“account management differentiates the firm which justifies higher rates and is an enabler for a client intimacy strategy in which trusted relationships are key”*. Client William adds *“having “operational excellence” of account management in place - a high quality of account management - this increases the (firm) performance”*.

6.1.2 Individual level

For clients on personal level, the perceived strategic value of account management lays in having a sounding board, by which they can discuss personal development and business related issues with someone from outside the organisation. Marian formulates *“having a sounding board on their personal agenda is valuable”*.

For the professional, the perceived value is depending on their personal preference. If he likes an integrated account management role than he values an account management support function in the firm and good technical account management support, like tools. If the professional has a passion for his profession, as is argued by several interviewees, like auditor Nicole, than he perceives value from having dedicated account management who creates client introductions, receiving specific industry and client information and working together to gets new engagements.

The biggest perceived value the account manager gets from having embedded formal account manager, is the existence of a career path in the firm, as Marian explains *“so having a long-term career perspective, which is currently not the case”*. The integrated account managers will benefit as well, but especially the dedicated account managers, who have an invisible status in the firm now.

The next paragraph describes the perceived tactical value of account management on organisational and individual level.

6.2 Tactical value

6.2.1 Organisation level

Account management creates value for the client due to a more efficient co-operation between client and professional, which leads to a better solution for the client. As procurement director Ferry evidences *“with account management, resources are made available who fit their job...there is no push from the firm’s business unit or own silo...they are lined up better”*, the services are better in line with the needs of the client and also without extra inter-business unit mark-up. Account management identifies opportunities

earlier in the process due to the better social skills and their broader view on the client, which lead to the possibility of faster implementing the solutions.

Account management creates value because clients receive regularly information updates about the progress of delivery, but also act as sounding board for management during their meetings. Account manager support Marian explains it is about *“helping to realise the department goals”*. Clients appreciate when account managers inform procurement about their service delivery and as Peter states *“have a light involvement in delivery in case of complex or strategic services”*.

Procurement perceives value from account management by receiving information which they use for tenders, assessing engagements and ad-hoc business requests. Value could be increased by sharing account plans and having account management fully embedded. Mary admits *“through account management, they know our organisation better than we do”*. Account management organises also the preferred service agreements, which leads to smooth processing of orders and invoices. Procurement is feeling comfortable when account management has lined up the professionals and informed them about the client’s business, organisation and their services or products.

Professionals recognise the value of account management when they can focus on the delivery, but also as Marian states *“the account manager motivates the team of professionals”*. Client Arny goes one step further *“new services are being developed due to the client and “anti-silo” focus, in which trends at the clients are leading”*. Also Marian underlines *“going together in pairs – professionals and account manager – generates new opportunities”*.

Additional value for the firm is a better cash management process due to better procedures in place for paying the invoices and also a better resource management because professionals are recruited across the business units. Account management leads to more and better qualified opportunities, especially the origination from the opportunities. Client care is better organised due to central point of information receiving and distributing. Client Arny evidences *“the continuity of service provision is better due to quick*

responding on client issues” and “preparing the firm for procurement requests”.

6.2.2 Individual level

For the client, account management creates value by having a broader sounding board on his functional or business agenda. An account manager is focused on client issues and not limited to his own business unit. Discussing business priorities and different scenario’s adds value helps the client to fulfil his business role better.

The professional gets value from account management due to *“a better match between passion and technical competences”* as is evidenced by account managers Joanne and Marian and professional Mike, but also by *“being motivated and counselled by the account manager”*. The value for the account manager him selves lies in a better match between passion, which is account management, and his behavioural competences.

The next paragraph describes the emerged perceived operational value of account management on organisational and individual level.

6.3 Operational value

6.3.1 Organisation level

The value on operational level for the client is to have a clear single-point of contact for issues and questions and to get lined-up professionals which have knowledge of the business of the client. Especially, for procurement the value is in smooth operational processing, such as “order-to-cash”, contracting and solving operational issues. The value can be increased by sharing the account plans for the firms.

The value for the professional, as is emphasised by procurement director Mary, *“is less administrative handling, because this is done by the account manager and having a single point of contact for client related issues or opportunities”*. The professional also values proper client information and introduction meeting at the client, which are provided by the account manager.

The value from having account management in place is also that the account management tasks are fulfilled more efficient because of the bigger volume and the routine and experiences. The account manager can focus on his job independent of the delivery workload, which is a hurdle for integrated account managers.

6.3.2 Individual level

The value on individual operational level lays in efficiency in daily work due to single point of contact and smooth processing, but also the transparency due to single point of contact. As well the professional as well as the account manager can focus on their own work and get efficiency.

The next paragraph introduces the conceptualised value framework.

6.4 Conceptualised value framework

The value framework of account management in business-to-business professional services relationships in the audit, tax and management consultancy industry can be conceptualised on the themes of: external environment of the professional service firm; organisation of the professional service firm; relationship between client and professional; account management; and, as output from the aforementioned themes, the perceived value of account management in service provision.

6.4.1 Conceptualised value framework explained

The value framework contains the client as well as the professional perspective. Apart from the theme “value perceptions of account management”, this value framework (see figure 6.1) can be conceptualised at three levels:

- The external environment;
- The firm’s organisation and the professional-client relationship, and;
- Account management, whereby the responsibilities, skills and activities are important sub-categories.

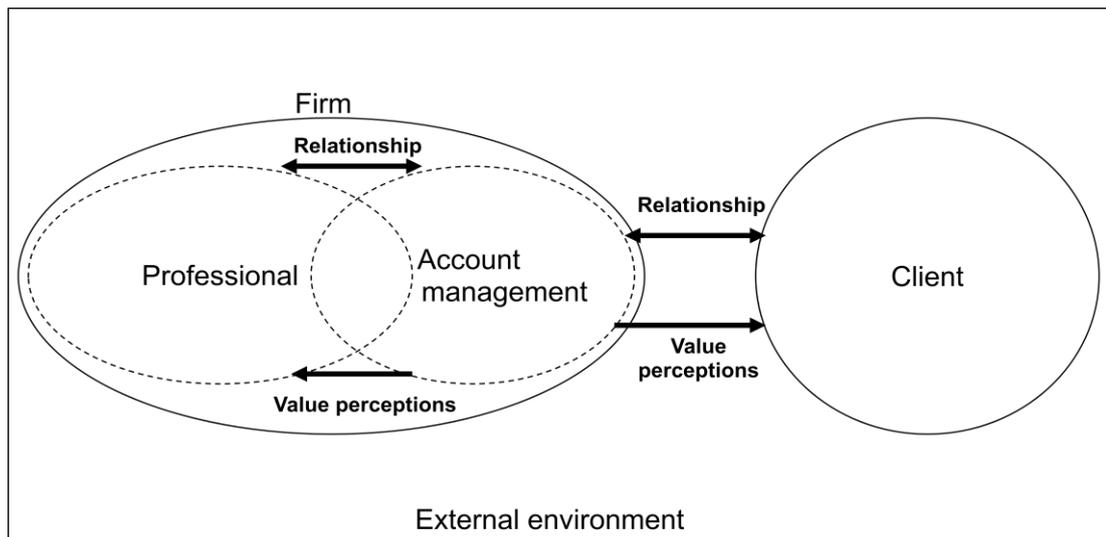


Figure 6.1: Conceptualised value framework of account management

Conceptualised value framework

This conceptualised value framework of account management provides a framework for better understanding the value creation of account management in professional services relationships in the audit, tax and management consultancy industry from both professional and client perspective, which was the aim of the research. This value framework provides answers and insight to the research objectives and the findings of the thesis, which will be explained below.

External environment

Although in figure 6.1 “Conceptualised value framework of account management” no explicit relation has been made towards professional or client perspective, this framework encompasses both perspectives. The value of account management is greater in an external environment, because with well embedded account management the professional service firm is more capable to deal with increased competition, an economic crisis and more laws and regulations, with more compliance procedures, for professional firms as well as for clients. Account management has the right skills and external focus to pay attention to this changing external environment in order to keep the business of the firm growing and differentiate from the competitors.

Organisation

The value of account management also increases, because the traditional way the professional services firms are organised around the partnership model with short-term focus on the internal practices without having a client-centric view will not longer hold. Especially when the service portfolio of the firm increases and clients perceive limited differences between the firms, investments in account management are needed for providing competitive advantages. Account management should therefore be formally embedded in the organisation, including job descriptions, standard procedures and working instructions, key performance indicators and periodic performance reviews.

Relationships

Account management adds value in establishing unique and trusted professional service relationships between professional and client representative based on openness and transparency. A trusted, sustainable and deep relationship is needed for a good co-creation of the service provision between professional and client, where the focus is on *how* the service is provided.

Account management

The value of account management increases when account management is formally embedded in the organisation of the firm, when formal responsibilities are clear even as the account management activities. Using the non-profession related skills of the account manager - like social skills, negotiation skills and other people-attached skills – in the interaction with the client and other delivery professionals, increases the value perceived by the client and professional service firm. The more strategic the services, the more an integrated account management role – combining account management with a delivery role - is preferred. The more competitive the market, the larger the service portfolio of the firm and more the service are perceived as commodities, a dedicated account management role is required with non-profession related skills. For both roles, knowledge of the business of the client is required even as a client-centric approach instead of an internal practice-oriented focus.

Value perceptions of account management

The value framework explicitly recognises the value perceptions of account management for the professional firm as well as for the client. As explained in the paragraphs 6.1 to 6.3, the value of account management is perceived on strategic, tactical and operational level and is different for client perspective and professional perspective. Clients perceive the value through the value-in-use service provision, which focuses on their needs and representing the complete service portfolio across the different practices of the firm. Professional service firm can differentiate themselves from other firms which provide a competitive advantage in a market with limited perceived differences on their core service offerings.

6.4.2 Relationships with other value frameworks

As reviewed in the rational chapter, Payne and Holt (Payne and Holt, 2001) developed a framework of relationship value management that links the value process with stakeholders including clients, employees and external stakeholders. The value process involves four sequential value-based activities: value determination, value creation, value delivery, and value assessment. For clients, this translates into three key value activities: client attraction, measuring client satisfaction and client retention. The value framework of account management emerged from the data in this thesis focuses on the value creation of well embedded account management for the professional service relationship and does not specify clients value activities nor focuses on the four sequential value-based activities. The current framework emerged from data collected in the audit, tax and management consultancy industry, whereas the external environment of this industry was an integral part of the framework.

Ghosh and John (1999) extended the “transaction-cost analysis” and treated value creation as the increase in profits that follows from the supplier’s efforts at cost reduction and/or benefit enhancement. Hammervoll (2009) criticises this “governance value analysis”, which assesses the value creation in supply chain relationships as mentioned by Ghosh and John, because the governance value analysis is mainly based on transactions and ignores co-

operative value-creating activities among the supply-chain members. The value framework of account management in this thesis can cope with the critique of Hammervoll because it is based on a value-in-use service provision.

The emerged value framework is also in line with research of Howden and Pressey (Howden and Pressey, 2008), which identified that from the client's point of view, six dimensions create value: agent's know-how, trust, personal interaction, service fulfilment, location and direct/ indirect costs. From the service provider's perspective, all these dimensions except the agent's know-how are beyond the core knowledge service. The relationship manager has a critical role in the creation and delivery of value through the five non-core dimensions.

6.5 Summary

This chapter 6 has discussed the results of what the perceived value of account management is in professional services relationships. The perceived value contains value on strategic, tactical and operational level as well as on professional and client level.

The conceptualised value framework consists of five themes, of which "account management" is de core theme, because it is the heart of the value framework. Account management creates value on strategic level because it is the glue between the individual engagements and it creates a competitive advantage for the firm. On individual level, the account manager creates a sounding board for the client and embedded formal account management creates for the dedicated account manager a career path, which was not there before.

Account management on tactical level creates value due to a more efficient co-operation between client and professional, but also on individual professional level, because the professional gets value from account management due to the fact that he can focus more on his passion of the profession and technical competences.

On operational level, account management created value due to having a clear single-point of contact for issues and questions and more efficiency in

daily work due to single point of contact and smooth – contracting and invoicing - processing.

The conceptualised value framework consists of the themes: external environment of the professional service firm; organisation of the professional service firm; relationship between client and professional; account management; and the perceived value of account management in service provision. The emerged value framework has been explained in more detail and compared with other value frameworks.

The next chapter contains the discussion and conclusion of the research. Furthermore, that chapter will also describe the contribution to the development of theory and the contribution to the practice of management.

7 Discussion and conclusion

7.1 Introduction

The research issue of this research is about understanding account management in professional services relationships in the audit, tax, and management consultancy industry. The driver for this thesis was my experiences working as an independent financial auditor and management consultant for an international professional service firm and my observations that professional service firms struggle how to embed account management in their dominantly technically oriented delivery roles. During the DBA program, three assignments (Van Bon, 2011, Van Bon, 2010, Van Bon, 2009), of which one pilot study, were performed which were based on qualitative research in the audit, tax and management consultancy industry. The results of the pilot study were promising and submitted in an unpublished article (Van Bon and Wright, 2012). This doctoral thesis was built on these first insights and aimed to extend the understanding of account management in professional services relationships.

Limited literature review was performed during the assignments. Extensive literature review was undertaken after the constructs were emerged out of the data analysis and the literature was used to compare the results of the analyses, which is in line with grounded theory methodology. In this thesis, literature informed the results of the research by using it in the comparative analysis against the results of the analysis of the interviews. Especially, literature in the field of professional services relationships, account management and value-in-use as discussed by Vargo and Lusch (2004), informed this research.

The following paragraphs discuss the results of this research and integrate this with literature, which has been reviewed in chapter 2. Furthermore, the conclusion was stipulated, the contribution to the development of theory even as the contribution to the practice of management.

7.2 Discussion

This research brings together the literature on professional services, professional services relationships, account management, value related to service-dominant logic and supplements this with theory which emerged from the data out of semi-structured interviews with professionals – delivery professionals and account managers - and representatives of the client – from the business buyers side and from procurement.

This thesis has conceptualised a value framework of account management in the audit, tax and management consultancy industry, encompassing both client and professional perspectives. This value framework makes it possible to formulate answers and insight regarding the research objectives:

- Explore broadly the external environment of the audit, tax and management consultancy industry. This objective is informed by literature which is covered in the rationale chapter 2.4 “Importance for economy and changing times”;
- Understand the characteristics of the audit, tax and management consultancy business model, its way of organising and its services. This research objective is informed by literature of “Service dominant logic” (paragraph 2.2), “Professional services defined” (paragraph 2.3) and “Typical characteristics” of professional services, firms and professionals (paragraph 2.5);
- Understand the professional services relationship between professional and client. This objective is informed by literature which is mainly reviewed in paragraph 2.2.2 “Dynamic exchange relationships” and in paragraph 2.6 “Professional services relationships”;
- Get a deep understanding of account management in professional services relationships, which is informed by literature which is reviewed in paragraph 2.7 “Account management”;
- Explore the perceived value of account management in professional services relationships. Literature which informed this research objective is reviewed in paragraph 2.8 “Value of account management”;

- Develop an agenda for the theory and practice of account management in professional services relationship.

7.2.1 Exploring the external environment

As is underpinned by DeLong et al.(2007), the market has changed rapidly in the last two decades, like among others: more service providers entered the market, especially more specialised smaller firms, clients have become more knowledgeable, new laws and regulations came for the audit, tax and management consultancy industry which put pressure on more compliance procedures and last but not least the economic crisis since 2008, which put even more pressure on the client's budgets.

It's now time to change the existing way of working and spend more time on account management, to tighten the relationship between professional and client in order to keep the business of the firm going and to excel the competitors. Dunn and Baker (2003) confirm that professionals need to liberate from mechanically pursuing billable hours, formulate a successful transition to new services that client's value and define target clients.

7.2.2 Understanding professional services

For understanding the characteristics of the professional services business model, its way of organising and its services, it is necessary to understand the structure and culture within those professional service firms, the service portfolio of the firms and the willingness to invest in account management.

As explained, the characteristics of audit, tax and management consultancy industry and its services were explored by reading the extant literature on professional services and interviewing professionals involved in the account management and client representatives. It is clear that audit, tax and consultancy services fit the profile of professional services as their core characteristic is the application of expert knowledge combined with experience and ability in solving problems on behalf of a client, as stated by (Løwendahl, 1997).

In all client situations, account management plays a critical role in understanding the buying decision process regarding the purchase of professional audit, tax and consultancy services. The buyer's decisions are made by combinations of influencers, as is described by Van Der Mandele and Parker (2009), and the approval process is layered though increasingly formally managed by the client's procurement department and based on preferred suppliership. The account manager can influence client's decision makers through the depth of their knowledge about the client and their problems, his relationship management skills, negotiation skills, and also his skills in the practicalities of preparing tender documentation and ensuring the service providers status as a preferred supplier.

7.2.3 Exploring the professional services relationship

The creation of value associated with the service comes from establishing unique and trusted relationships, in which openness and transparency are key elements. Amonini et al. (2010) and (Grönrose, 2000) mentioned that firms differentiate themselves by developing long-term relationships. The long-term focus of professional service relationships based on respect (trust) and transparency are important for the management of routine, cyclical services such as audit and tax, but also for non-routine services such management consultancy services. The more strategic the services, the more knowledge account management must have about the services and the business of the client.

Relationship coordinators and client specific teams fulfil an integrator role which is essential for the success of collaborative relationships (Nätti et al., 2006). Professional relationships are the cornerstone for account management and are characterised as personalised, professionalised and based on mutual respect and co-creation regarding the service.

7.2.4 Understanding account management

In understanding account management, little emphasis in the industry was established on having a uniform and formal role description of account management or how this role should be embedded in the firm.

Based on emerged insight during the analysis phase, the tasks of account managers differ, as is discussed by Young (2005), varying from a fully external focus on the client to internal focus on supporting the client service team. The more strategic the service, the more the relationship elements of the account management role are performed by the professional though there is still considerable contribution from the account manager in terms of compliance and coordination. The more the services are perceived as commodities, the more a dedicated account management role is utilised. In both situations, the account manager should have a good understanding of the services and the business of the client.

Despite the importance of the role, which is also recognised in literature (Amonini et al., (2010), there is no formal career path or formal performance review criteria for dedicated account managers. Conversely, professionals who effectively integrate the informal account management role are positively acknowledged in their rewards and promotions. There is disagreement as well as in the literature (Clifford, 1996) Greenwood, (2010)Maister, 2008; Young, (2005) as well as in the interviews about the fact whether an account manager should have a professional background. Business buyers at the client side tend to say that this is necessary, which is in line with the opinion of the majority of the delivery professionals. They argue that it is necessary for getting rapport, the need to have an understanding of the services for being able to sell or even participate partly in the engagement. Procurement of the client disagrees with this even as the more dedicated account managers of the firm. They argue that the most important criteria for an account manager is the behavioural skill set and they will learn to get a sufficient level of detail about the services. This strongly supports the statement that people wants to do business with people who have a more or less similar background and personality. This means that the account manager should be flexible in his behaviour and adaptive to the situation. It also means that with the increasing power of procurement, that firms are forced to employ more dedicated account managers.

Independent whether an account manager fulfils an integrated account management role or a dedicated account management role, for embedding account management in the firm, it is necessary to pay attention to the following conditions:

- An account manager should not have the same pressure for making chargeable hours as a full-time delivery professional;
- Get formal and informal sponsorship of the partners of the firm;
- Account management is focused on co-creation with the delivery representative of the client and even more the procurement department of the client is nowadays involved in the decision-making process of the service and the service provider;
- The account manager needs profession-based knowledge as well as relationship building skills, which is confirmed by Maister (2008) and (Clifford, 1996);
- An account manager is part of the client service teams and not in a separate department, because being part of a separate department or practice/ expertise group creates a distance to the professionals (Kwakman and Burgers, (2005). This also means that firms who are organised around practices should pay more effort in embedding integrated account management.

The more strategic the services, the more an integrated account management role - combining account management with a delivery role - is preferred by the client (Van Bon and Wright, 2012), which is also confirmed by Van Der Mandele (2009). The more competitive the market and the more the services become standardised, the more a dedicated account manager is required with relationship management skills to add value to the client, along with negotiation skills to deal with the buying decision makers of which the procurement department is an increasingly integral part. To establish a formal account management role, the partners of the firm need to embrace the role and transform the functional-driven silos into client-driven teams who think outside-in. This research provides a helpful application to the development and professionalisation of the account management career.

Last but not least, professional service firms should have an administrative back office in place for handling contracts, orders, invoices, complaints, which supports account management. This back office works closely together with the clients back office having aligned the processes and systems, as is stated by Nätti et al. (2006).

7.2.5 Exploring the perceived value of account management

Account management can create value by focusing more on how the service is delivered, as is mentioned by Vargo and Lusch (2004), in the delivery of services than on service delivery when generating value to the client. As (Trasorras et al., 2009). argue value has a significant impact on satisfaction and client retention. The literature and the interviews highlight that account management plays an important role in complementing the provision of the core expert service to a client, due to:

- The importance of having good relationships between the client and the firm representatives (Ravald and Grönroos, 1996);
- Having specific social skills, which are essential for a value-in-use service provision, especially due to the focus on the client needs and representing the complete service portfolio across the different practices of the firm.

Based on emerged insight of the analysis, the client perceives the value of account management via the business-to-business relationship, which is in line with research of Ulaga and Eggert's (2006). The account manager should understand the client's business issues, be capable of mobilising the right professionals, has negotiation skills to deal with the buying decision makers of which the procurement department becomes more important and be part of the delivery in case of more strategic services. The client, especially the business buyer, experiences more value when the account manager has "profession related" skills as well as social skills.

The interviews show that the value of account management is perceived on different levels: as well as on operational, tactical and strategic level, but also

there is a difference in perceived value on individual level - professional and client representative – and on organisational level – firm and client. In line with research of Vargo and Lusch (2008a) is value created if the intended beneficiary determines that there is benefit and thus experiences value.

This research indicates that account management in the audit, tax and management consultancy industry needs to be further leveraged to deliver more value to both the professional in the supplying organisation and to the client.

The value framework of account management in professional services relationships emerged from the data and has been conceptualised at three levels:

- The external environment;
- The organisation of the firm and the relationship between professional and client, and;
- On the individual level of account management, whereby the responsibilities, skills and activities are important sub-categories.

7.2.6 Develop an agenda for the theory and practice

The agenda for theory of account management in professional service relationships is discussed in the paragraph “contributions to the development of theory”. Even so, the agenda for practice is explained in the paragraph “contribution to the practice of management”.

The next paragraph contains the conclusion of this research.

7.3 Conclusion

The results of this research made it possible to get a better understanding of account management in professional service relationships from a professional and from a client perspective in the audit, tax and management consultancy industry.

Account management in this industry is characterised by a personalised professional service relationship whereby the focus is not only on the service itself, but especially on *how* the service is communicated and delivered to the client and how the co-creation between professional and client is shaped.

The outcome of this research is a conceptualisation of a value framework of account management in professional services relationships for the audit, tax and management consultancy industry. The value framework of account management is based on the following pillars:

- The external environment, of which the economic situation, the current trends in the market and the laws and regulation are the most important components;
- The value is also dependent on the way the firm is organised. Hereby, the business model plays a central role, followed by the typical structure and culture of the firm. Also the service portfolio of the firm and the willingness to invest in account management has an influence on the value;
- Professional relationships are another central component of the value framework, which focuses on the initiating of the relationship, the importance of sustainability of the relationship, the depth of the relationship, the trust in a relationship and the mirroring of personalities between professional and client in the relationship;
- The account management role is an important part of the value framework. Important elements of the role are: the maturity of account management in the firm even as the maturity of the buying-process at the client side, the responsibilities, the profession-related skills and social skills, the account management activities, an integrated versus a dedicated account management role and finally personal development as part of the account management role;
- The value framework also differentiates the perceived value on levels of aggregation: on individual level - professional and client

representative - and on organisational level – firm and client, but also on operational, tactical and strategic level.

The next paragraph describes the contribution to the development of theory.

7.4 Contribution to the development of theory

7.4.1 Contribution to the development of theory and application of grounded theory

One of the major reasons for starting the research was the lack in the extant literature about account management in the audit, tax and management consultancy industry and also the further application of the grounded theory as methodology in management research and in this professional services industry in particular. In this research a more Straussian grounded theory approach has been chosen based on the availability of an explicit set of procedures.

This research showed that account management particularly in this industry needs a very personalised relationship between professional and client. It is not only about the content of the service, but it is about *how* the service is provided to the client that creates value. This is in line with research of Vargo and Lusch (2004), who define service as the application of specialised competences (knowledge and skills) through deeds, processes, and performances for the benefit of another entity or the entity itself. The current research provides a start for building a conceptualisation of a value framework that contains the perceived value of account management in this industry on individual – professional and client - level and on organisational – firm and client’s organisation - level.

In more detail, this research contributed to theory that:

- Account management in professional services relationships in this industry is dependent on the external environment. Account management becomes more important and should therefore become more formalised in more turbulent economic situations, when

competition in the market increases and when clients are more demanding from their professionals;

- Account management in this industry is also dependent on the organisation of the firm and the client's organisation. The larger the service portfolio of the firm, the more geographic regions the firm covers, the larger the client organisation, the more professionalised account management of the firm is required;
- The professional services relationships are personalised long-term relationships, characterised by trusted, deep relationships, with a focus on co-creation of the service, according to Karantinou and Hogg (2007). On the contrary, these relationships are more and more formalised due to a more important role of procurement at the client side, increased competition, more commoditised and comparable services, which requires a more professionalised account management role at the firm's side;
- Account management in this industry is immature; responsibilities are not clear, especially the none-profession related skills are important, like among others, social skills. A special contribution to theory of (Kwakman, 2007b) is made regarding whether account management should be a dedicated account management role or an integrated account management role. This research showed that there is a spectrum from a dedicated role with little knowledge of the services and business of the client, but with focus on the commercial and social skills towards an integrated account management role with full knowledge of the services and business of the client. The dedicated role is necessary in more turbulent economic situations, a large service portfolio and when the counterpart at the client's side mirrors the social and commercial skills of the account manager. The integrated role is desired in case of limited and highly specialised more strategic services and when the counterpart at the client's side mirrors the more profession related skills instead of the commercial and social skills, and;

- The perceived value of account management is determined on strategic, tactic and operational level – as well on the organisational level of the firm and client’s organisation as well as on individual level of the professional and client.

The output of this research contradicts with research in professional services of Løwendahl (1997), which does not see the importance of the distinction between what is delivered and *how* it is delivered. This research demonstrates the importance of knowing *how* the service is delivered, which is in line with research of Vargo and Lusch (2004). Account management in professional services relationships contributes to *how* the service is delivered to the client, which adds value to the service delivery, and differentiates firms in a competitive market where services become more commoditised.

This research introduces insight in account management in professional services relationships. This research made a contribution to current research of Maister (2003), DeLong et al. (2007) and (Kwakman, 2007b). As the research showed, account management roles can vary from a dedicated account management role, without delivery duties, to an integrated account management role with delivery responsibilities. This insight contributes to the existing categories of client work, which were defined by Maister, DeLong et al. and Kwakman:

- “Procedure” work or standardised services fits to a dedicated account management role without delivery responsibilities;
- “Brains” work or rocket science services; fits to an integrated account management role with heavy delivery responsibilities, and,
- “Grey hair” work or customised services and expertise-driven services fits to a integrated account management role – with limited delivery and chargeable hours responsibilities and high social skills - when the service portfolio is large, the competition in the market is high, procurement at the client side plays an important role, and when the geographic scope increases.

Furthermore, the current research underlines the application of grounded theory as valuable methodology in qualitative research in the audit, tax and

management consultancy industry, which is in line with research of Alberti-Alhtaybat von and Al-Htaybat (2010), although their research - in contrary to the thesis, which is more based on a Straussian approach - is more based on Glaser's grounded theory. This is the first research that demonstrates the application of the grounded theory methodology for understanding account management of professional services relationships in the audit, tax and management consultancy industry.

The next sub-paragraph will describe the limitations of this research.

7.4.2 Limitations of this research

A limitation of this research is that the current themes and sub-categories are based on 29 interviews, of which the interviewees were selected via snowballing and were mainly based in The Netherlands. Although, saturation was realised, in grounded theory this means that it will be an end-state till further research will possible come with new insight (Strauss and Corbin, (1998).

The methodology of grounded theory in itself contains also limitations. As mentioned in the methodology chapter, the grounded theory has been criticised on several aspects:

- Like Bulmer (1979), it is questionable whether researchers can suspend their knowledge and awareness of relevant concepts of theories till the end of the research. Although, this is not longer a requirement of the grounded theory (Charmaz, 2006);
- Limited literature was read before starting the research, which was the case because literature had been written for the earlier papers for the DBA program and the unpublished article (Van Bon, 2011, Van Bon and Wright, 2012, Van Bon, 2009, Van Bon, 2010). Current streams in grounded theory (Charmaz, 2006) state, however, that having some knowledge upfront is allowed and inevitable. Even Strauss and Corbin (1998) state that we all bring to the inquiry a considerable background in professional and disciplinary literature;

- Further analysis of the data and the assigned codes could determine whether the existing themes and sub-categories can be divided in more or in fewer themes and sub-categories and whether these are the best names of the labels;
- The experiences of the researcher working in the field as a certified public auditor and management consultant did have an influence on the analysis of this research. This impact on the analysis of the research is limited by making it part of the grounded methodology and choosing such a rigid research procedure;
- For practical reasons, the procedures have not always been followed in exact line with the grounded theory, e.g. sometimes a new interview was held before having analysed the former one.

The next sub-paragraph describes suggestions for further research.

7.4.3 Suggestions for further research

The current insights based on qualitative research of the grounded theory can now be generalised by doing quantitative research. The conceptualised value framework and the identification of the hierarchy of the themes and sub-categories, can be the input for hypotheses which can be tested across a larger population in the audit, tax and management consultancy industry.

An interesting research area for further research is whether the results of the value framework of account management will also be applicable in other industries, especially in the knowledge intensive industry, like among others, legal services or more technical services, but also whether the current results are applicable in other countries outside The Netherlands. Some interviewees mentioned that in other industries, like IT services, the use of dedicated account management is more common than in the audit, tax and management consultancy industry. Further research could also investigate whether or not a dedicated account management role compared to an integrated account management role is probably more common in the Anglo-Saxon countries instead of countries which are part of continental Europe.

Visa versa, that the audit, tax and management consultancy industry could learn lessons from account management of more “high tech” industries, such as pharmaceuticals and IT services, but also from the firms who deliver capacity services, such as temporary staff, which have embedded mature dedicated account management.

The next paragraph describes the contribution to the practice of management.

7.5 Contribution to the practice of management

The focus of the DBA is to make a contribution to the practice of management. What we still do not know much about is what kind of academic knowledge would be useful for practice, how it would be produced and how the transfer of knowledge from theory to practice actually works (Jarzabkowski et al., 2010). This research contributes to an appreciation of the value of account management in the audit, tax and management consultancy industry.

This research has practical implications for:

- The further professionalisation of account management;
- The creation of an account management career path, and;
- Leveraging the full potential of account management in creating a competitive advantage and enhancing client satisfaction.

7.5.1 Further professionalisation of account management

Account management is organised in many different ways in firms. This varies from a sight-role of a professional doing ad-hoc account management tasks when the business allows him to spend time on clients to a professional account management role who is focused on specified clients, is integrated in the client teams of the firm and is supported by the partners of the firm.

For further professionalisation of account management it is important that:

- The account manager focuses on the needs of the clients and therefore it is necessary that account managers know the business of the client;

- The continued attention that account managers provide to the client even when the firm has no running projects with the client;
- The account managers like to build, maintain and expand the relationship with the client and also have the non-profession related skills to keep and build relationships within the firm and between the firm and the client organisation. So, it is more likely that account management activities and responsibilities are concentrated at a number of selected professionals.

Furthermore, it is important that attention is paid towards enriching the practitioners' understanding of the (decision) situation, so better decisions can be taken (Nicolai and Seidl, 2010). For this research, this would mean creating a better awareness of the value of account management for the partners of the firms.

Defining an outside-in orientation is necessary to get real insights into client's needs and understanding of some of the broader parameters of the constraints clients are facing in their own lives (Gulati, 2010). This research showed that a culture should be fostered that aligns all professionals around the shared goals of client solutions and bridge the internal silos of service lines.

To overcome the silos of individual service lines and the "rainmakers" mentality in favour of a co-operation model between account managers and professionals, it requires *domination* supported by *legitimation* (Hussain and Cornelius, 2009), developing shared norms (Lowendahl, 1997), changes in behaviour, procedures and (performance management) systems in order to get an exchange of (tacit) knowledge. Tacit knowledge - which is knowledge in the human mind collected via experiences (Nonaka's and Takeuchi, 1995) – exchange is possible via experience and apprenticeship.

This requires a cultural change, because the current dominant belief is that account management is personality driven, that every individual should make chargeable hours, and therefore dedicated professionals are not necessary. A dedicated account manager conflicts with the "rainmaker" mentality of the "expert" industry (Baschab and Piot, 2005b). This research showed that authority should be given to account management to mobilise professionals for

the clients, to structure the performance management system of the firm around clients and to act in favour of the whole firm instead of the individual service line.

7.5.2 Creating an account management career path

The research indicates that account management adds value for both recurring operational services, solution-based services, and also for complex strategic specialised services and that professional service firms need to understand this value and plan account management more effectively. For recurring operational or capacity services, tactical solution-based services (Kwakman, 2007b), a dedicated account manager is instrumental in terms of their co-ordination, commercial and administration activities; sustainable, deep and matching relationship-building and their non-profession skills. The more strategic, complex and specialised the service, the more an integrated account management role for the expert professional is necessary and the professional needs complementary skills in behavioural competences. This research demonstrated that the firm needs to make strategic choices to line up integrated account managers and to give them sufficient time, education, tools and strategic management support to fulfil their role. Thus, the need for dedicated account management is greater, the more competitive the market and commoditised the services are. Integrated account management is needed when the service is highly specialised and has a high contribution to the added value of the core processes of the client and therefore the need for the involvement of a senior partner. This implies that careful consideration needs to be given to the profile of services that are appropriate to offer to each client and account management specified accordingly. There is a need to strategically manage and plan account management resource for optimum effect on service delivery and client-experienced value. The business case to invest in a career path of account manager therefore exists and should be implemented within the firm with full endorsement of the firm's partnership.

A job description, including the activities to be performed and responsibilities, is necessary for the account management role. A more structured career path would acknowledge the importance of the contribution of the role and

include key performance indicators and performance management procedures related to rewarding and promotion.

The research showed that a dedicated account manager is beneficial in case of delivering operational and tactical services – which is in line with the so-called capacity services and solutions-based services (Kwakman, 2007a) - and when the portfolio of the services is very broad and large. The more strategic, complex and specialised the services of a professional service firm, the more an integrated account management role is necessary.

Based on the results of this research, the most important criteria for an account manager are: really like building relationships, have excellent social and negotiation skills, being able to build and mobilise an internal network and knowing how the organisation dynamics of the professional service firm work, being able to acquire industry and business knowledge and knowledge of the services. Furthermore, the account managers should not have a large ego, good listening skills, forget their own interest and have persistence in all directions. The results show that it is important for the firm to differentiate in the professionals: which professionals fulfil an account management role and which professionals focus on full-time delivery. The best results for the firm as a whole and its clients are to build on the strengths of the individuals in the firms, which is in line with Lorsch and Tierney (2002).

Besides the contribution to the career path of the account manager, the results also showed that account management is beneficial for the career of the client representative, because account management focuses on fulfilling the needs of the client's organisation, which positively affects the realisation of the client representative's objectives.

The next sub-paragraph describes the contribution towards practice regarding the competitive advantage and enhancing client satisfaction by account management.

7.5.3 Creating a competitive advantage and enhancing client satisfaction

Each client is unique and the go-to-market strategy is tailor-made. Therefore, based on the interviews and extant literature review, it is essential to have an account plan for a potential or existing clients which includes an analysis of the industry and specific business issues and a relation towards possible services of the professional service firm and targets for the coming year and longer term. As part of the account plan also the account team is described and their roles and responsibilities, including the role of the account manager.

This research showed that account management generates a competitive advantage and enhances client satisfaction because it differentiates *how* the service is delivered instead of focusing purely on the service itself.

Professional service firms in the audit, tax and management consultancy industry are relatively undifferentiated based on their core service which is governed by professional codes of practice and regulations (Lorsch and Tierney, (2002). The creation of value associated with the way the service is delivered comes from establishing unique and trusted relationships, in which openness and transparency are key elements. These relationship elements of service are valued by the client and are therefore important differentiators to provide advantage in a competitive market, making account management a focus for the strategic success of these service providers. Ironically, because the majority of professionals have chosen their expert knowledge as the focus of their career rather than a commercial role, they tend to undervalue the contribution that account managers make to client value.

The client perceives the value of the account management through the business-to-business relationship. The effective account manager understands the client's business issues and is capable of mobilising the appropriate professionals and this is seen as part of service delivery by the client. The quality of the service is a holistic sense, hinges around the relationship management skills of the account manager in an environment in which the core technical service is reliable. Therefore, account management is central to added value, overall satisfaction and a key differentiator between

professional service providers in the audit, tax and management consultancy industry.

8 References

- Alberti-Alhtaybat Von, L. and Al-Htaybat, K. (2010). "Qualitative accounting research: an account of Glaser's grounded theory". *Qualitative Research in Accounting & Management*, Vol. 7 No. 2, pp. 208-216.
- Alvesson, M. (1995). *Management of Knowledge-intensive companies*. New York: Walter de Gruyter.
- Amonini, C., Mccoll-Kennedy, J. R., Soutar, G. N. and Sweeney, J. C. (2010). "How professional service firms compete in the market: an exploratory study". *Journal of Marketing Management*, Vol. 26 No. 1-2, pp. 28-55.
- Athanasopoulou, P. (2009). "Relationship quality: a critical literature review and research agenda". *European Journal of Marketing*, Vol. 43 No. 5/6, pp. 583-610.
- Baker, R. J. (2011). *Implementing value pricing. A radical business model for professional firms by 2011*. Hoboken, New Jersey: Wiley & Sons.
- Barry, J. and Terry, T. S. (2008). "Empirical study of relationship value in industrial services". *Journal of Business & Industrial Marketing*, Vol. 23 No. 4, pp. 228-241.
- Baschab, J. and Piot, J. (2005a). *The professional service firm bible*. Hoboken New Jersey: John Wiley & Sons Inc.
- Baschab, J. and Piot, J. (2005b). *The professional service firm bible*. . Hoboken New Jersey: John Wiley & Sons Inc.
- Blau, P. M. and Scott, W. R. (1962). *Formal Organisation: a comparative approach*. Stanford California: Stanford University Press.
- Braun, V. and Clarke, V. (2006). "Using thematic analysis in psychology". *Qualitative Research in Psychology*, Vol. 3 No. 2, pp. 77-101.
- Bryant, A. and Charmaz, K. (2007). *The SAGE Handbook of Grounded Theory*. London: SAGE Publications Ltd.
- Bryman, A. and Bell, E. (2007). *Business Research Methods*. Oxford: Oxford University Press.
- Bulmer, M. (1979). "Concepts in the Analysis of Qualitative Data". *Sociological Review*, Vol. 27 No. 4, pp. 651-677.

- Charmaz, K. (2006). *Constructing Grounded Theory. A Practical Guide Through Qualitative Analysis*. London: SAGE Publications Ltd.
- Clark, A. J. 2006. Real Life Methods Working Papers: Anonymising Research Data. Leeds: NCRM Real Life Methods Node, University of Leeds.
- Clifford, J. F. (1996). "Selling professional services: a practical approach - Part I". *Management Decision*, Vol. 34 No. 3, pp. 49-54.
- Constantin, J. A. and Lusch, R. F. (1994). *Understanding Resource Management: How to deploy your people, products, and processes for maximum productivity*. Oxford, OH The Planning Forum.
- Cram, T. (2001). *Customers that Count. How to build living relationships with your most valuable customers*. London: Financial Times/ Prentice Hall.
- Creswell, J. W. (2007). *Qualitative Inquiry & Research Design. Choosing Among Five Approaches*. (2nd). London: Sage Publications Ltd.
- Delong, T. J., Gabarro, J. J. and Lees, R. J. (2007). *When Professionals Have to Lead. A New Model for High Performance*. Boston, Massachusetts: Harvard Business School Press.
- Dunn, P. and Baker, R. (2003). *The Firm of the Future. A guide for Accountants, Lawyers, and Other Professional Services*. Hoboken, New Jersey: John Wiley & Sons.
- Ghosh, M. and John, G. (1999). "Governance value analysis and marketing strategy". *Journal of Marketing* Vol. 63 No. 1, pp. 131-45.
- Glaser, B. (1978). *Advantages in the methodology of grounded theory: theoretical sensitivity*. Mill Valley, CA: Sociology Press.
- Glaser, B. and Strauss, A. (1967a). *The discovery of grounded theory*. Chicago, Illinois: Aldine.
- Glaser, B. G. and Strauss, A. L. (1967b). *The Discovery of Grounded Theory. Strategies for Qualitative Research*. New York: Aldine Publishing Company.
- Goulding, C. (2002). *Grounded Theory. A practical Guide for Management, Business and Market Researchers*. London: SAGE Publications.
- Goulding, C. (2005). "Grounded theory, ethnography and phenomenology: A comparative analysis of three qualitative strategies for marketing research". *European Journal of Marketing*, Vol. 39 No. 3/4, pp. 294-308.

- Greenwood, R., Morris, T. I. M., Fairclough, S. and Boussebaa, M. (2010). "The Organizational Design of Transnational Professional Service Firms". *Organizational Dynamics*, Vol. 39 No. 2, pp. 173-183.
- Greenwood, R. and Suddaby, R. (2006). *Research in the Sociology of Organizations. Volume 24. Professional Service Firms*. . Amsterdam: Elsevier Ltd.
- Grönroos, C. (2000). *Service management and marketing; a customer relationship management approach*. New York: John Wiley.
- Gulati, R. (2010). *Reorganize for Resilience: Putting Customers at the Center of Your Business*. Boston MA: Harvard Business Press.
- Gunz, H. P. and Gunz, S. P. (2006). "Professional Ethics in Formal Organisations" In: Greenwood, R and Suddaby, R. *Research in the Sociology of Organizations. Volume 24. Professional Service Firms* Amsterdam: Elsevier Ltd.
- Hammervoll, T. (2009). "Value creation in supply chain relationships: a critique of governance value analysis". *European Journal of Marketing*, Vol. 43 No. 5/6, pp. 630-639.
- Howden, C. and Pressey, A. (2008). "Customer creation in professional service relationships: the case of credence good". *The Service Industries Journal*, Vol. 28 No. 6, pp. 789-812.
- Hughes, E. C. (1958). *Men and their work*. Ontario.: Collier-Macmillan Ltd.
- Hussain, Z. and Cornelius, N. (2009). "The use of domination and legitimation in information systems implementation". *Information Systems Journal*, Vol. 19 No. 2, pp. 197-224.
- Jarzabkowski, P., Mohrman, P. S. and Scherer, A. G. (2010). "Organization studies as an applied science: The generation and use of academic knowledge about organizations". *Organization Studies*, Vol. 31 No. 9/10, pp. 1189-1207.
- Kanopásek, Z. (2008). "Making Thinking Visible with Atlas.ti: Computer Assisted Qualitative Analysis as Textual Practices. ". *Forum: Qualitative Social Research*, Vol. 9 No. 2, pp. 1-21.
- Karantinou, K. M. a. H., M.K. (2007). "Developing and Managing Relational Market-Based Assets in Professional Services: Client Relationships in

- Management Consultancy". *Marketing Management Journal*, Vol. 17 No. 2, pp. 16-39.
- Kotler, P., Hayes, T. and P., B. (2000). *Marketing Professional Services. 2nd edition*. New York: Prentice Hall Press.
- Kuhn, T. S. (1962). *The structure of Scientific Revolutions*. Chicago: University of Chicago Press.
- Kwakman, F. (2002). *Professionals & Acquisitie; succesvol opdrachten verwerven in de zakelijke dienstverlening. (translated from Dutch: Professionals & Acquisition; succesfull acquiring of engagements in the professional service industry)*. Den Haag: Academic Service.
- Kwakman, F. and Burgers, J. (2005). *Professionals & Relatiemanagement. Durven kiezen voor klanten die waarde creeren. (Translated from Dutch: Professionals & relationship management. Dare to choose clients that create value)*. Den Haag: SDU Uitgevers.
- Kwakman, F. E. (2007a). *Professional service firm of the future*. Breukelen, The Netherlands: Nyenrode Business University.
- Kwakman, F. E. 2007b. *Professional service firm of the future*. Breukelen, The Netherlands: Nyenrode Business University.
- Lapierre, J. (1997). "What does value mean in business-to-business professional services?". *International Journal of Service Industry Management*, Vol. 8 No. 5, pp. 377-397.
- Lawrence, T., Malhotra, N., Morris, T. (2012). "Episodic and Systemic Power in the Transformation of Professional Service Firms". *Journal of Management Studies*, Vol. 49 No. 1, pp. 102-143.
- Locke, K. (2001). *Grounded theory in management research*. London: Sage publications.
- Lorsch, J. W. and Tierney, T. J. (2002). *Aligning the Stars. How the success when professionals drive results*. Boston: Harvard Business School Press.
- Lovelock, C. and Gummesson, E. (2004). "Whither Services Marketing? In Search of a New Paradigm and Fresh Perspectives". *Journal of Service Research*, Vol. 7 No. 1, pp. 20-41.
- Lovelock, C. H. (1996). *Services Marketing*. Englewood Cliffs, NJ Prentice Hall.

- Löwe, S. C. (2004). *Marketplace Masters. How Professional Service Firms compete to win*. Westport: Praeger Publishers.
- Lowendahl, B. R. (1997). *Strategic management of professional service firms*. Copenhagen: Handelshøjskolens Forlag.
- Løwendahl, B. R. (1997). *Strategic Management of Professional Service Firms*. Copenhagen: Handelshøjskolens Forlag.
- Lusch, R. F. and Vargo, S. L. (2006). *The Service-Dominant Logic of Marketing: Dialog, Debate, and Directions*. Armonk, New York, NY: M.E. Sharpe.
- Maister, D. H. (2003). *Managing the professional service firm*. London: Simon & Schuster.
- Maister, D. H. (2008). *Strategy and the fat smoker: doing what's obvious but not easy*. Boston: The Spangle Press.
- Maister, D. H., Green, C. and Galford, R. (2002a). *The trusted advisor*. London: Simon & Schuster.
- Maister, D. H., Green, C. H. and Galford, R. M. (2002b). *The Trusted Advisor*. London: Simon & Schuster UK Ltd.
- Malhotra, N. 2006. "Variations in Organisation Form", In: Greenwood, R and Suddaby, R. *Research in the Sociology of Organizations*. Volume 24. Professional Service Firms
- Morgan, R. M. and Hunt, S. D. (1994). "The Commitment-Trust Theory of Relationship Marketing". *Journal of Marketing*, Vol. 58 No., pp. 20-38.
- Mudie, P. and A., C. (1999). *The Management and Marketing of Services (2nd edition)*. Oxford: Butterworth-Heinemann.
- Nagle, T. T. and Holden, R. K. (2002). *The Strategy and Tactics of Pricing: A Guide to Profitable Decision Making*. Upper Saddle River, New Jersey: Prentice Hall.
- Nätti, S., Halinen, A. and Hanttu, N. (2006). "Customer knowledge transfer and key account management in professional service organizations". *Journal of Service Industry Management*, Vol. 17 No. 4, pp. 304-319.
- Natti, S. and Ojasolo, J. (2008). "Loose couple as an inhibitor of internal customer knowledge transfer". *Journal of Business & Industrial Marketing*, Vol. 23 No. 3, pp. 213-223.

- Nicolai, A. and Seidl, D. (2010). "That's Relevant! Different Forms of Practical Relevance in Management Science". *Organization Studies*, Vol. 31 No. 9/10, pp. 1257-1285.
- Nonaka's, I. and Takeuchi, I. (1995). *The Knowledge-Creating Organisation*. Oxford: Oxford Press.
- O'shaughnessy, J. and O'shaughnessy, N. J. (2009). "The service-dominant perspective: a backward step?". *European Journal of Marketing*, Vol. 43 No. 5/6, pp. 784-793.
- O'shaughnessy, J. and O'shaughnessy, N. J. (2011). "Service-dominant logic: a rejoinder to Lusch and Vargo's reply". *European Journal of Marketing*, Vol. 45 No. 7/8, pp. 1310-1318.
- Ojasalo, J. (2001). "Managing customer expectations in professional services". *Managing Service Quality*, Vol. 11 No. 3, pp. 200 - 212.
- Payne, A. and Holt, S. (2001). "Diagnosing customer value: integrating the value process and relationship marketing". *British Journal of Management*, Vol. 12 No. 2, pp. 159-182.
- Ravald, A. and Grönroos, C. (1996). "The value concept and relationship marketing". *European Journal of Marketing*, Vol. 30 No. 2, pp. 19-30.
- Reichheld, F. and Earl Sasser, W. (1990). "Zero defections: Quality comes to services". *Harvard Business Review*, Vol. 68 No. 5, pp. 105- 111.
- Reid, M. (2008). "Contemporary marketing in professional services". *Journal of Services Marketing*, Vol. 22 No. 5, pp. 374-384.
- Roulston, K. (2010). *Reflective Interviewing. A Guide to Theory & Practice*. London: Sage Publications.
- Scott, M. C. (1998). *The professional service firm. The Manager's Guide to Maximising Profit and Value*. Chichester: John Wiley & Sons.
- Sinclair, J. (1987). *Collins Cobuild. English Language Dictionary*. London: HarperCollins Publishers.
- Singleton Jr, R. a. S., B. (1999). *Approaches to Social Research (3rd edition)*. New York: Oxford University Press.
- Storbacka, K., Strandvik, T. and Grönroos, C. (1994). "Managing customer relationships for profit: the dynamics of relationship quality". *Journal of Service Industry Management*, Vol. 5 No. 5, pp. 21-38.

- Strauss, A. and Corbin, J. (1990). *Basics of qualitative research: Grounded theory procedures and techniques*. Newbury Park, CA: Sage Publications.
- Strauss, A. and Corbin, J. M. (1998). *Basics of Qualitative Research: Techniques and Procedures for Developing Grounded Theory (2nd edition)*. Thousand Oaks, CA: Sage Publications.
- Thakor, M. V. and Kumar, A. (2000). "What is a professional services? A conceptual review and bi-national investigation". *Journal of Services Marketing*, Vol. 14 No. 1, pp. 63 - 82.
- Trasorras, R., Weinstein, A. and Abratt, R. (2009). "Value, satisfaction, loyalty and retention in professional services". *Marketing, Intelligence & Planning*, Vol. 27 No. 5, pp. 615-632.
- Ulaga, W. and Eggert, A. (2006). "Value-based differentiation in business relationships: gaining and sustaining key supplier status". *Journal of Marketing*, Vol. 70 No. January, pp. 119-136.
- Van Bon, H. J. 2009. Improving the sales of professional firms. Finding a more optimal employ of dedicated sales professionals and in-depth professionals in the sales process (DBA assignment module 1). Bradford: Bradford University School of Management.
- Van Bon, H. J. 2010. Improving the sales of professional service firms. Exploring ways for a better employ of the selling professional (DBA assignment module 4). Bradford: Bradford University School of Management.
- Van Bon, H. J. 2011. Understanding the value created by the account management role in a business-to-business professional service relationship. An audit, tax and consulting services perspective (DBA assignment module 7). Bradford: Bradford University School of Management.
- Van Bon, H. J. and Wright, G. 2012. Professional Perspectives on Value: the professional, the account manager and the client (unpublished). Bradford: Bradford University School of Management.
- Van Der Mandele, M. and Parker, J. (2009). *Changing the Leopard's Spots. Renewal of the Professional Firm*. Amsterdam: Pearson Education Benelux.

- Vargo, S. L. and Lusch, R. F. (2004). "Evolving to a New Dominant Logic for Marketing". *Journal of Marketing*, Vol. 68 No. 1, pp. 1-17.
- Vargo, S. L. and Lusch, R. F. (2008a). "Service-dominant logic: continuing the evolution". *Journal of the Academy of Marketing Science*, Vol. 36 No. 1, pp. 1-10.
- Vargo, S. L. and Lusch, R. F. (2008b). "Why "service"?"". *Journal of the Academy of Marketing Science*, Vol. 36 No. 1, pp. 25-38.
- Vargo, S. L. and Lusch, R. F. (2011). "Stepping aside and moving on: a rejoinder to a rejoinder". *European Journal of Marketing*, Vol. 45 No. 7/8, pp. 1319-1321.
- Venetis, K. A. and Ghauri, P. N. (2004). "Service quality and customer retention: building long-term relationships". *European Journal of Marketing*, Vol. 38 No. 11/12, pp. 1577-1598.
- Vollmer, H. M. and Mills, D. L. (1966). *Professionalisation*. Englewood Cliffs, N.J.: Prentice-Hall.
- Von Alberti-Alhtaybat, L. and Al-Htaybat, K. (2010). "Qualitative accounting research: an account of Glaser's grounded theory". *Qualitative Research in Accounting & Management*, Vol. 7 No. 2, pp. 208-216.
- Woo, K. and Ennew, C. T. (2004). "Business-to-business relationship quality: an IMP interaction-based conceptualization and measurement". *European Journal of Marketing*, Vol. 38 No. 9/10, pp. 1252-1271.
- Young, L. (2005). *Marketing the professional service firm. Applying the principles and the science of marketing to the professions*. Chichester: John Wiley & Sons.
- Zeithaml, V. A. (1988). "Consumer perceptions of price, quality and value: A means-end model and synthesis of evidence". *Journal of Marketing*, Vol. 52 No. 3, pp. 2-22.