Account manager turnover and the influence of context: An exploratory study.

Introduction

There is wide recognition of the importance of a selling firm's account managers to maintaining, developing, and enhancing relationships with customer firms (Biong and Selnes, 1996; Guenzi and Pelloni, 2004; Karantinou and Hogg, 2009; Murry and Heide, 1998). Prior (2012) suggests that the bonds that develop between principal actors in an inter-firm relationship are valuable and contribute to competitive advantage. The higher the level of personal bonds that exist between these actors, the greater key account success is likely to be (Sharma, 2006). Face-to-face contact is seen as an essential marketing element of service delivery with services varying from high to low on the service employee-customer contact continuum (Chase and Tansik, 1983). In business-to-business professional services, service delivery is characterised by a high degree of interaction between the client and service firm (Nätti and Ojasalo, 2008). While there is interdependence between the account manager and other service firm employees, marketing services, the context for this study, typify the type of service where the account manager is the primary customer contact (Mayer et al., 2009). In fact, Sharma (1994) maintains that the account manager is the single most important source of the relationship with the client, while Evans et al. (1995) identify the account manager as playing a pivotal role in the success of the organization. The heightened importance of the human element can lead to a situation where the relationship that develops between individual key contacts at contracting firms can become stronger than the relationship between the firms themselves (Halinen, 1997).

Given the significance of the account manager to the well-being of the inter-organizational relationship, it is surprising that the issue of account manager turnover – the voluntary or involuntary departure of the account manager from the seller firm – and its potential effect on the inter-firm relationship, has been largely neglected (Madill et al., 2007; Bendapudi and Leone, 2002). Only a small number of studies address the issue directly and fewer still (Perrien et al., 1995; Perrien and Ricard, 1995; Beatty et al., 1996; Bendapudi and Leone, 2002; Madill et al., 2007; Subramony and Holtom, 2012) base their conclusions on empirical inquiry. On the crucial issue of the influence account manager turnover might have on the relationship between buyer and seller firms, there is a lack of consensus, since much will depend on the circumstances in which turnover takes place (Madill et al., 2007). Subramony and Holtom (2012) argue that turnover can have significant negative effects on business performance, particularly in situations where customers interact with the same employee on multiple occasions and where understanding of a customer's idiosyncratic needs is critical. Perrien and Ricard (1995) on the other hand are more sanguine and suggest the inter-organizational relationship can survive account manager turnover.

To date, no study has been identified that specifically examines the role of context on the effects of account manager turnover. With a view to contributing to the scant literature on this subject and addressing ambiguity in current knowledge, this paper will adopt a case study approach to explore account manager turnover in client-agency relationships within the UK design industry. Design agencies are professional service organizations offering consultancy and creative services to the marketing departments of client organizations. As with other similar services such as advertising, it is a project-based, high-contact service that is high in credence qualities (Gummesson, 1996). The context is particularly appropriate for this investigation because of the high incidence of staff turnover within UK design agencies, currently estimated to be about 35% per annum (Design Industry Voices, 2011). Although the study's narrow contextual focus will limit its generalizability, the findings should be transferable to other related professional services that share similar characteristics and will provide useful guidance for professional practice. The research questions this study will address are:

What contextual factors influence the impact of account manager turnover on client-agency relationships in the design sector?

How do these contextual factors influence the impact of account manager turnover?

A conceptual framework covering individual and organizational factors is developed to examine the contextual issues impacting account manager turnover. The research explores the views of both parties in the relationship, and seeks the perceptions of senior and junior managers on the agency side of the dyad. A multi-level approach coupled with the incorporation of the opinions of upstream and downstream firms is likely to lead to a greater depth of information about relational exchange (Rajamma et al., 2011). Findings are presented and a number of implications for professional practice and academic theory are proposed.

Literature review and conceptual framework

Berry (1995) highlighted the need for greater understanding of the association between employee turnover and customer defection. Despite the passage of time, Madill et al. (2007) highlight the paucity of empirical research investigating the effect of account manager turnover on inter-firm relationships. Kim et al. (2010) also recommend that the influence of employee turnover on inter-firm relationships, especially in industries where turnover is particularly high, would be worthy of investigation. Of the limited number of empirical studies that have explored the repercussions of turnover – as opposed to buyer attitudes towards hypothetical turnover – the majority suggests that the departure of an account manager can inflict a detrimental effect on the inter-organizational relationship (Bendapudi and Leone, 2002; Perrien et al., 1995). This is attributed to the discontinuance of the individual-level relationship that often develops between customer and account manager. Such is the strength of this personal relationship, often overshadowing the customer's relationship with the service firm (Anderson and Robertson, 1995), and such is the level of client-specific knowledge held by the account manager (Fincham, 1999), that the demise of the inter-personal relationship leads to customer switching (Perrien et al., 1995).

However, a minority of studies disagrees with this pessimistic assessment. Zaheer et al. (1998) suggest that the relationship between buyer and seller firms is sufficiently stable to withstand the loss of an account manager, while Perrien and Ricard's (1995) empirical research into the commercial banking sector found that customers were untroubled by the prospect of account manager turnover. Bendapudi and Leone's (2002) study identified a small number of customers who actually welcomed the departure of their account manager.

The fact that some clients regard account manager turnover as damaging while others view it with equanimity suggests that the context in which turnover takes place may be a contributory factor in the evaluation of its impact. Furthermore, Perrien and Ricard's (1995) study reveals differences of opinion across the relationship dyad. They found that, contrary to the attitude of their clients, account managers considered turnover as a potentially destabilising event for the client-service firm relationship. While interesting, and notwithstanding the possibility that account managers have an over-inflated view of their importance, this difference of opinion amongst relationship partners remains an isolated finding because much of the research into relationships tends to focus on one, rather than both, partners in the buyer-seller dyad.

Given the scarcity of research in this area, this study will specifically address the influence of context on the effects of account manager turnover – the situational factors that might impact the outcome of turnover.

(insert figure 1)

Figure 1 shows the conceptual framework for the research. Interpretations of context vary across and within business disciplines. Critical realism, the approach adopted for this study, suggests that outcomes can be contingent on multiple contexts, which may include norms, values and interrelationships (Pawson and Tilley, 1997). For practical purposes, the scope of this study will be limited to investigating contextual influences within the internal environment. While the macro environment will influence relationship development, this study will focus on the micro contextual forces over which the organization exerts some control. Organizational factors comprising size, resources and capabilities, structure, culture, policies, and management of the turnover process will be considered. The influence of individual factors such as relationship bonds, knowledge and competence, and communication will also be investigated. The framework is based in part on Halinen's (1997) model of client-agency relationship development. The model emerged from Halinen's (1997) longitudinal case study of relationship development and is particularly relevant because it includes contextual factors that were found to influence the content and development process of advertising agency-client relationships.

Organizational size and resources have been shown to influence relationship longevity (Davies and Prince, 2011; Michell, 1988). It is possible that larger agencies, with greater human, financial and reputational assets, may withstand account manager turnover more successfully than smaller agencies. Organizational structure has been shown to influence the development and management of social capital (Kirsch et al., 2010; Ramezan, 2010). It is conceivable that some agency structures may be more conducive to the development of a cluster of relationships across the dyad, creating a protective buffer against turnover. Culture – the set of largely tacit assumptions and beliefs that define appropriate behaviour (Ravasi and Schultz, 2006) – influences knowledge sharing within a firm (Janz and Prasarnphanich, 2003). Knowledge sharing would counteract the propensity for the knowledge silos within consulting organizations that exacerbate the effects of employee turnover. Wackman et al.'s (1986) research into client-advertising agency relationships demonstrates the influence of organizational policies and communication on relationship development. Thus, agencies may be able to instigate systems and processes that strengthen the relationship with the client at the firm level, lessening the effects of turnover. Turnover management is included in the framework given Madill et al.'s (2007) findings that careful management of the account manager change-over process can lessen the impact of turnover on the customer-firm relationship.

Liljander and Strandvik (1995) suggest ten relational bonds: legal, economic, technical, geographical, time, knowledge, social, cultural, ideological, and psychological. Wendelin (2011) suggests that not all bonds are of equal importance in a relationship. Within a client-agency relationship, the first five ‘concrete’ bonds are of less importance than the five ‘abstract’ bonds, given the rarity of legal contracts and relationship-specific financial investments, the ability to deliver the core service output via IT networks, and the consultative, ambiguous, complex, and intangible nature of the service being offered. The social bonds of commitment and trust are key relational bonds in relationship marketing theory (Palmatier et al., 2006) and have been shown to be the principal determinants of relationship development and maintenance (Morgan and Hunt, 1994). Both constructs may exist simultaneously at the level of the individual and the firm, such that a buyer trusts in, and is committed to, the firm and the account manager simultaneously (Blois, 1999; Karantinou and Hogg, 2009). If these bonds are stronger at the individual level than the firm level, the effect of account manager turnover may be more pronounced. On the other hand, trust may become institutionalized at the firm level and be preserved beyond changes in personnel (Kroeger, 2012). Measures of trust at the firm level include willingness to adapt and firm size, while trust at the individual level is based on the representative’s expertise, likeability, similarity with buyer firm personnel, and frequency of communication (Doney and Cannon, 1997). For the purposes of this study, commitment is defined as the ‘enduring desire to maintain a valued relationship’ (Moorman et al., 1992, p. 316). Trust is dimensionalised as integrity and reliability (Morgan and Hunt, 1994). Integrity can be regarded as the unwillingness of the seller to do anything that might be detrimental to the buyer (Ganesan, 1994) while reliability can be interpreted as consistently competent performance from an exchange partner (Sirdeshmukh et al., 2002). Competence is based on appropriate knowledge and experience (Smith and Barclay, 1997) which, in organizations delivering non-standardized creative services, is likely to be more tacit than collective (Fincham, 1999). Whereas collective knowledge is a shared set of principles and techniques (Alvesson, 2001), tacit knowledge is unarticulated and is made up of insights, judgement and know-how residing in the head of the account manager (Baker et al., 1997). If knowledge is largely tacit, the loss of the account manager is likely to have a detrimental effect on the firm's ability to maintain a high standard of service delivery.

Palmatier et al. (2006) suggest that expertise (competence), together with communication, are the most effective relationship-building strategies. For this study, communication is regarded as the formal and informal exchange of information between two or more parties (Anderson and Narus, 1990). Pine et al. (1995) regard account managers as gatekeepers for all communication passing between the customer and the service firm, thus enhancing their status and authority.

Finally, social bonds between respective boundary spanners at the buyer and seller firm have also been identified as a prerequisite for relationship development (Day and Barksdale, 2003; Gedeon et al., 2009; Guenzi and Georges, 2010), a driver of trust (Hawke and Heffernan, 2006; Nicholson et al., 2001) and a motivator for the buyer to stay with the supplier firm (Young and Denize, 1995). Wilson (1995) defines social bonding as mutual personal liking and friendship that can drive relationship continuation. Where this personal chemistry exists between client and account manager, it is conceivable that the client will follow the account manager who leaves for another firm.

Methodology

The research takes a critical realist orientation. Critical realism concerns itself with what causes events to occur (or not to occur) and in what specific contexts. As such, it is appropriate for revealing the influence of context on the impact of account manager turnover. Both Easton (2010) and Ryan et al. (2009) argue that a critical realist approach is particularly well suited to complex phenomena such as inter-organizational relationships. Applying the principles of critical realism to this study, an account manager (*entity*) with expertise and personality traits (*structures*) has the power to leave an agency and end the interpersonal relationship with a client. This could occur were the account manager, for example, offered a more attractive position elsewhere (*trigger*). When this happens, the majority view in the literature suggests that the relationship between the client and the service firm will terminate (*event*). However, there may be contexts, instigated by the agency or the client, that prevent this outcome, resulting instead in the continuation rather than termination of the client-service firm relationship. Pawson and Tilley (1997) suggest these contexts can include interrelationships, rules, and/or values.

Qualitative research was used because of its appropriateness for explaining why and in what contexts phenomena occur and how processes unfold over time. It can provide rich descriptions of interactions between individuals and organizations and places emphasis on situational detail. There is precedent for the use of qualitative research to explore account manager turnover (Bendapudi and Leone, 2002; Halinen, 1997; Perrien et al., 1995). Similarly, there is sound justification for using case study inquiry because of its suitability for exploring bounded systems such as relationships and for situations where meaning needs to be contextualised (Hammersley, 1992; Perry, 1998).

Research into business relationships frequently focuses on just one partner in the dyad. Selling firms are highly protective of their customer relationships and are seldom willing to grant permission for researchers to contact their clients (Athanasopoulou, 2009). Notwithstanding this barrier, the intention in this study was to collect data from both sides of the relationship dyad (matched pairs) and furthermore to talk with senior managers as well as account managers within agencies, given the possibility of different perspectives.

A purposive sampling method was used to locate client-agency relationships within the UK design industry that had witnessed a recent change of account manager. 110 firms were contacted from a range of sectors including food and drink, retail, finance and insurance. The response rate was low (20%) and of those responding, only six design buyers, with their respective agencies, agreed to participate, giving an effective response rate of 5%. The main reasons cited for non-participation were lack of time and issues of confidentiality. However, despite the sample being small, the fact that cases consisted of both partners in the relationship gave it a richness often lacking in buyer-seller relationship research. The duration of the client-agency relationship under investigation varied from one year to a maximum of nine years and all relationships had witnessed anything from one to three account manager changes. Descriptive information for the cases is provided in table 1.

(insert table 1)

One-to-one, semi-structured interviews were conducted with the design buyer, agency senior manager, and 'replacement' account manager for each case. Interview duration was between 30-50 minutes. The exception was case A where no senior manager from the agency was available. The other anomaly was case E1 where, at the request of the client, the researcher did not interview agency staff. There were separate interview schedules for the three respondent types and themes in the schedules were based on the factors contained within the conceptual framework. All interviews were conducted, recorded, transcribed, and analysed by the researcher.

Data analysis was conducted using 'Framework', a thematic matrix method developed by Ritchie and Spencer (1994) for applied qualitative data analysis. It is a systematic and disciplined approach with five stages. Familiarization, the first stage, involved the researcher personally transcribing all the interviews. Next, a thematic framework was developed based on the concepts and themes that emerged from the data as well as drawing on *a priori* themes identified in the literature review. A total of nine categories and 31 constituent subcategories were identified for the framework. For example, the subcategories of communicators, frequency, mode, style (formal-informal), content, policy, and sharing, were grouped under the communications category. The third stage, indexing, involved the application of the thematic framework to the data using Nvivo. Charting involved the creation of a respondent/subcategory matrix to facilitate within- and cross-case comparison. The final stage was mapping and interpretation. Mapping is the identification of the nature and range of a category or subcategory through close investigation of respondent attitudes and experiences. An example of mapping for the theme of tacit knowledge led to the distillation of several dimensions: knowledge is power, resistance to sharing, intimate knowledge of client, intimate knowledge of client's business, intimate knowledge of how client prefers to interact. Interpretation is the search for explanations to account for patterns of behaviour, attitudes, or events.

Findings

All cases had experienced at least one recent (within the previous 12 months) instance of account manager turnover and some had witnessed several changes over the course of the client-agency partnership. All clients and all senior managers were able to draw on actual experience rather than responding hypothetically. Surprisingly, of the six cases, there was only one instance of account manager turnover leading to the termination of the client-agency relationship. Importantly, there was no instance of organizational partners being bound together by formal contractual agreement.

Three core contexts influenced the consequences of account manager turnover on the client-agency relationship: the extent of standardization of client-specific knowledge within the agency, the breadth and depth of relational bonds between client and account manager and client and agency, and the management of the process of account manager turnover. Table 2 shows the three core contexts, the ‘factors’ nested within them, and the way in which they influence the impact of account manager turnover.

(insert table 2)

Client-specific knowledge

When client-specific knowledge within the agency is collective rather than tacit, the negative effects of account manager turnover are significantly reduced. Clients notice little or no reduction in service quality when their account manager leaves because there are several individuals within the agency who can provide as good a service. Very little of this standardized knowledge is codified. Rather, through a process of ‘osmosis’, it is assimilated and becomes embedded within individuals across the agency. Several factors appear to contribute to this process. Agency size is an important factor. Five out of the seven agencies in the sample employed 50 or fewer staff, and three of these five employed 15 or fewer. Single-site locations, open-plan offices and close social relationships are hallmarks of these organizations. This physical and cultural environment is conducive to frequent, informal, spontaneous and oral communication which is rich in content. Meetings, when they take place, are ad hoc and are often convened in the open-plan work area, within earshot of all staff. Information is widely transferred on a continual basis.

> “We all sit next to each other so it’s easy to keep up to date with what’s happening across all the accounts.” (Account manager F)

Agency culture also appears to play an important role in knowledge sharing. The smaller agencies spoke of having an organizational culture that encouraged close interdependence, collaboration, and interpersonal trust, with little sense of hierarchy. This type of environment fosters communication and a voluntary sharing of knowledge. Interestingly, senior managers at three agencies (C, D and F) commented on the effect a positive culture can have on reducing staff turnover, leading to a continuity and depth of knowledge within the agency that surpassed the knowledge that some clients had of their brand and market.

Also contributing to frequent communication and knowledge standardization was the practice in most agencies of implementing a matrix structure of multidisciplinary and multiple level teams for each client account. This ensured that knowledge of the client's business became widespread throughout the agency. In return, the client benefited from the experience and knowledge of a team of experts. As a result, dependency on a single individual is reduced:

> "The benefit is, if my account manager isn't there, there's always somebody else…to make things happen for me." (Client B)

Formal procedures for knowledge sharing appeared to be less important than informal methods, but still played a part. Some agencies aimed at having a company meeting once a week in which each live project was discussed. Others had recently instigated client 'dossier' sheets'. Although basic, the system acted as a knowledge externalization process.

Although there was only one instance in this study, account manager rotation was identified by agency B as a means of dispersing knowledge in order to reduce client dependence on a single individual:

> "If you ring up and can't get hold of your new person, the old person would pick up the call." (Client B)

The dispersion of knowledge throughout the agency contributed to a relatively relaxed approach taken by clients and senior agency management towards account manager turnover:

> "It's not a panic because everyone in the team knows what's going on." (Account director B)

In contrast, account managers placed greater emphasis on what they described as the upheaval and uncertainty that could be triggered by their departure, though none went so far as to suggest it would cause the client to switch agency:

> "I'd say the majority [of clients] do mind because we build up very good relationships and it's a big change. The client is thinking 'who will my next account manager be? Will they be as good? Will I like them? Will I have to work twice as hard to make sure they understand what I'm talking about?'" (Account manager B).

Agencies A and E1 displayed a different profile to the other agencies. They were both larger agencies with over 100 staff and one (agency A) was a dual-site agency. At both, there was much less evidence of knowledge sharing. Although no interviews were permitted with staff at agency E1, the client in the partnership spoke of only having had one contact at the agency:

> "He absolutely shielded me from anything going on in the agency…he was my absolute right-hand man." (Client E)

On the departure of the key contact from the agency, it became evident that no one else in the agency possessed knowledge of the client's business, prompting a re-assessment of the agency by the client and subsequent switching:

"The quality of the work and the knowledge wasn't there...everything just went to pot." (Client E)

The absence of a team approach, coupled with the obstacles to knowledge sharing inherent in a larger organization, inhibited the externalization of client-specific knowledge. Agency A underlined the link between culture and knowledge sharing. The account manager spoke of an environment of hostility between designers and account managers such that information was filtered in order to restrict knowledge and protect individual power.

Multiple relationship ties

Several of the factors driving the collectivization of client-specific knowledge were also responsible for relationship development, in particular the client-firm relationship. A small agency, a positive agency culture, rotation (where practised), and a policy of service teams not only encouraged the sharing of knowledge internally, but also contributed to the development of a bond between the client and the entire agency, reducing the importance of the individual-level relationship. When the agency is small, there is greater opportunity for the client to meet and interact with all the staff, both from the account management and creative functions – "because they're a small agency, it's pretty easy to get to know everyone there" (Client D). Most importantly, it was the deployment of agency teams that facilitated client communication with several agency members, leading to the development of multiple ties. Frequent interaction with a variety of staff encouraged clients to attribute service quality not just to their account manager, but also to a consortium of talented and knowledgeable people.

Trust was frequently mentioned by all respondents:

> “She [client 6] has people depending on her; deadlines to meet. That’s why the trust thing is so important. So when she appoints us, she’s putting a lot of faith in us…Trust is something you build. If we’ve helped her out two or three times, then you’re putting credit in the bank.” (Account director 6)

Clients spoke of their agency’s reliability, competence, transparency, and goodwill – “they’ll work weekends if they have to; they’re committed, completely flexible.” (Client C).

Interpersonal social bonds never developed to the extent that clients were prepared to sacrifice the agency relationship for their personal bond with an account manager. While all clients acknowledged the importance of liking, with good rapport and socialising outside office hours, liking and business friendships never developed into personal friendships. Most account directors and account managers agreed with this perspective:

> “Friend is a powerful word. I don’t think I’d use that word.” (Account manager E2)

In four out of six cases, the client seemed more committed to the agency than to the key contact. This created a buffer against the potential negative impact of turnover. The exception was cases A and F. Although both agencies were using teams to service the accounts in question, the respective clients both acknowledged a commitment primarily to the senior manager in the team and both admitted that, were the senior manager to leave, they would re-assess their relationship with the agency. The explanation for the inability of both teams to build links with their respective clients appears to lie in the level of experience of the two clients. Both are senior managers with substantial design-buying experience and both preferred to interact with a senior agency representative, with perceived superior knowledge and experience, in preference to an agency subordinate.

Agency management of the turnover process

Clients understand that turnover is inevitable. However, the manner in which the agency manages the process of turnover has a significant effect on a client's reaction to the loss of an account manager and the effects of turnover. Agency to client communication was highlighted as a critical tool in the management of the process. Clients appreciate timely warning of impending changes. They are reassured when the communication emanates from a senior member of the agency management team because it signifies that the agency takes seriously the issue of frontline personnel changes. A period of transition with an orderly hand-over between outgoing and incoming account managers acts as reassurance that there will be no loss of agency performance:

> "They very skilfully managed to replace him before he left. It was kind of, Meg [account director C] rang me up and said 'got some news for you. Brendan's leaving but Becky [account manager C] is starting next week'." (Client C)

Where it is not possible to recruit a replacement account manager in sufficient time, clients are reassured when there is a senior manager in the agency team who understands the client's business and can act as an interim key contact until a new account manager is recruited.

An interesting feature of agency E2's turnover management process was client involvement in the recruitment of a new account manager. This secured the client's 'buy-in' and increased the likelihood of compatibility between client and new account manager. In contrast, a badly managed process can create dissatisfaction, though in case D, this in itself was still not sufficient to cause client switching:

> "The change-over was poor. Firstly, Gemma left and then I was told that this other chap was going to take over, and then, I rang up one day to talk to him and got 'well, I'm not your account manager, it's so and so' who was an interim account manager.

Communication to me was poor…it detracted from my overall view of [agency D]…it does force you to reappraise where you are, but ultimately, I don't believe the work has suffered." (Client D)

Discussion and implications

A review of the relationship management literature revealed a limited number of empirical studies focusing on account manager turnover and, in particular, highlighted a gap with respect to the influence of context on the effects of turnover. This study provides some significant insights into the role of context by identifying factors that influence the outcome of turnover.

While account manager turnover may be unavoidable, its influence on the client-firm relationship is by no means a foregone conclusion. The theoretical contribution this study makes is in identifying three core contexts, each with component factors that influence the outcome of turnover. These are, the extent to which client-specific knowledge is explicit within the service firm, the extent to which the client is relationally connected to the service firm (one or several relationship ties), and the manner in which the service firm manages the process of turnover. The first two contexts are interrelated in the sense that, where there are multiple relationships between the client and service firm, it is inevitable that, to a greater or lesser extent, knowledge relating to the client's business will be dispersed amongst those in contact with the client. By creating account teams, the service firm takes a first step towards standardizing knowledge, thus reducing the importance of any one individual within the service firm.

The size of the service firm was shown to be important in facilitating communication within the firm and encouraging the spread of knowledge, thus increasing explicit, and reducing tacit, knowledge. 'Micro' firms, defined as those with 20 or fewer employees (Merrilees et al., 2010), appear to have a distinct advantage over larger firms in this respect, regardless of the greater resources of larger firms. Similarly, the identification of organizational culture as an influential contextual factor is an important insight. Internally, it can create an environment in which employees strongly identify with the firm’s vision and objectives and are motivated to share knowledge with their colleagues, voluntarily reducing their hold over a specific client. For this to occur, employees need to feel a psychological safety (Bogenreider and Nooteboom, 2004) – the feeling that knowledge-sharing will not diminish their authority within the firm. Furthermore, the client’s perception that all the agency’s employees display a high level of commitment and behave according to a similar value set, only serves to strengthen the bond at the level of the firm rather than the level of the individual. Smaller firms appeared to be more successful in creating this positive, unifying culture and in avoiding the development of detrimental subcultures. This appears to correspond with research from the field of organizational management (Connell, 2001).

The implementation of a multidisciplinary team also has a dual effect: creating a multiple relationship ties between the client and several members of the service firm and dispersing knowledge throughout the agency. The implementation of a team and the reduction of account manager autonomy are critical in altering the client’s perception that the account manager is solely responsible for delivering value. The client learns to trust, and develops commitment towards, the service firm. An exception to this was found in two cases with experienced buyers whose preference was to interact with the most senior agency manager rather than members of the team. Where this person is the owner of the firm, there is little danger to the client-service firm relationship. However, when it is a senior manager, who is free to move to a competitor agency, the absence of a cluster of relationships increases the possibility of client defection.

While liking, rapport, and socialising outside office hours were present in most cases, there was little evidence of personal friendship. Despite the importance of interpersonal attachment in driving commitment (Stanko et al., 2007), all respondents were reticent to use the word friendship. In fact, more experienced clients were ‘friendship-averse’ (Price and Arnould, 1999), arguing that friendships could complicate business negotiations. The absence of personal friendship reduces the likelihood of an account manager taking a client to a new agency.

Perhaps unsurprisingly, the formal codification of client-specific knowledge was haphazard. A lack of resources inevitably limits a small firm’s ability to implement and maintain knowledge management systems and procedures. It is also possible that many small firms feel it unnecessary or even futile to establish systematic mechanisms, given the informal practices for capturing and disseminating client knowledge and given the difficulty of codifying ‘intangible’ knowledge such as a client’s likes and dislikes, personality traits and special needs.

Although staff rotation was deployed to good effect in case B, it was not a commonly adopted strategy across the other cases. This may be because the frequency of account manager turnover renders rotation unnecessary. It may also be because senior managers are reluctant to impose change on clients. While clients may accept the departure of agency staff as a fact of life, they may be less inclined to accept change, in the form of rotation, which is implemented by the agency primarily for its own benefit.

In common with Madill et al.’s (2007) research, the way in which the agency manages the process of turnover was found to be important. However, this study identifies several additional process management factors that influence the impact of turnover. Timely agency-client communication, a visible hand-over process from the departing account manager to the new account manager, the guarantee of a senior manager to step in and fill the hiatus prior to the appointment of the new account manager, and client involvement in the account manager recruitment process, were all found to be important in minimising the impact of turnover. All four factors are confidence-building contexts, offering reassurance and ensuring minimal disruption and performance gap.

Perspectives across the various relationship dyads were surprisingly similar. One might have expected, based on previous research into professional services (Fullerton and West, 1996; Wills, 1992), that clients and agencies would hold contrasting views on, for example, the importance and strength of relationship bonds, with agencies likely to inflate the importance of personal bonds. On the whole, this was not the case. Client and senior agency managers agreed on most issues. Although account manager perspectives were broadly in line with those of clients and their line managers, there were some negative responses towards the policy of rotation and the implementation of service teams. While the former may be a useful mechanism for agencies in terms of knowledge sharing and relationship building, two account managers resented the forced dissolution of their relationships with clients. With regard to service teams, some account managers identified instances of role ambiguity and role conflict. They resented the reduction in their autonomy and the interference of account directors and creative staff. They felt that being part of a team could sometimes reduce their ability to respond promptly to client demands.

Managerial implications

From a managerial perspective, the data, though limited, suggests that agencies should be reassured. Account manager turnover does not necessarily mean the end of the client-service firm relationship. Agencies can create contexts that mitigate the potential negative effects. Small firms appear to have advantages inherent in their size, but larger firms can take steps to emulate some of the contexts found in micro firms. Knowledge sharing can be encouraged by a variety of mechanisms including the implementation of formal ‘audited’ procedures for recording client intelligence (both ‘tangibles’ such as order history and ‘intangibles’ such as client preferences and idiosyncrasies), the creation of a ‘strong’ culture of cohesion and collaboration that motivates staff to share knowledge, and the formation of multidisciplinary, multilevel teams. This latter will also encourage the client to attribute value creation and delivery to several members of the agency rather than one individual. Furthermore, the regular intervention of a senior manager such as an account director or creative director will reassure the client of service continuity in the event of account manager turnover. However, senior managers should be aware of the potential for role ambiguity and conflict and must ensure that they establish clarity from the outset in order that both agency staff *and* client understand role boundaries. Finally, agencies should conspicuously manage the process of turnover in order to impress upon clients that the agency is committed to maintaining service quality. Immediate notification of who will be the client's new or interim key contact, reassurance of senior management involvement, a visible hand-over process where old and new key contacts visit the client together, and client involvement in the account manager recruitment process will all help to assuage client concerns.

Study limitations and future research

There are a number of limitations that could be addressed in future research. The first is the limited number of cases. While there is a good degree of commonality across the cases, there may be other contextual factors undetected because of the limited sample. A larger qualitative and/or quantitative study is required to reveal contexts that have not been identified by this study. In addition, the limited study sample raises issues of sample composition bias because of its lack of comprehensiveness in reflecting the full spectrum of characteristics in the population. A broader range of client company sizes and sector types, and a larger range of agencies of different sizes, would improve the validity of the results. That said, there was no discernible pattern in those companies that did not respond or responded but refused to participate in the research. The second limitation concerns the study context. While it is likely that the findings can be transferred to other marketing services such as advertising and public relations, research is required in these and other sectors within professional services, to conform their applicability beyond the narrow confines of the design industry. Third, all of the account managers in this study were relatively junior both in age and in experience and this may have acted as a barrier to closer relationship development with clients, thus reducing the negative effects of turnover. Future research examining the influence of demographic profile and personality traits of account managers and clients would be beneficial. Finally, the study used a cross-sectional approach and relied on respondents accurately recalling events, attitudes, and behaviours from as long ago as 12 months. With this in mind, and given the processual and dynamic nature of relationships, a longitudinal study might provide greater insight into events and their effects.

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Table 1

Descriptive information for the cases

	Agency size (employees)	Agency account manager experience (years)	Agency senior manager experience (years)	Client company turnover (GBP)	Client design buyer experience (years)	Duration of client-agency relationship (years)	Incidences of account manager turnover during the relationship
Case A	120	4	N/A	35 billion	15	1	3
Case B	48	2	10	1 billion	5	9	4
Case C	40	2	23	1.5 billion	2	3	1
Case D	15	1	20	40 million	12	8	2
Case E1	110	2	10	20 billion	3	2 (terminated)	1
Case E2	14	1	8	As above	As above	3	3
Case F	12	3	26	20 billion	13	3	1

Table 2

Contextual factors influencing the impact of account manager turnover

Core Context	Component Factors	Nature of Influence

Client-specific knowledge	• Communication quality:
	  • Agency size
	  • Agency structure
	  • Agency culture
	• Policies/procedures for knowledge management
	• Policy of account manager rotation
		• Small agency = single site, open plan office, and close relationships, encouraging frequent communication and knowledge sharing
		• Multidisciplinary teams = knowledge dispersal across multiple hierarchical levels
		• Collaborative culture = interdependence, trust, and voluntary knowledge sharing
		• Regular meetings and client dossier sheets = knowledge externalization
		• Regular rotation = collectivization of client-specific knowledge

Multiple relationship ties	• Agency structure • Agency culture • Policy of account manager rotation • Client expertise and seniority	• Multidisciplinary teams = lessening of client dependence on account manager and attribution of service quality to broader team • Single-minded, positive agency culture = development of client-agency relationship and commitment to agency rather than account manager • Rotation = creation of multiple ties between client and agency staff • Senior client = preference to liaise with senior agency management rather than account manager
Agency management of the turnover process	• Communication quality • Hand-over process • Senior manager involvement • Client involvement in recruitment process	• Timely, detailed communication from senior management = client reassurance • Orderly hand-over process from departing to incoming account manager = seamless service quality • Interim involvement of senior manager prior to recruitment of new account manager = client reassurance • Client involvement in recruitment process = ‘buy-in’ and increased likelihood of client-account manager compatibility

Figure 1

Conceptual framework