# Impact of global accounts on the strategic fit of multinational companies

by

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's-Hertogenbosch, September 2020

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# List of abbreviations

GA – Global Account

GAM – Global Account Manager, Global Account Management

SCM – Supply Chain Management

DSF – Dynamic Strategic Fit

ROI – Return on Investment

SCOR - Supply Chain Operations Reference

ROA – Return on Assets

SCF – Supply Chain Fit

SDU – Supply Demand Uncertainty

SCR – Supply Chain Responsiveness

CPI – Customer Performance Indicator

KPI – Key Performance Indicator

SSC – Strategically Significant Customer

AHP - Analytic Hierarchy Process

MIP – Mixed Integer Programming

QCD – Quality Cost Delivery

VAS – Value Added Services

VAL – Value Added Logistics

P&G – Procter & Gamble

VARs – Value Added Resellers

MNC – Multinational Companies

SBU – Strategic Business Unit

CEO – Chief Executive Officer

GLS – Global Logistics System

EU – European Union

VAT – Value Added Tax

GTCS – General Terms and Conditions of Sales

OEM – Original Equipment Manufacturer

R&D – Research and Development

EMEA – Europe, Middle East and Africa

LRD – Limited Risk Distribution

JP – Japan

CN – China

HQ – Headquarters

DDP – Delivery Duty Paid

DAP – Delivered at Place

FCA – Free Carrier

KAM – Key Account Manager

US – United States

DC – Distribution Centre

EDC – European Distribution Centre

DAT – Delivered at Terminal

FOB – Free on Board

F&B – Food & Beverage

FTA – Free Trade Agreement

TCO – Total Cost of Ownership

APA – Advanced Pricing Agreement

BOM – Bill of Material

# CHAPTER 1. RESEARCH METHOD

## Prologue

As Fuller, O'Conor and Rawlinson wrote in their article "Tailored Logistics: The Next Advantage": Logistics have become central to product strategy, because it is increasingly clear, products are not just things-with-features. They are things-with-features bundled with services. Companies do not create value for customers and sustainable advantages for themselves merely by offering varieties of tangible goods. Rather, they offer goods in distinct ways, presuming that consumers value convenience, reliability and support. They are in implicit and complex relationships with customers. The challenge is to manage the whole of it (Harvard Business Review, May-June 1993, pages 87-88).

Around 1990, the phenomenon of customer centric supply chain started to be used together with the introduction of e-commerce. With that, a revolution in supply chain started – tailoring the supply chain to fulfil customers' needs and with that gain competitive advantage. In literature, it is often described with the term: "Strategic fit". According to Chopra and Meindl, strategic fit requires that both the competitive and supply chain strategies of a company have aligned goals. It refers to consistency between the customer priorities that the competitive strategy hopes to satisfy and the supply chain capabilities that the supply chain strategy aims to build (Chopra and Meindl, 2016, p.33).

On the other hand, globalisation of industries and commerce progressed bringing many benefits and opportunities but also multitude challenges. Companies that once served only local markets, now reach out to customers and consumers located all over the world. Cross border trade introduces some challenges from the side of trade compliancy, in the form of complex legal framework posing many limitations for the trading companies.

As Mangan and Lalwani concluded, as a result of globalisation, supply and distribution networks of globally operating multinational companies have become more complex and often more uncertain. The task of managing and co-ordinating this global web of physical and information flow has become a key priority for businesses as they strive to remain competitive in a turbulent and constantly changing marketplace (Mangan, Lalwani, 2016, Foreword).

It became very important to be able to assess the fitness of the existing supply chain/distribution network for the changing requirements and needs of the existing customers, but also in consideration of the enhanced business, including the new product or market, or combination of both. Understanding if there is a good fit might be one of the key factors to remain competitive for companies, and should help to identify in which areas improvements need to be made in order to achieve better fit to ensure customer satisfaction and better economic performance.

Nowadays people do not only want to buy a product, but they want to buy it in a special way: online from home or in the shop, cheap or expensive and being able to serve for a lifetime, personalized, or just the one, which almost everybody has. Most successful companies understand customers' wishes and their supply chain can provide diversified services and fulfil those needs. Those services are almost like a special features of the products – additional value which customer consciously selects, and which presence can make customer decide whether he will buy specific product or not. In the past 40 years tailored supply chain strategy became a target of interest of marketing and supply chain managers around the world. This research is studying a multinational company, which starts to introduce a global account management program in order to meet expectations of their major customers. Focus will be put on the analysis of the impact of initial phase of introduction of global accounts (GA) and global account management program on the strategic fit of the multinational company. It could be expected that with a dedicated focus on major customers, strategic fit will improve, but is that the case? Increasing competitiveness and globalization make this study very relevant and interesting.

# Background

A company might have a very good strategic fit for her primary product-market combination. If a company is mastering product leadership (Treacey and Wiersema, 1993, p.89) and at the same time focussing on its operational excellence, at certain point, with introduction of a new type of product, its market, customers and their needs might change. That might mean, that the company would need to focus for a while on a different aspect – tailoring of services to fit different demands of a new market. Companies excelling in product leadership are focused on innovations and delivery of the product as a solution fitting the needs of the market, but they do not spend much time on detailed analysis, wondering if customers interested in this new product form a new group, which might require changes within supply chain. Their strength lies in reacting to the situations as they occur but to be able to do that, they need to have infrastructure and systems to manage the remaining processes and risks well (Treacey and Wiersema, 1993, p.90).

The topic of a strategic fit and ways of achieving it, has been tackled already in several books and articles, however it usually focusses on an operational approach to a strategic fit, with a focus on cost and delivery. There are not that many empirical studies analysing multinational companies which are in the early phase of implementing diversified supply chain strategy and facing difficulties from the side of internal organisation and international trade regulations.

According to Chopra and Meindl (2016), it is marketing and sales strategy which specifies how the market will be segmented and how the product will be positioned, priced and promoted.

A supply chain strategy determines:

- the nature of procurement of raw materials
- transportation of materials to and from the company
- manufacture of the product or operation to provide service
- distribution of the product to customer, along with any after-sales service.

A supply chain strategy specifies what the operations, distribution and service functions, whether performed in-house or outsourced, should do particularly well (Chopra and Meindl, 2016, p.32).
Many case studies (Mc Caster-Carr, Walmart, Blue Nile), to which Chopra and Meindl refer in their book, have shown that companies with successful competitive strategies based them on how their targeted customers prioritize product cost, delivery time, variety, quality, response time.
In order to be successful as a company, all functional strategies must support one another and the competitive strategy. Besides that, different functions in the company must appropriately structure their processes and resources to be able to execute these strategies successfully.
It can be that a company has a perfect strategy which works very well, whereby local branches or local sales offices of the multinational supplier serve local customers, not even knowing that they are part of the bigger organisations (see Figure 1):

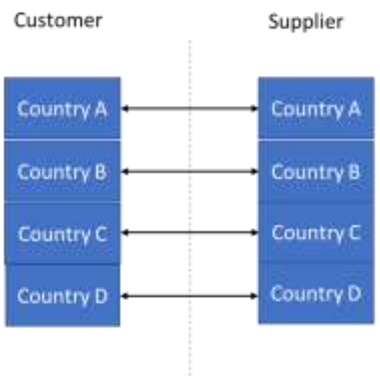


Figure 1. Local sales model (Source: Yip, G.S., Global Account Management: What it is and what it isn't. Retrieved from https://hstalks.com/)

In the above case, there are 4 relationships between customer and supplier, rather than one integrated. However now, with globalisation, changing needs and preferences of the customers, decreasing transportation costs, falling trade barriers, multinationals have changed ways in which they buy. This was triggered with the start of global purchasing concept.
Customers started to expect global contracts and in response suppliers came up with global account management (Yip, G.S., Global Account Management: what it is and what it isn't. Retrieved from [https://hstalks.com/](https://hstalks.com/)).
So, the situation of how multinationals do their purchasing or sales , looks more like this:

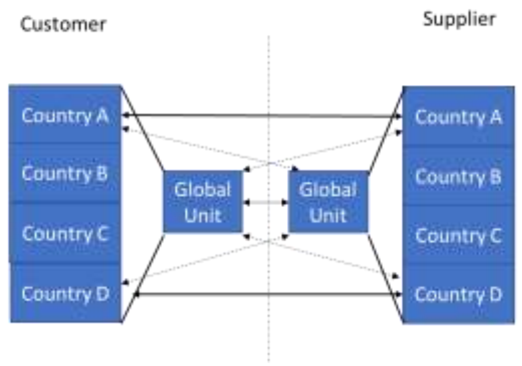


Figure 2. Global customer-supplier relationship (Source: Yip, G.S., Global Account Management: What it is and what it isn't. Retrieved from https://hstalks.com/)

Global units might be just a single person or a whole department, responsible for coordination of the activities on the customer and supplier side. That is more complex situation, since the question is, which line should be solid, and which dotted.
We could say that, with this transformation, the market changed, and market changes require adjustment of the supply chain strategy.
The above examples show already that market globalisation has an impact on the strategic fit of the companies – but the question is *how* they impact the strategic fit and *how* could globalness be included into the concept of the strategic fit by multinational companies.
This study will contribute to increasing the knowledge in this area.

# Problem statement

Globalization of the supply chain and global account management (GAM) are being treated as sources of competitive advantage for the multinational companies and the future go-to-market frontier.
There are many examples of companies which became very successful in their implementation of GAM (Unilever, Procter&Gamble, Wall-Mart).
However, set-up of the global accounts within multinational companies is a complex process and as if is with each serious change, it goes through different phases.
In order to make sure, that such change process will be managed successfully by the company, it is essential that a company understands what the expected impact of such change is. Knowing that will help to determine which next steps are needed to ensure that change will bring expected results.
There are few detailed studies providing empirical analysis of impact of introduction of global account management program within multination companies on their strategic fit.
Strategic fit is usually considered from the perspective of cost and delivery lead time, but it misses possible impact of external factors and drivers related to globalization (like assessment of globalization stage of supplier and customer, assessment of the impact of regulatory framework).

# Purpose of the study

Observing rapidly changing business environment and continuous need of proper understanding of customers' requirements, it is worth to investigating how they affect supply chain. Available literature related to global account management (Yip, Bink, 2007), (Montgomery and Yip, 2000), (Yip, 2014), (Hui Shi et al., 2010), (McNeill, 2005), helps to realize, that one type of distribution channel does not fit all customers. Having model approach allowing to assess the fitness of the supply chain to fulfil the service needs and requirements of any customer, ensuring their satisfaction and do it in the most efficient but also compliant way – could work as a diagnostic tool helping companies to find out where they need to adapt on their path of achieving strategic fit.
It is also important to understand if the required effort to realize improvements is not outweighing expected business objectives. So, a balanced approach is key here.

The purpose of this study is to:
- operationalize approach to achieve strategic fit (Chopra and Meindl, 2016),
- operationalize global account selection scorecard (Yip and Bink, 2007),
- generate specific knowledge on multinational companies operating in industrial automation business, organized in geographic regions, used to serve local customers and assessment of the impact of the introduction of a global account management program has on them and their strategic fit,
- provide recommendations for multinational companies, what they can do to maintain a strategic fit in the dynamic global trade environment.

# Conceptual framework and scope of the research

During this research the impact of the introduction of a global account management program on the strategic fit of a multinational company operating in a global trade environment will be analysed. This impact will be analysed based on the case study of Company B. Concept is visualized in Figure 3.

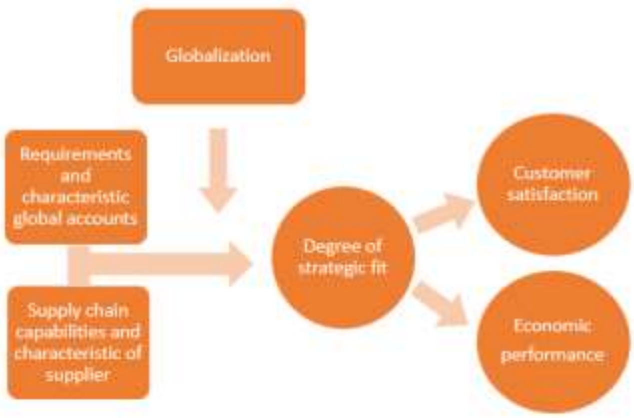

Figure 3. Conceptual framework, which is subject of this study, explaining key factors, constructs and variables and presumed relationship among them.

It is expected that in the first phase of introduction of the global account management program within a multinational company, there is negative impact on its strategic fit, resulting in the negative impact on economic performance and customer satisfaction.

This research will try to test this hypothesis through an empirical study. Besides that, attention will be given to the global environment in which the concept is located and its possibly moderating impact on the degree of strategic fit.

Available literature analysing impact of global environment/globalization on the company's strategic fit will be reviewed. Based on the case study of Company B and literature research, recommendations will be provided on how the companies can maintain strategic fit in this global context.

Research will be done on the hierarchy level as specified on the below scheme:

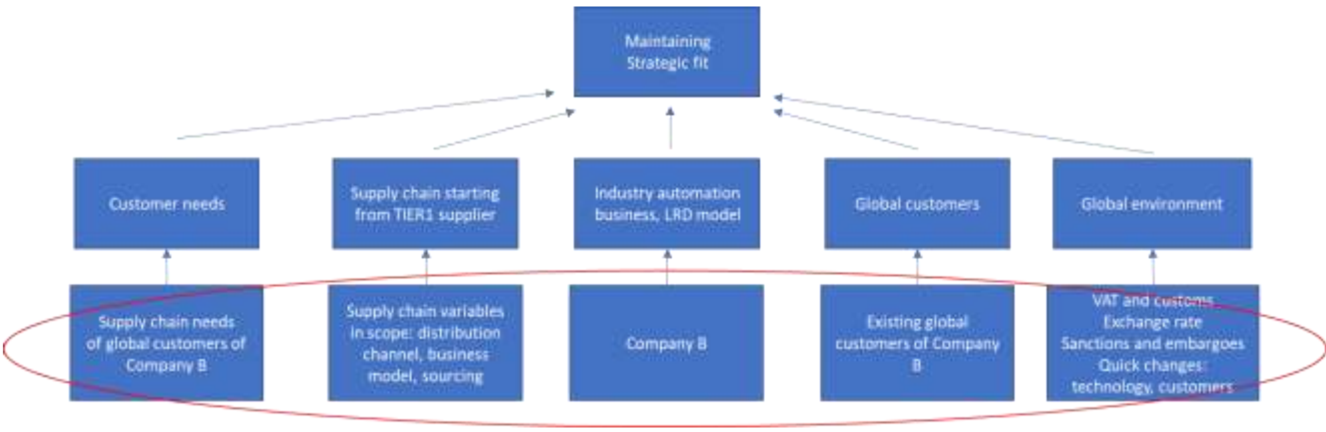


Figure 4. Goal Hierarchy with highlighted area showing research focus.

# Research questions

Main question of this research is:

1. How can the concept of strategic fitness be adapted to encompass dynamics of the global trade environment to ensure company's resilience?

To be able to answer this question available literature related to models and concepts of strategic fitness will be analysed. Based on this analysis, combined with observations from the

case study on impact of introduction of global account management program on the strategic fitness of the Company B, there will be recommendation made how to encompass dynamics of a global trade environment in the concept of strategic fit.
Subquestions supporting in forming an answer to the main question are as follows:

2. What is the strategic fitness and how to measure its degree?

This question will be answered based on the literature research. It is important to understand, in which context strategic fitness is used in this research, since literature offers many definitions.

3. What is the definition of multinational company, global company and global account?

Definitions will be proposed based on the literature review. Company B and its global accounts will be categorized based on provided definitions.

4. How to select a global account?

In order to answer this question, available literature will be analysed to find most suitable methods of global accounts selection. Determined methods will be tested on the global accounts of Company B.

5. What do global customers expect from their global suppliers?

In order to answer this question, survey will be held among global customers of Company B.

Survey will consist of the following sections:

- generic information about customer
- standardization requirements - expected from the side of global accounts)
- flexibility requirements – this section has been added to the survey in order to assess impact of globalness; purpose is to find out whether, and to what extent, customers require their suppliers to react on the changes in the global environment.

Since the population used in the survey is small, results will be cross validated referring to the available literature.

6. How are global accounts impacting strategic fitness of multinational companies operating within the industrial automation business, having regional downstream supply chains and local sales model?

This question will be answered based on the case study of Company B and the impact which the introduction of the global account, having central purchasing organisation, had on this company (perspective of impact on customer satisfaction). It was decided to use customer satisfaction as a measure of strategic fit. This is based on the available theories which are saying that the better the strategic fit, the higher the customer satisfaction.
In order to assess level of fulfilment of requirements of global accounts by Company B, the last section of the survey held among those customers contained questions verifying that. Since it is expected that in the early stage of introduction of global account management program, strategic fit will be negatively impacted leading to the negative impact on customer satisfaction, answers collected during the survey among global accounts will be compared with the customer satisfaction survey held among regular customers of Company B.
In case customer satisfaction of global accounts will be lower than customer satisfaction of remaining customers group, the above hypothesis will be confirmed. Next to the comparison of

customer satisfaction, there will be gap analysis made between requirements of global accounts and capabilities of supply chain based on the case study of Company B, answers collected during the survey and feedback from GAM on the questions in the scorecard.
There will be also reference made to the relevant literature.

# CHAPTER 2. LITERATURE RESEARCH

## Research strategy

At first literature related to global account management and strategic fit was analysed. Research was done, searching on the key words: supply chain strategy, strategic fit, global account management, tailored supply chain, globalisation of supply chain, distribution channels/model. During literature research the snowball method was applied (in the first relevant articles found, its references will be reviewed to find additional relevant articles in this area).
The research approach was built based on the most relevant literature sources.
Besides that, literature was studied in order to find answers to the following questions:

- What is global customer, multinational company, global account?
- What is strategic fit, and how it can be measured?
- What is the impact of globalization on the supply chain?
- How can the concept of the strategic fit encompass dynamic of a global trade environment?

There were 45 relevant sources reviewed. Search was done using the following keywords:

| Keyword | Sum of Number of articles |
|---|---|
| Supply chain strategy | 16 |
| Tailoring supply chain | 15 |
| Impact of globalness on supply chain | 14 |
| Global supply chain | 12 |
| Strategic fit | 10 |
| Distribution channels/model | 6 |

| | |
|---|---|
| Multinational company serving global customer | 6 |
| Global account | 4 |
| Grand Total | 83 |

Table 1. Number of articles found matching certain keyword

Around 60% of reviewed articles where treating about topics related to more than one keyword at ones. Majority of the reviewed literature (60%_27/45) was published in the last 13 years and 15% of the referred sources are dated from 2020. Most of the articles from 2020 are concerned about distribution channels and dynamic modelling. Articles, which are being cited most often are related to the strategic fit and global supply chain/globalness.

Most of articles (51%) reviewed and used for reference are coming from the following sources:

| Source name | Number of articles |
|---|---|
| Book | 5 |
| Website | 4 |
| Harvard Business Review | 3 |
| Researchgate | 3 |
| International Journal of Physical Distribution & Logistics Management | 2 |
| Supply Chain Management: An International Journal. | 2 |
| Supply Chain Management Review | 2 |
| Journal of Marketing | 2 |

Table 2. Overview of literature used per source

Findings from the literature are summarized per keyword in the chronological order (using issue date of the source).

# Analysis of the available literature related to strategic supply chain management

Gonzales-Loureiro, Dabic and Kiessling (2015) reviewed in their research more than 3k articles related to strategic supply chain management (SCM), published in the period between 1990 and 2014. They have concluded that globalization has changed the way firms act strategically, as their supply chains have become complicated webs of global networks with SCM attempting

to build critical linkages externally while managing internally. They admit that supply chains evolved in the relationship area, where customers and suppliers co-produce value and a proper SCM strategy can be a key for competitive advantage and in global strategy (Gonzales-Loureiro, Dabic and Kiessling, 2015, p.23).
At the same time, they discovered that very little SCM research has focused on SCM as the key element in the firm's strategy on what could be labelled as a strategic SCM. As visualized on Figure 5 – SCM Relation Governance as well as Distribution & Logistics Strategic Models were highlighted as areas needing further research.

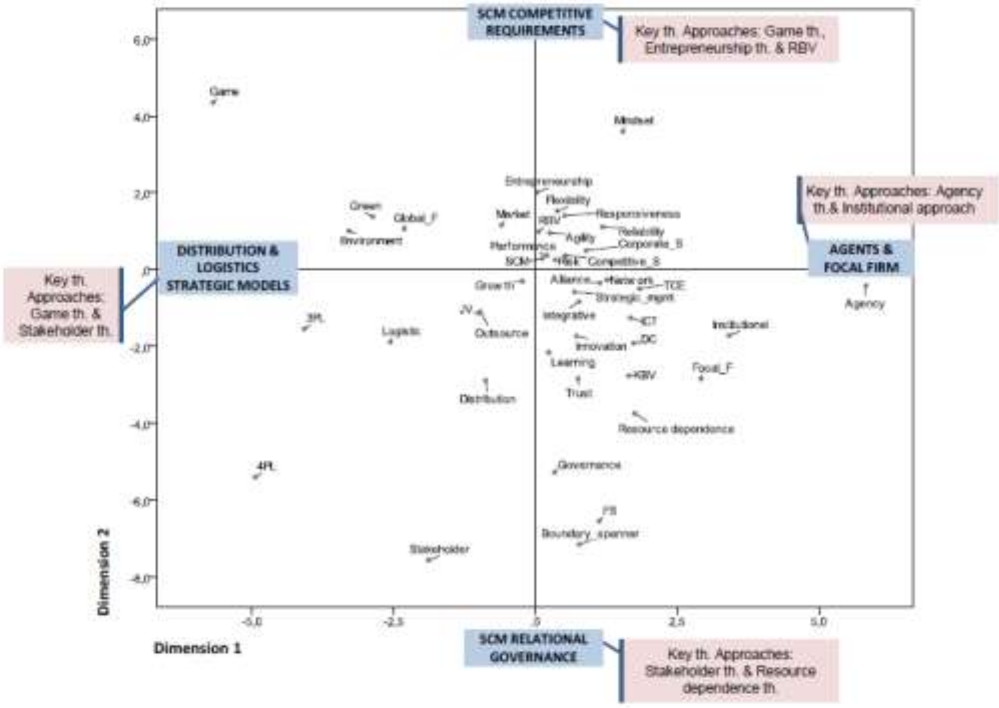


Figure 5. Map of intellectual structure of the research on the strategic SCM (1990-2014).
Source: Gonzalez, Dabic, Kiessling, 2015, p.34.

# Definition of strategic fit

According to Bechtel and Jayaram (1997) strategic fit means that both the competitive and supply chain strategies have the same goal. It refers to consistency between the customer priorities that the competitive strategy hopes to satisfy and the supply chain capabilities that the supply chain strategy aims to build. Supply chain strategy includes what many traditionally calls supply strategy, operations strategy, and logistics strategy. Decisions regarding inventory, transportation, operating facilities, and information flows in the supply chain are all part of supply chain strategy (Bechtel and Jayaram, 1997, p. 9).
Bechtel and Jayaram mentioned same steps leading to achieve strategic fit as Chopra and Meindl (2016):

- understanding the customer and supply chain uncertainty
- understanding the supply chain capability
- achieving strategic fit.

In general, customer needs may vary along several attributes:
- the quantity of products and services required in each lot or order,
- the response time of execution of a service that customer is willing to tolerate,
- the variety of product or services needed,
- the service level required,
- the price of product or service,
- the desired rate of innovation in the product,
- the desired level of quality of the product or service.

Main objective of the supply chain is to maximize the overall value generated. The value of the supply chain is the difference between what the final product is worth to the customer and the effort the supply chain expends in filling the customer request or the services demanded.
The single idea to which all the characteristics of the supply chain contribute is the idea of a trade-off between responsiveness and efficiency. The higher responsiveness required/offered, the lower efficiency and higher cost. Supply chain responsiveness refers to the following tasks:
- respond to the wide range and attributes of products or services demanded,
- meet the strict deadlines and short lead times,
- handle large quantities of orders or a large project execution,
- meet a high service level,
- handle supply uncertainty.

Achieving strategic fit means finding proper zone (see Figure 6), suitable for the company and industry in which company operates, allowing to gain enough profit.

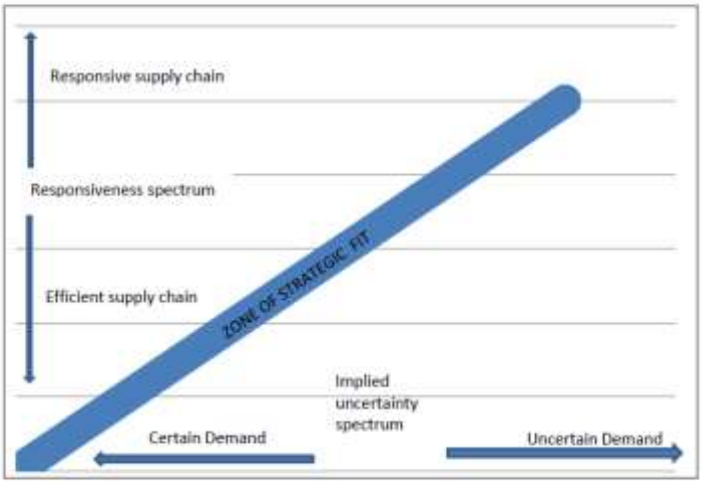


Figure 6. Finding the zone of strategic fit. Source: Bechtel and Jayaram, 1997.

According to Chopra and Meindl (2016) strategic fit is a match between what the supply chain does particularly well and the desired customer needs.

Auster et al. (2016) define strategic fit as an alignment of the company's strategy, structure, capabilities and resources with its external context to positively impact performance. As external environments have become more turbulent and unpredictable, the notion of fit embedded in equilibrium assumptions has evolved from strategic fit to dynamic strategic fit to incorporate this increased complexity and uncertainty. According to the definition of fit by Venkatraman (1989) – "fit as gestalt", environment is typically based on static balance assumptions between (sometimes contradictory) factors like complexity, dynamism, munificence and heterogeneity. According to this concept, performance will be sustained until an external force emerges that creates instability and forces the firm to adapt their strategy to match the environment, thereby achieving fit and balance once again (Venkatraman, 1989; Zajac, Kraatz and Bresser, 2000: 431). That implies that the organization leaps from one fit state to the next as top managers intentionally respond with rationality to external opportunities and threats to optimize profits and performance. In 2000, Zajac, Kraatz and Bresser introduced the concept of dynamic strategic fit (DSF). The driving question underlying DSF is to understand which, when, in what direction, and how much should organizations change their strategies' given specific environmental and organizational contingencies that vary across time. DSF examines the simultaneous multidimensionality and dynamics of fit. Organizational characteristics such as existing resources and competencies, and more complex environmental contingencies impacting on the firm at a specific point in time are incorporated into the DSF view. Thus, in the DSF view, firms achieve 'quasi-fit' intermittently and shifts in fit are required more frequently to create beneficial (but not necessarily optimal) performance. Based on the secondary sources[1] Auster suggest, that in order to capture a more complex perspective on the dynamics of strategic fit, multi-contingency model of the situational factors (organizational size, climate, strategy, technology, environment and management style) and contingency factors (organizational structure and design) that impact organizational performance (efficiency, effectiveness and viability) should be used (Auster et al., (2016), p.2).

According to Kanagavalli and Surya (2017) strategic fit expresses the degree to which an organization is matching its resources and capabilities with the opportunities in the external environment. According to them matching takes place through strategy and it is therefore vital that the company has the actual resources and capabilities which can eventually be developed into a competitive advantage from which the company can profit.

Gligor (2017) focused in his research on assessment of aspects moderating supply chain fit. Supply chain fit has a different definition than strategic fit. Supply chain fit is strategic consistency between the products' supply and demand uncertainty and the underlying supply

1 Burton, Lauridsen and Obel, (2002); Parker and van Witteloostuijn, (2010).

chain design[2], while strategic fit refers to consistency between the customer priorities that the competitive strategy hopes to satisfy and the supply chain capabilities that the supply chain strategy aims to build. Even though strategic fit notion is much wider than supply chain fit, which focuses very much on the supply chain responsiveness, it can be perceived as one of the ingredients in the strategic fit framework (a bit like notion of logistics vs supply chain).

# Measurement of degree of strategic fit

In this research the impact assessment of the global customer (his requirements and globalization level) and supply chain capabilities on the strategic fit of Company B was performed. In order to assess such impact, the measurement method had to be determined. Based on the available literature: Montgomery and Yip (2000), Wagner et al. (2012) and Hochrein et al. (2014) it can be concluded that the better the strategic fit, the higher the customer satisfaction and better economic performance of the company. There are not that many articles providing quantitative ways of measurement of the strategic fit itself.

For this reason, literature treating both possible ways of measuring strategic fit was reviewed:

- direct measurement way – assessment of the strategic fit as a level of fit between requirements of specific customer group and supply chain capabilities,
- indirect measurement way – assessment of economic performance or customer satisfaction level.

In her article: "Supply chain design and analysis: Models and methods", Beamon (1998) listed a number of supply chain performance measures that are important in the evaluation of supply chain effectiveness and efficiency.
Beamon grouped performance measures into two categories:

1) Qualitative performance measures (no single, direct numerical measurement) which consist of:
   a) customer satisfaction, which is comprised of three elements:
- pre-transaction satisfaction,
- transaction satisfaction,
- post-transaction satisfaction,
   b) flexibility: the degree to which supply chain can respond to random fluctuations in demand pattern,
   c) information and material flow integration – the extent to which all functions within the supply chain communicate information and transport materials,
   d) effective risk management – degree to which the effects of the supply chain relationship risk is minimized,

[2] Notion of supply chain fit was earlier used by Wagner et al. (2012).

    e) supplier performance – with what consistency suppliers deliver raw materials (on time and good quality);
2) Quantitative measures, consisting of:
    a) Measures based on cost (cost minimization, sales and profit maximization, inventory minimization, return on investment (ROI) maximization
    b) Measures based on customer responsiveness (fill rate maximization, product lateness minimization, customer response time minimization, lead time minimization, function duplication minimization: minimize the number of business functions that are provided by more than one business entity) (Beamon, 1998, p.288).

Meixel and Gargeya (2005) indicate that usually much emphasis in supply chain management has been on cost reduction, but performance in real-world supply chains has multiple attributes. In 1996 during supply chain council, in order to be able to cover those additional attributes and be able to measure them as well, 70 of the world's leading manufacturing companies developed the SCOR (Supply Chain Operations Reference) framework. With use of SCOR framework, performance of supply chain is measured in terms of reliability, responsiveness, flexibility, cost and assets.

Wagner et al. (2012) investigated relationship between supply chain fit (i.e., strategic consistencies between the products' supply and demand uncertainty and the underlying supply chain design) and the financial performance of the firm. Their findings indicate that the higher the supply chain fit, the higher the Return on Assets (ROA) of the firm. The financial ratio Return on Assets (ROA) was used to measure the financial performance of the firm. ROA as the net income divided by total assets showed how effectively a firm utilizes its assets in generating profits. Following the perspective of "fit as matching" (Venkatraman, 1989), they calculated supply chain fit (SCF) for firm "I", as $SCF_i = |SDU_i - SCR_i|$. In this equation SDU means supply demand uncertainty and SCR – supply chain responsiveness. The deviation score captures the degree of misfit on a continuum between a total misfit and a perfect fit, where lower values indicate greater fit. When $SCF_i = 0$, perfect supply chain fit is achieved (Wagner et al., 2012, p. 343).
This way of measuring strategic fit focuses mostly on supply performance and in this research a more holistic view on the strategic fit will be applied.

Chopra and Meindl (2016) indicate, that for a company, to achieve strategic fit, it must accomplish the following:
1) Competitive strategy and functional strategies must fit together; each functional strategy must support other functional strategies and it in this way helps firm to achieve its strategic goal
2) Different functions in a company must appropriately structure their processes and resources to be able to execute these strategies successfully
3) The design of the overall supply chain and the role of each stage must be aligned to support the supply chain strategy.

The requirement stated above can form a framework which can be used to assess if the strategy related to specific customer group was cascaded and embedded in the processes of specific company and in this way, it could be concluded if strategic fit is achieved. Such gap assessment would provide a holistic view on the strategic fit, while other proposed methods of measurements (Wagner et al., 2012), cover only specific performance indicators (like cost or delivery).

Gene Cornfield (Global Lead for the High-Tech Industry at Accenture Interactive; leading also Accenture's global cross-industry Chief Marketing Officer peer group) in his article published in 2020, indicated that companies cannot say that they are customer-centric if everything they measure is company-centric. He says that KPIs like revenue and growth measure how customers are performing for the company, but organizations that wish to be customer-centric (and maximize growth) must also measure how the company is performing for its customers. He introduces notion of CPI – Customer Performance Indicators, which are supposed to measure performance of the company according to the specific requirements of the dedicated customer group. Examples of such CPIs could be: Quote turnaround time (from the sales perspective), payment flexibility (marketing perspective), first time resolution (customer perspective). Cornfield warns that in order to establish proper CPIs, a company should perform objective and careful research on the customer needs – just to avoid possible traps like "we know our customer and their needs". In order to stay rational with the number of metrics which need to be followed, Cornfield suggest linking CPIs with KPIs, since usually there are proven relationships among them (Cornfield, (2020)). Implementation of such CPIs throughout the whole supply chain could be a nice way of cascading customer requirements and step further towards aligned strategy among different functions. However, as Monahan and Nardone (2007) stated based on example of best practices of Unilever, it is better to develop capabilities which are supposed to lead to fulfilment of customer needs, than to introduce lots of new metrics and wonder afterwards how to meet them.

# Global company, multinational company, global account - definitions

In this research we will be using notions: global company (customer), multinational company, global account. It is important to understand what is meant in this research with each of those terms.
Montgomery and Yip (2000) propose categories of the companies, depending on the stage of their globalization:

a) Domestic company – most of the revenues in home market; products and processed geared primarily to serve domestic customers
b) International company – significant percentage of revenues in international activities; may be separate international division; significant distinction in products and processes between domestic and foreign customers
c) Multinational or multilocal company – extensive international revenues and activities; there may be strong country organization and many value chain activities are duplicated around the world; decisions focused on the needs of local customers in local markets; limited coordination across borders

d) Global company – makes key strategic decisions on globally integrated basis; value chain is geographically specialized and networked; products and processes are designed to be global with capability of local adaptation at minimal cost.

They also provide differentiation among multinational customers, depending on whether they have central purchasing organisation or not:

- Multinational customer buys from the company in more than one country regardless whether they coordinate purchases across countries
- Coordinated multinational customers – buy from the company in more than one country, coordinate purchases across countries.

Global accounts are usually strategically significant customers who create great value for the company and in order to retain them for the long period of time, the company must build some strong possible strategies. 20-80 rule is applicable here: 20 % of total customer base generate 80% of total revenue for the company so simply we can say that 20 % are strategically significant customers for a company. Strategically significant customers create more revenue, more value, loyalty and most of the time makes the company build separate strategy for them. Strategically significant customers purchase more products, lead the trends, sometimes act as a company referrals and most of the time help the company to generate strategies and they are the trend setter (Schneider, Influencer Marketing: What is a Strategically Significant Customer (SSC)?, , 11-07-2020).
Above definitions will be adopted for further use in this research.

# Global Account Management

Mr. George Yip, Professor of Marketing and Strategy at Imperial College Business School, London, Former professor and Co-Director of the Centre on China Innovation at China Europe International Business School (CEIBS) published many articles and spent many years on the research around competitive strategy and global account management. His book, Total Global Strategy: Managing for Worldwide Competitive Advantage (Prentice Hall, 1992; 1995) was selected as one of the 30 best business books of 1992 by Soundview Executive Book Summaries. In the first years of his professional career he was working for Unilever – one of the companies which can be surely considered as global company.
In one of his first publications (1989) Yip analysed aspects of globalization very well. He provided a definition of the global strategy, steps to achieving it, its benefits and drivers. Among the drivers, governmental factors having special interest in this research, were specified as a separate category with the following content: favourable trade policies, technical standards, common marketing regulations. Yip also highlighted the impact of the changes of global environment over time as an important aspect. In the last paragraph of his publication, he indicated that organizations (organization structure, management processes, people, culture) form major limitations in globalization process – however it was his choice not to analyse further relationship between globalization and organisational issues.
Korpela et al. (2000) proposed in his study a framework by which service elements and a company's own strategies can be included in the traditional, cost-based design of the supply chain. His framework was demonstrated with a numerical example and it was based on

integrating the analytic hierarchy process (AHP) and mixed integer programming (MIP). The target was to optimise a company's supply chain based on customer service requirements within the constraints of the supply chain. Korpela suggests similar approach, as applied in the methodology of this research:

1) Define a problem (what needs to be optimized)
2) Determine strategic importance of the customer
3) Analyse customer preferences
4) Evaluate alternative nodes and links in the logistics network
5) Perform MIP based optimisation

The novelty of this research was adding customer preferences into the framework of the supply chain design. Its limitation is that only traditional aspects related to supply chain and logistics were analysed (Quality, Cost, Delivery - QCD performance, flexibility of supplies, Value Added Services), and internal organisation factors, like business model or impact of global environment were not included in the study.

Montgomery and Yip (2000) proposed a framework for global customer management. According to them, it should contain the following factors:

- Globalization drivers in the industries (of customers and suppliers)
- Demand for global customer management (varies per customer's organisational heritage and globalization stage)
- Supply of global services by supplier (varies per supplier's organisational heritage and globalization stage)
- Performance effect (customer retention, share, revenues, profits).

Its visualization is shown on the Figure 7.

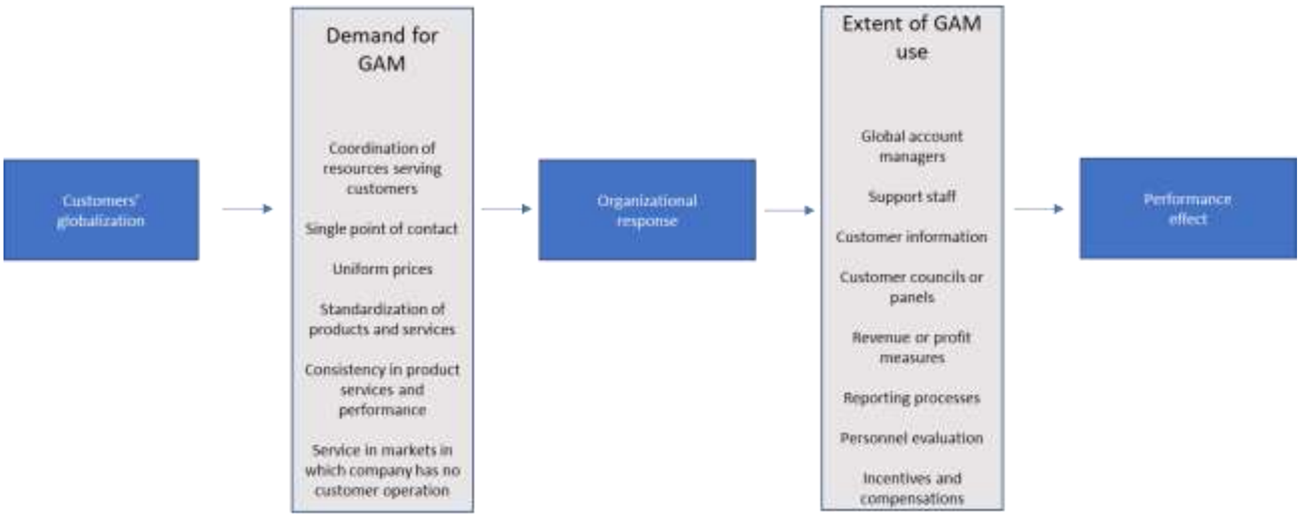


Figure 7. Framework for global customer management (Source: Montgomery, D., B., Yip, G., S., (2000), p. 25).

Montgomery and Yip performed a survey among executives of 191 multinational companies coming from wide range of industries in 33 different countries and regions in order to assess customer demand for global account management as well as extend of the use of global account management by suppliers.
The result was as follows:

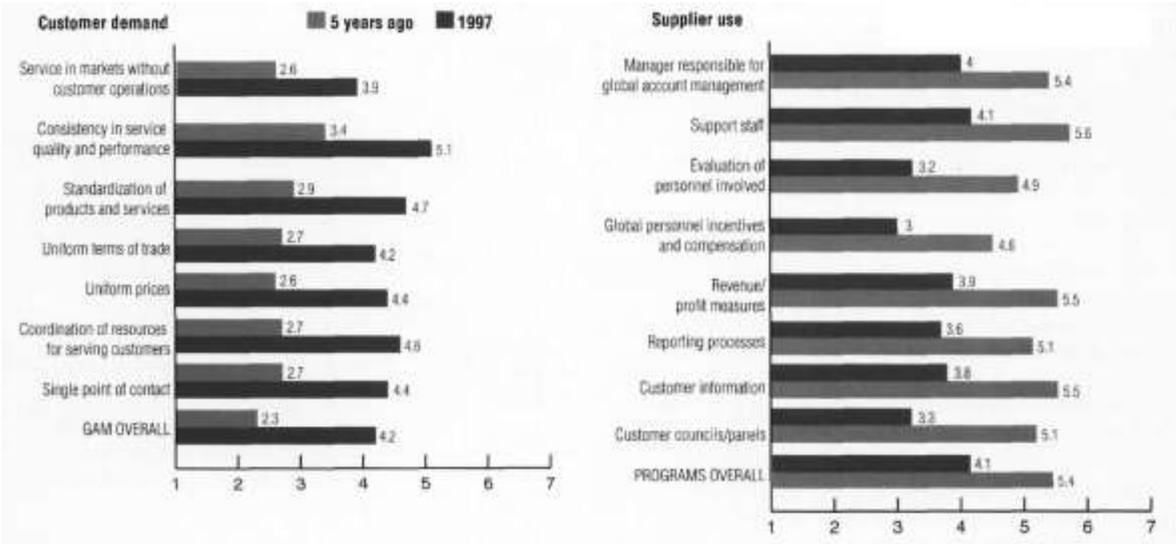


Figure 8. Global account management – customer demand and supplier use (Source: Montgomery, D., B., Yip, G., S., (2000), p. 27).

We could consider that the implementation of the global account management program could be a way to achieve strategic fit for the global accounts. Montgomery and Yip concluded in their research that the implementation of GAM had a positive effect on performance: 20% of overall customer satisfaction, 15% revenues and 15% profits – however the article does not explain how was this evaluated. Another important finding in the research done by Montgomery and Yip (2000) is that global customers do not always buy only in a globally coordinated way. In order to measure a customer's potential as a global account, they propose to use percentage of its purchases done on a globally coordinated basis. Based on the sample taken by Montgomery and Yip (2000), they found that the average revenue from all international customers (many of them can be foreign national customers) was 46%, from multinational customers (can still buy on country-by country basis) was 26% and globally coordinated multinational customers was only 13%. While 13% may seem low, these revenues usually come from most prestigious and sophisticated customers and not many multinational suppliers can afford to underserve them (Montgomery and Yip (2000), p.25).
Based on the articles of Montgomery and Yip (2000) and McNeill (2005) we could conclude that global account management might be "To be or not to be" for multinational companies. However, both highlighted that GAM brings with itself many complex challenges.

Schuiling (2000) finally provides a case study of the example of a market-driven global company – Procter&Gamble (P&G). She questions in her research whether strong globalisation of the strategies (supply-driven) could have negative impact on the market-driven capabilities of the company. The area of interest is standardization of brands started by P&G as a priority project (driven by supply considerations), conceding however the risk that products will not answer perfectly the needs of the local consumers. However, being able to answer this question requires longitudinal study and was not answered by Schuiling.

In his article: “The Go-To-Market Frontier: Global Account Management (GAM)”, McNeill (2005) addresses the question, which is also very relevant for this study: “What can the most highly evolved form of selling/exchange, Global Account Management (GAM), tell us about the shape of future go-to-market systems and the place of the salesperson/facilitator in this system?”
The answer he provides, says that Global Account Management is a single marketing channel within a multiple channel go-to-market system. It’s complexity and sophistication of execution places it at the frontier of economic exchange processes. According to McNeill it is expected to accelerate and form the basis of global competition in the twenty-first century (McNeill, 2005, p. 30).
Mc Neill adopted 4 main go-to-market structures from Zoltners, Sinha, & Zoltners (2001): “Complete Guide to Accelerating Sales performance” which are summarized in the Table below.

| **Go-to-market structure** | **Application** |
|---|---|
| The Generalist Structure | This structure is appropriate when the firm sells a manageable product line and the selling process is relatively homogeneous for all customers and prospects. |
| The Market-Based Structure | This is appropriate when the market is characterized by heterogeneity and complexity. It focuses on customer characteristics and needs. |
| The Product-Based Structure | This form of go-to-market structure is appropriate when the firm has a large, complex, or diverse product line. |
| The Activity-Based Structure. | This is highly dependent on the firm’s products and markets and, thus appropriate when both the firm’s products and markets are heterogeneous. This structure disaggregates the selling process and uses specialized multiple channels in the sales process. For example: (a) A team to sell new accounts and a team to maintain and expand business at existing accounts, (b) Separate selling teams for account management, problem solving, and buy/lease decision making, and (c) An end-user team to generate product |

| | |
|---|---|
| | pull through and a reseller team to manage distributors, manufacturer's representatives, and value-added-resellers (VARs). |
| The Mixed Structure | This is a go-to-market structure that is a hybrid of two or more of the above four fundamental structures. Mixed structures incorporate multiple forms of specialization. They may include product and market specialization – for example, product-based selling teams, each with a national account and generalist team. Or, they may be structured around markets and activities – for example, industry teams, each with its own hunters (new sales, prospecting, or selling) or farmers (account maintenance and servicing). The numbers of combinations that can be made from the four fundamental structures is large. |

Table 3. Go-to-market structures – summary of categories proposed by Zoltners, Sinha, & Zoltners (2001).

Monahan and Nardone (2007) shared information on how Unilever (considered as a global company), aligned its supply chain and business strategies. They have indicated that the key to the success in the Unilever U.S. Supply Chain 2010 project, whose main objective was the alignment of the supply chain and business strategy3, was the development of new capabilities, allowing them to maximize responsiveness to customer needs. Rather than that, many other companies push out a series of new key performance indicators and afterwards try to determine how to meet them.
Monahan and Nardone (2007) shared a list of the lessons learned from the project done at Unilever, however they anticipated that each company is unique and therefore needs to find its own way to move forward in their strategic decision-making process.

Some of the lessons learned relating to the concept of this research are:

- In aligning the supply chain strategy to the business strategy, the supply chain focus needs to start with the customer and then extend back to the company. Without this perspective, supply chain management will tend to focus exclusively on internal cost and return on asset.
- A future horizon must be defined and looked to in establishing a desired future-state vision. The everchanging business environment requires a view to the future in driving new capabilities. (Monahan and Nardone, 2007, p. 6).

[3] Alignment of the supply chain and business strategy is according to Chopra and Meindl (2016) one of the success factors in achieving strategic fit.

Multinational customers have been and continue to be the driving force behind the spread of GAM. These companies recognize that when purchasing is centralized and far-flung units can no longer negotiate their own deals, prices become much more transparent. In addition, by consolidating orders, a buyer can demand bigger volume discounts and manage product specifications and service more effectively. This often means a substantial loss in pricing power for suppliers—and that's not the only negative. All too often a customer's national operations resist abiding by a global contract that requires them to give all their business to a single supplier and, instead, try to continue to pick their own suppliers and dictate their own terms. Even worse, the new organization and processes required to serve global accounts can easily cause costs to soar—especially if customers demand customization. Yip and Bink (2007) found that the cost of GAM per customer adds from $100,000 to more than $1 million to what a supplier had been spending in individual countries for sales and support. Given that a supplier may have scores or even hundreds of global accounts, the total cost of GAM can be enormous. Suppliers hope, of course, that these negatives will be outweighed by the promised positives: a bigger share of existing business and, in many cases, strategic-partner status that will lead to new, higher-value-added business. The problem is that an account may take a long time to become lucrative, if it ever does. So how to decide, whether it is worth adopting GAM program? Yip and Bink (2007) proposed criteria to determine that:

- your products or services need global coordination and are profitable enough to justify it
- your multinational customers want GAM
- your multinational customers are important to your business
- you can gain competitive advantage from GAM.

In order to support process of selection of global accounts, Yip and Bink summarized most important criteria in the form of a scorecard. Categories, which they included as relevant during selection of global account are:

- size and revenue potential: the biggest mistake a company can make is to select global accounts solely on the basis of its current sales to those customers; in general, new sales opportunities are more important than current revenues in selecting global accounts; the immediate gains will come from the national operations that were using other suppliers and now have to use you
- geographic spread: if a customer has large businesses in several countries, it may be a candidate for GAM; however, if its business is concentrated in one market (for example, it has only a few minor operations outside its home country), serving that customer with some form of national account management would be better
- integration capabilities: a customer should not be offered global account status unless it has the structure, processes, and information systems it needs to integrate, or centrally coordinate, global purchases
- strategic importance
- strategical, cultural and geographic fit: supplier must be able to serve global customers in most of their key locations, either by having service operations in

those countries or by arranging for reliable local partners to provide the service
- close and trusting relationship.

When companies chose customer candidates for global account status, the supplier should decide on the form of GAM which should be offered to them. Here again the principle “one size does not fit all” comes into the play. According to Yip and Bink there are two things which often go wrong when offering/setting up GAM program: (1) how much responsibility and power to give the central GAM group and how much to give the national sales organizations, and (2) the trade-off between tailoring GAM programs for individual customers and minimizing the resources that each program consumes. They have also stressed the point that, because relationships with individual customers differ, as do those customers’ needs and capabilities, a supplier would ideally offer different forms of GAM to different customers. Global account management must be addressed in the context of a company’s overall strategy and structure; if one of them changes, the GAM approach may need to change too (Yip and Bink, 2007, p.13). An interesting finding reported in the article of Yip and Bink (2007) is that globally consistent service performance was more important than lower prices to customers seeking global account status, and that many other features of the program were nearly as important as lower prices. That is an interesting insight, since many companies starting with GAM introduction struggle mostly with the set-up of the global prices, since these are fully exposed on the changing environment (fluctuations of exchange rate, changes in import duties) and therefore form risk for the supplier.

Hui Shi et al. (2010) conceptualized GAM strategies and developed and empirically tested integrated theoretical model that links GAM strategies to their drivers and outcomes (see Figure 9 for reference).


Figure 9. GAM strategies – drivers and outcomes. Source : Hui Shi et al. (2010), p.625.

They have specified several GAM strategies:
- Inter-country coordination
- Inter-organizational coordination
- Marketing activities standardization

- Global integration

They have found out that choice of GAM strategy is driven by level of globalization (supplier) and global strategic priority of the customer.
Customer demand has a moderating impact on the performance of GAM and that one impacts relationship continuity.

# Impact of globalization on supply chain and strategic fit

Kogut (1985) underlines the importance of flexibility in global companies as a response to fluctuations in exchange rates, changes in government policies and complexities in competitive moves.
He developed a thesis that the unique content of a global versus a purely domestic strategy lies less in the methods to design long-term strategic plans than in the construction of flexibility which permits a firm to exploit the uncertainty over future changes in exchange rates, competitive moves, or governmental policies (sanctions, embargoes, regulations). According to Kogut, the exercise of strategic flexibility is a moot question, unless the organizational wherewithal exists to coordinate activities internationally. He concludes that central coordination of international activities of the firm is constrained by the need to maintain careful balance between local subsidiary responsiveness and coordination of the global benefits. To be able to do it well, structural configuration of dispersed investment location and market penetration is an important prerequisite along with operational flexibility of the firm to respond to the changes in international environment.

Stephens and Apasu (1986) are also focusing on the topic – how can multinational companies (MNC) exploit global opportunities. Already in 1986, they indicated that the international marketing environment is going to continue to have changes which pose risk (or create opportunity) to the growth and expansion of MNCs. According to them, the source of risk may originate from concerted efforts by countries in the region to link together, promote and share the economic outputs of the region. Success of MNCs will depend on their response to political pressures of each country. MNCs which are flexible in structure, mobile, client-specific and labour-intensive should define their strategic business units as countries. According to Stephens and Apasu, such MNCs can adapt quickly to rapid political changes and can tailor strategies to the political needs of each country. MNCs which are immobile, inflexible and dependent on production on a large scale should define strategic business units (SBUs) as economic regions. The nature of such MNCs requires proactive regional strategies which emphasize inter-country dependencies. Example of a major European MNC which has successfully defined country units as SBUs is Unilever. Unilever, sometimes described as a most multinational of companies, operates in 78 countries and in over 500 types of different businesses and has over 320000 employees. Company's CEO confirmed choice for this organisation saying: Unilever "services the consumer market… in food and detergent and other things…and there are trends and fashions for those products that are different from country to country" (Stephens and Apasu, 1986).

Cohen et al. (1989) present the main features that differentiate an international (global) supply chain model from a single-country (local) model.
The most important characteristics mentioned in the paper are:

- the necessity of treating multinational firms as global systems to obtain economies of scale in order to reduce raw material and production costs;
- the existence of duties, tariffs, and differential tax rates among countries;
- random fluctuations of currency exchange rates;
- the existence of constraints not considered in single-country models, such as local content rules.

To consider these characteristics, the authors formulate a normative model that is dynamic, nonlinear MIP (Mixed Integer Programming) model. The model is nonlinear due to the inclusion of financial variables to determine transfer prices and allocate overhead derived from fixed vendor costs to plants. A heuristic method that initially fixes the transfer prices and allocated overhead variables is presented. Fixing these variables transforms the model into a tractable linear MIP model. After solving this simplified model, the optimal values of the financial variables are determined, and the process is repeated until an acceptable solution is obtained. The authors do not present any computational experience, but they state that some variants of the model have been successfully carried out by them and/or other researchers. However, no specific results are reported in this paper (Vidal, Goetschalckx, 1997, p.7). They conclude that the rapid change of the global economy tends to lead to the homogenization of international scenarios, which are being facilitated by the different international trade agreements. Vidal and Goetschalckx (1997) suggest that new quantitative tools should be flexible enough to adapt to the continuous change of Global Logistics Systems and that they would probably be easier to develop under the uniform conditions – herewith they meant creation of European Union (Vidal, Goetschalckx, 1997, p.16).
This article was written just 4 years after the initiation of trade agreement between countries of Europe – European Union. 23 years later it is also known that these kind of structures are vulnerable for changes. Uncertainty around a way, in which United Kingdom will leave EU (Brexit) caused big impact on international trade in 2019, and more can be expected, as it seems that we will deal with hard Brexit as of January 2021.
Looking at the geopolitical environment in the last years, one thing can be concluded: Global Logistics System (GLS) is imposed to continuous change and any quantitative tools supporting any GLS related decisions should be flexible to adapt to them.

In his book – Total Global Strategy: Managing for Worldwide Competitive Advantage - published in 1992, Prof. Yip provides a general framework for diagnosing and developing a globalization strategy. When deciding what aspects of the strategy should be globalized, managers are advised to analyse industry conditions – “industry globalization drivers” – to evaluate the benefits and costs of globalization. (Lascu, Yip, 1994, p.122). Role of each driver is explained in detail as well as its role in relation to other components.

Yip specifies four categories of globalization drivers:

1) market drivers: that market globalization conditions (drivers) depend on the behaviour of consumers, structure of the distribution channels and nature of marketing and industry
2) cost drivers: depend on the economics of business and include global scale economies, steep experience effects, favourable logistics, differences in country costs, high product development costs and fast-changing technology; they tend to have more impact on the global activity location, global market participation and global product levers
3) government drivers: depend on the rules and regulations set by the national governments and include favourable policies, compatible technical standards, common marketing regulations, government-owned competitors and customers; they affect all global strategy dimensions
4) competitive drivers: depend on the actions of competitors and include high export and imports, competitors from different continents, and the interdependence of countries and globalized competitors; they affect all global strategy dimensions.

Yip highlights that global location of activities is likely to lead to cost reduction, improved product quality, enhanced customer preference and overall increased competitiveness. On the downside, it may lead to lessened responsiveness to customers, increased currency risk and high risk of creating competitors. For this reason, he recommends blending of flexibility with uniformity to reduce costs, enhancing customer preference through reinforcement and improving effectiveness of the marketing program.

Beside looking at the external factors driving globalization, he also presents a framework of the organization and management factors that determines a company's ability to implement a global strategy. He indicates that these factors (see below) affect the use of global strategy, but also impact one another:

- organisation structure, comprising the reporting relationships in the business,
- management processes, such as planning and budgeting,
- human resources of the business,
- values and unwritten rules that guide behaviour in the worldwide business.

The publication of Yip (1992) ends with an appendix providing an actual worksheet for evaluating the core strategy and helping to determine what globalization strategy should entail. The novelty in this book, related to the global strategy, is that author stresses the need of implementing global strategy at the business level, while most previous publications concentrated on the corporate level.

Beamon (1998), in her article related to models and methods for supply chain design and analysis, specified that in case of the global supply chain (supply chains that operate, i.e., contain facilities, in multiple nations) there are additional considerations affecting supply chain performance which are not present in supply chains operating in a single nation. Those considerations are:

- export regulations
- duty rate
- exchange rate.

As Beamon (1998) stated, multinational (global) supply chains and their performance are usually affected by some global factors: duty rate, export regulations, exchange rates. There is one aspect which all three factors have in common: they are subject to continuous fluctuation. For the globally operating companies, in order to become more resilient, they need to build in certain flexibility in their processes and organisation, helping them to adapt to those changing environmental factors. However, since supply chain management goes beyond a firm's boundaries, the flexibility strategies must also extend beyond the firm.
Duclos, Vokurka and Lummus (2003) proposed conceptual model of supply chain flexibility. Components of their model are:

1) Operations system flexibility (ability of manufacturing and service to configure assets and operations to react to emerging customer trends
2) Market flexibility (ability to mass customize and build close relationships with customers)
3) Logistics flexibility (ability of cost-effective receipt and delivery of products)
4) Supply flexibility (ability to reconfigure supply chain in line with customer demand)
5) Organisational flexibility (ability to align labour force skills to the needs of supply chain based on customer demands)
6) Information system flexibility (ability to align information system architectures and system with changing information needs of the customer or organisation, as it responds to the customer demands).

Meixel and Gargeya (2005) in their paper reviewed the model-based literature for the global supply chain design problem and examined it using dimensions related to ongoing and emerging issues in supply chain globalization. As ongoing issues in global supply chain design (and disadvantages vs domestic one) are:

- substantial geographical distances – impacting transportation cost and complicating decisions about inventory cost tradeoffs,
- different local cultures languages and practices,
- infrastructural deficiencies in developing countries in transportation and telecommunications,
- inadequate worker skills, supplier availability, supplier quality, equipment and technology,
- variability and uncertainty in currency exchange rates,
- economic and political instability and changes in regulatory environment.

As emerging issues in global supply chain design, they name:

- firms are increasingly outsourcing to both domestic and global locations,
- firms experiencing sourcing problems as enterprise-level concern, try to integrate decision processed across tiers in the supply chain,
- broadened definition of the supply chain performance, as mission, strategy, objectives can vary based on the value of the product offered to the customer.

In their research, Meixel and Gargeya compared many supply chain design models and found that, in case of models developed prior to 1990, corporate taxes and duties were a prominent issue and the favoured technology was the production-distribution model. In the period between 1991 and 1995, variability and uncertainty in exchange rates became primary

concerns and in order to address it, stochastic programming and option valuation models were used. Also, in this period researchers started to introduce new objectives other than cost and profit – for example, activity duration.
In the period between 1996 and 2000, there was continued interest in uncertainty of parameters and attention given to transfer price and supplier selection decision. After 2000, researchers start to use new technologies for supply chain design – network equilibrium models and multi-phase approach to deploy multiple technologies.

In case companies are trying to find a balance between being (or becoming) global (from the perspective of product launch) and local (to stay close to the customers and make sure they understand their needs and requirements well), sooner or later they will need to face the challenge of internal organisation structure. Yip already touched upon the issue of changing organization structure as an effect of changing buy-sell model and customer-supplier relationship (Figure 2). Companies like IBM and Procter&Gamble are examples of these companies, which managed that issue successfully. Galbraith (2009) in his book: "Designing Matrix Organization that Actually Work" analysed the approach of those companies and proposed the STAR model as a guideline for the companies seeking an answer to how should they implement matrix organization in a proper way.

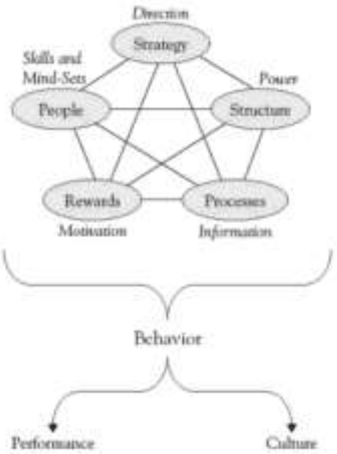


Figure 10. STAR model. Source: Galbraith (2009), p.18.

Wagner et al. (2012) expected that external environment would be impacting the relationship between supply chain fit and economic performance of the companies. In their research, which was trying to prove a positive relation between supply chain fit and company performance, they considered following variables as influential:

- country effects: economic, political, and cultural differences influence the strategic and operational possibilities of firms and therefore might influence profitability,
- firm age (number of years since firm foundation): firm age might be related to firm performance, and, firm age might influence the status of implementation of supply chain management practices,
- firm size: larger firms might have more market penetration power than smaller firms and thus might be more profitable; smaller firms might be more innovative, and therefore more profitable; smaller firms might have fewer financial and managerial

resources than larger firms for the implementation of supply chain management practices,
- competitive intensity: the extent to which a firm perceives its competition to be intense and the extent to which it competes to retain its market share,
- industry effects: with respect to supply chain priorities and practices.

Unfortunately, from the study it did not become clear what the effect of the above variables are on the construct of strategic fit and economic performance. Longitudinal study would be needed to be able to draw some conclusions.

Hult, Closs and Frayer (2014) applied guidance of Montgomery and Yip (2000) and focused in the first instance on the first factor of the framework which Montgomery and Yip proposed: Globalization drivers.
They have tried to answer very important questions, which management of each company should try to answer, prior to determination of global strategy and implementation of global account management program:
a) How global is the industry?
b) How global should the strategy be?
c) How global should supply chain be?

They state that global supply chains forecasted to increase their strategic performance from 21 to 25 percent in 5 years and the need for the companies to become 43% more global in the coming 10 years to stay competitive. They have offered comparative ranking of the main industry globalization drivers, based on data. Each score is based on a 100-point scale, where a score of 100 represents a fully globalized driver and zero represents fully domestic-oriented driver. See comparative ranking below (Figure 11).


Figure 11. Industry globalization drivers. Source: Hult, Closs, Frayer, (2014), p. 8.

As we can see based on Figure 11, the largest improvement in globalization drivers is seen for the government (from 61 to 75 in 10 years). Still, the government drivers remain the toughest aspect of globalizing supply chain efforts. It is the case today and it will be in five and ten years, respectively. Clearly, national governments, albeit improving, will maintain their "bureaucratic" reasons (sometimes) hindering globalization of supply chains even more (Hult, Closs, Frayer, (2014), p.8). Hult, Closs and Frayer advise that the absolute key success factor in achievement of increasing globalisation of supply chain is coordination within and across companies in the global supply chain.
They come with a proposal of coordination framework between key functions within global supply chain (see Figure 12).


Figure 12. Needs of coordination, in order to increase supply chain globalization and with that also profit of the company. Source: Hult, Closs, Frayer, (2014), p. 3.

What is missing in this framework is supportive function of customs/trade compliance role, to be able to assess possible global customer implementation scenarios, advise on best fitting transactional model and General Terms and Conditions of Sales, from the perspective of trade compliancy. Such a person is usually also aware of the upcoming changes in VAT regulations, customs law and customs formalities and can take them into account while advising business in trade matters.

Gligor (2017) performed an assessment of aspects moderating supply chain fit. Even though the strategic fit notion is much wider than supply chain fit, which focuses very much on the supply chain responsiveness, it can be perceived as one of the ingredients in the strategic fit framework (a bit like notion of logistics vs supply chain). For this reason, research performed by Gligor is very interesting, since its results can be extrapolated towards strategic fit.
He argued that perfect supply chain fit will always lead to improved financial performance because the benefit generated by perfect supply chain fit might be offset by the resources

deployed to achieve that fit. He used archival and survey data to evaluate moderating effects of six dimensions of environmental uncertainty: munificence, market dynamism, technical complexity, product diversity, geographic dispersion on the relationship between supply chain fit and financial performance.
Based on the statistical tests he performed, the following was found:

- supply chain fit is positively related to performance
- munificent environments: relationship between supply chain fit and firm performance is greater in highly munificent environments
- market dynamism affects relationship of supply chain fit and firm performance; high degree of supply chain fit retards performance in highly dynamic environments
- technological dynamism: there is no impact of technological dynamism on relationship between strategic fit and firm performance
- technical complexity: in environment with high technical complexity there is no impact of strategic fit on firm performance, however in environment with low technical complexity firm performance improves with degree of strategic fit
- product diversity: positive relationship between strategic fit and firm performance is weaker in environments in which product diversity is high
- geographic dispersion: positive relationship between supply chain fit and firm performance is weaker in environments in which geographic dispersion is high

Based on above we can conclude that the more dynamic and complex/diverse environment is, the weaker relationship between strategic fit and company performance.

# Take-aways for the research

Literature research has been performed in order to find answers to some of the questions posed in this research. Below there is proposal of the answers to all subquestions beside question 5 – since this question is going to be answered based on the empirical data. Answer to the main question – question 1, is proposed at the end.

## 2. What is the strategic fitness and how to measure its degree?

Definition of the strategic fit of Chopra and Meindl (2016) was applied in this research. This definition describes strategic fit as a match between what the supply chain does particularly well and the desired customer needs, in its wider sense. Such explanation of a strategic fit is very well accepted in the scientific world and the evidence for that can be a high number of citations of the publication of Chopra and Meindl: “Supply Chain Management – Strategy Planning and Operation” and references to this specific definition in other publications, like Bechtel and Jayaram (1997). Besides that, all other definitions of strategic fit, found in the reviewed literature, have very similar meanings. Measurement of the strategic fit in its holistic view is not easy to perform. Indirect measurement could be done, through verification of level of customer satisfaction or economic performance (Montgomery and Yip, 2000, Wagner et al. 2012), however there are many variables which may impact those results (Wagner et al. 2012).

In order to validate whether a specific company fulfils requirements to achieve their strategic fit (match between customer needs and what supply chain does particularly well in a broad sense), gap analysis of the company strategy vs requirements determined by Chopra and Meindl (2016)[4] seems the most suitable.

## 3. What are the definitions of a multinational company, global company and global account?

Montgomery and Yip (2000) provided categories of the companies depending on the status of their globalization. According to their research a multinational company has extensive international revenues and activities. It may have a strong country organization and many value chain activities may be duplicated around the world. Decisions are focused on the needs of local customers in local markets and cross border coordination of activities is limited.

A global company makes key strategic decisions on a globally integrated basis. The value chain is geographically specialized and networked, and products and processes are designed to be global with capability of local adaptation at minimal cost.

Global accounts are strategically significant customers who create great value for the company. The 20-80 rule is applicable here: 20 % of total customer base generate 80% of total revenue for the company so simply we can say that 20 % are strategically significant customers for a company. Strategically significant customers purchase more products, lead the trends, sometimes act as a company referrals and most of the time help the company to generate strategies (Schneider, Influencer Marketing: What is a Strategically Significant Customer (SSC)? 11-07-2020).

## 4. How to select a global account?

There are many factors which need to be considered prior to taking decision about offering customer global account status (Yip and Bink, 2007). Therefore, such a decision should be

[4] 1) Competitive strategy and functional strategies must fit together; each functional strategy must support other functional strategies and it in this way helps firm to achieve its strategic goal
2) Different functions in a company must appropriately structure their processes and resources to be able to execute these strategies successfully
3) The design of the overall supply chain and the role of each stage must be aligned to support the supply chain strategy (Chopra and Meindl, 2016, p.33)

supported by the Scorecard, e.g. the one developed by Yip and Bink. The most important factor is that the economics are favourable in order to build the global relationship (costs of GAM should not outweigh achieved profit). It is important to remember that GAM does not have one standard form. GAM program should be customized based on the customer needs, customer profile, supplier profile and supply chain capabilities. There is no approach which would fit all accounts (Zoltners, Sinha, & Zoltners (2001), McNeill (2005), Yip and Bink (2007), Hui Shi et al. (2010)).

# 6. How are global accounts impacting strategic fitness of multinational companies?

According to Montgomery and Yip (2000), the implementation of GAM has a positive impact on performance: 20% of overall customer satisfaction, 15% of revenues, and 15% of profits. They also suggest that better strategic fit leads to the improved economic performance and customer satisfaction. So, we could say that based on their study, introduction of global accounts (followed by global account management program) has positive impact on the strategic fitness of multinational companies.
With the implementation of global accounts, the need of global coordination of key supply chain functions arises[5] (Hult, Closs, Frayer, (2014)). In the process of globalization, where the introduction of global accounts is one of the steps in this direction, organizations themselves (organisation structure, management processes, people and culture) form the biggest challenge (Yip, (1989)). Requirements imposed by global accounts force multinational companies to align supply chain and business strategies. In the case of Unilever, the key factor to achieve such strategy alignment was the development of new capabilities allowing the maximalization of the responsiveness to the customer needs (Monahan and Nardone, (2007)). Demand of global accounts impact performance of the GAM program offered by the supplier and the level of GAM performance seems to impact customer-supplier relationship continuity (Hui Shi et al., (2010)). That all means that introduction of GAM program is a very challenging process, which requires careful coordination in order to bring aimed profit.
The important part of the Global Account Management program is coordination of activities on the global scale. The global environment is characterized by dynamism, and unfortunately it has been found that the economic performance of a company with a high strategic fit reduces in a highly dynamic environment. High geographic dispersion and high product diversity also have a negative impact on the relation between strategic fit and economic performance (Gligor, (2017)). Following the logic that economic performance is positively impacted by a higher level of strategic fit, we could say that the introduction of global accounts (with certain characteristic) have a negative impact on multinational companies.

[5] For reference see Figure 12.

# 1. How can the concept of strategic fitness be adapted to encompass the dynamics of the global trade environment to ensure continuous strategic fit for multinational companies?

The global trade environment is characterized by dynamism: fluctuations in exchange rates, changes in government policies and complexities in competitive moves. If a company is about to develop a global strategy, long-term strategic plans are much less important than improving the flexibility of the company's organisation structures and processes, which would permit the firm to exploit these uncertainties (Kogut, (1985)). However, when the focus is on the strategic fit of multinational companies in a global environment, building in flexibility in single organisation structure will not be enough. The concept of flexibility should be implemented across the whole supply chain (Duclos, Vokurka, Lummus, (2003)).
The success of a multinational company (MNC) will depend on its response to the political pressures of each country. The company should understand its capabilities, limitations and dependencies and organize themselves in the most suitable way, which would minimize risk related to the impact of the dynamic environment (Stephens and Apasu (1986)).
Globalisation of companies and their profits (cost reduction, improved product quality, increased competitiveness) do not always go hand in hand with responsiveness to customers and will likely introduce risks related to currency fluctuations. The best approach in such situation seems to be a blended (or hybrid) solution ensuring flexibility and standardization (Yip, (1992), McNeill, (2005), Zoltners, Sinha, & Zoltners (2001)).
The possibility of creating a hybrid approach should be supported by the new technologies of supply chain design – network equilibrium models and multi-phase approach to deploy multiple technologies (Meixel and Gargeya, (2005)).
Additionally, in order to be able to find a balance between being (or becoming) global (from the perspective of global launch) and local (to stay close to the customers and understand their needs and requirements well), the internal organisation structure might need to be reviewed. A STAR model could be a guideline for the organizations trying to find out how to implement a successful matrix organisation (Galbraith, (2009)).
Chopra and Meindl (2016) were indicating that in case strategic misfit occurs, companies need to adjust either their processes or strategy. Auster et al (2016) proposed to apply in this case concept of Dynamic Strategic Fit – "Fit as system" perspective. According to her, a model of strategic fit should contain multi-contingency factors, such as:

- situational factors
- organization size
- organization climate
- strategy
- technology
- environment and management style
- contingency factors
- organizational structure and design → impacting organization performance.

# CHAPTER 3. METHODOLOGY

According to Chopra and Meindl (2016), steps to achieve strategic fit are:

1) Understand the customer and supply chain uncertainty: company must understand the customer needs for each targeted segment and the uncertainty these needs impose on the supply chain
2) Understand the supply chain capabilities: each of the many types of supply chain is designed to perform different tasks well. A company must understand what its supply chain is designed to do well
3) Achieving strategic fit: if a mismatch exists between what the supply chain does particularly well and the desired customer needs, the company will either need to restructure the supply chain to support competitive strategy or alter its competitive strategy (Chopra and Meindl, 2016, p.34).

The above steps were used as a framework for this research.
Operationalization of 1):

a) Validation of global accounts using GA selection scorecard

In case of this research, we are focussing on the special customers group: global accounts of Company B and impact of early phase of introduction of global account management program on the strategic fit of the Company B.
In order to validate whether customers selected and managed by Company B as a global account should be treated as such, the scorecard proposed by Yip and Bink (2007) was applied. Global account Managers (GAM) responsible for those accounts were requested to provide answers to the questions in the scorecard. The scorecard was slightly modified: questions were categorized into 6 main sections:

1) Business value – 3 questions – 30 points
2) Geography – 1 question – 10 points
3) Integration capabilities – 8 questions – 16 points
4) Strategic importance – 2 questions – 10 points
5) Fitness – 3 questions – 30 points

6) Relationship – 1 question – 10 points

Business value has one of the highest weights in the scorecard, since it is important for the company to ensure that investment in GAM will be returned. Fitness – referring to the geographic, cultural and strategic fit - has as high weight as business value of global account, since as we learned from the literature that the concept of strategic fit of multinational and global companies is placed in the environment with various globalization drivers, depending on industry, company size and age, competitors moves (Yip, (1992), Meixel and Gargeya (2005), Gligor, (2017)). Whenever a global account and its supplier have a better cultural, strategic and geographical fitness, the bigger the chance that relationship of strategic fit and economic performance will be less vulnerable to the impact of external factors (Gligor,(2017)).
Integration capabilities have a slightly higher weight than the remaining categories, since they are an indication of future effort (investment), which the supplier might need to put into the GAM program for the specific customer.
Making careful decisions about assigning customer status of a global account is particularly important, since GAM programs require investment by the supplier. Therefore it is important to understand that the effort is worth it.
The scorecard used allows us to identify GA candidates by assigning scores from zero to ten. The key below is used to evaluate the customers' total scores (see Table 4).

| Total score | Score (% of total) | The customer is |
|---|---|---|
| 0-26 | 0-25% | not a good prospect |
| 27-52 | 25.5%-49% | worth considering |
| 53-79 | 50%-75% | a very promising prospect |
| 80-106 | 75.5%-100% | should be one of your key global accounts |

Table 4. Key to judgment of the result of GA selection scorecard

b) Assessment of the GA needs and requirements

After validating whether the selected global accounts are worth focussing on, assessment of their needs and requirements was performed in order to understand what kind of uncertainty/impact would be imposed by those requirements on the current supply chain of Company B.
Information on the requirements of Global Accounts of Company B was collected with the use of survey method, and questions were developed based on the research related to the global customer demand done by Montgomery and Yip (2000). They identified a list of global customers' requests for specific aspects of GAM based on exploratory interviews. One of added values of this research is testing completeness of this list in practice. In case the list of requirements proposed by Montgomery and Yip would appear not exhaustive, there were also open questions built into the survey, allowing customers to add any additional requirements they might have. In order to avoid ambiguity, customers had to provide answers using the Likert scale. This allows prioritization of the requirements. One of the expectations in this

research is that progressing globalization has an impact on the requirements of customers. Since global trade environment is being characterized by dynamics and quickly occurring changes, it is expected that customers would require certain degree of flexibility from their suppliers to be able to respond to those changes. In order to investigate that, section focussing on flexibility requirements was added to the survey. Questions posed in this section were developed based on the "Conceptual model of supply chain flexibility" of Duclos, Vokurka and Lummus (2003). The concept proposed by them is very well accepted in the scientific world, since their work was cited already more than 1000 times. The average number of citations of the publications used for references in this research, published between 2000 and 2006, was 700.

Operationalization of 2):

In order to understand supply chain capabilities of Company B, there was a desk research performed and a case study of company B including its strategy. At first, a brief introduction of the Company B, its structure, sales/distribution model, supply chain network and product portfolio will be described. Next to that, a competitive and supply chain strategy of the company will be shortly explained.
The case study will be performed in order to understand if Company B should be considered as a global or multinational company (definition of Montgomery and Yip (2010)), and what factors are affecting the ability of Company B in implementation of the global strategy. The case study is suitable for this purpose, since it allows us to illustrate theories, but also, through the collection of the empirical data, to come to new ideas on what is impacting the concept which is the subject of the study.

Operationalization of 3):

This will be an empirical study.
There are confirmed theories that better fit impacts companies' economic performance and customer satisfaction (Hochrein et al., 2014), (Montgomery and Yip, 2000). It can be considered that customer satisfaction and economic performance of the company are indirectly related. In a situation where a customer is not satisfied with delivered goods or services, in many cases complaints are raised and corrective actions/rework might be required, causing hidden cost, which impact on the economic performance of the company. As a measure of a strategic fit, the best possible match between capabilities of the supply chain and customer needs will be considered. In other words, the most effective and efficient delivery of the expected value towards the customer. In order to determine whether the introduction of the global account management program had an impact on the strategic fit, we will look at the following:

- Customer satisfaction global accounts
- Customer satisfaction other accounts.

Besides that, there will be an inventory made of the supply chain capabilities of Company B and comparison made between needs of the regular customers and global accounts – taking Procter&Gamble as an example.

As a framework for GAP analysis, requirements to achieve strategic fit listed by Chopra and Meindl (2016, p.33) will be used:

1) Competitive strategy and functional strategies must fit together; each functional strategy must support other functional strategies and, in this way, help firm to achieve its strategic goal.
2) Different functions in a company must appropriately structure their processes and resources to be able to execute these strategies successfully.
3) The design of the overall supply chain and the role of each stage must be aligned to support the supply chain strategy.

The aspects listed below will be compared:

a) Suitability of the distribution model depending on the global customer type[6]
b) Globalization level (global footprint of customer and Company B).

In the situation where Company B is not able to effectively apply a standard distribution model due to the need for additional VAT registration or due to the need to extend its transaction chain, and so increasing the complexity of their transactional flow, it can be judged that current distribution model is less suitable to serve a specific global customer.
In order to answer the main question of this research:
"How can the concept of strategic fitness be adopted to encompass dynamics of the global trade environment to ensure continuous strategic fit for multinational companies?" the trade environment and its impact on the concept of strategic fit will be more deeply evaluated, reflecting on the case of Company B in the context of the available literature.

The following aspects of the global trade environment will be considered:

- Legal framework of international trade: VAT and customs regulations
- Exchange rate
- Dynamic trade scene – unexpected changes in the trade barriers and sanctions
- Quickly changing wishes and requirements of the customers.

The ultimate purpose of the research is to provide recommendations for multinational companies, serving global customers, on how they can encompass aspects of globalization in the concept of the strategic fit to ensure a company's resilience.
A summary of the research activities and research methods to be applied is presented in the table below.

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[6] According to Yip (1989), there are two types of global customers: national (searches the world for suppliers but uses the purchased product or service in one country) and multinational (searches the world for suppliers, but uses the purchased product or service in many countries).

| No. | Research Chapter | Activity | Research method | Selected theoretical framework | Method limitation | Way of minimization of bias of applied research method |
|---|---|---|---|---|---|---|
| 1 | Research method | Define topic of the research and its deeper understanding | Literature review | n.a. | Lack of evaluation of sources used | Evaluation of the sources (citations, credibility of the authors) |
| 2 | Literature review | Literature review to determine study gaps and find theoretical research framework | Literature review | Seuring S., Müller, M., (2008) | Lack of evaluation of sources used | Evaluation of the sources (citations, credibility of the authors) |
| 2 | Methodology | Building of conceptual framework to approach research | Literature review | Chopra and Meindl (2016) | Lack of evaluation of sources used | Evaluation of the sources (citations, credibility of the authors) |
| 3 | Methodology | Development of method of evaluation of requirements and needs of global accounts | Literature research | Montgomery and Yip (2000) and Duclos, Vokurka and Lummus (2003) | Lack of evaluation of sources used | Evaluation of the sources (citations, credibility of the authors) |
| 4 | Methodology | Determination of definition of supply chain fitness and methods of its measurement | Literature research | Chopra and Meindl (2016) | Lack of evaluation of sources used | Evaluation of the sources (citations, credibility of the authors) |
| 5 | Methodology | Determination selection criteria for global accounts | Literature review | Yip and Bink (2007) | Lack of evaluation of sources used | Evaluation of the sources (citations, credibility of the authors) |
| 5 | Methodology | Determination method of assessment of impact global accounts have on supply chain fitness of multinational companies | Literature research | Chopra and Meindl (2016) | Lack of evaluation of sources used | Evaluation of the sources (citations, credibility of the authors) |
| 6 | Methodology | Determine method of answering question on how can the concept of supply chain fitness take into account dynamics of the global trade environment | Literature analysis | Auster et al. (2016) | Lack of evaluation of sources used | Evaluation of the sources (citations, credibility of the authors) |
| 7 | Data Collection - secondary sources | Literature review to answer some of the research questions (1, 2, 3, 4 and 6). | Literature review | | Lack of evaluation of sources used | Evaluation of the sources (citations, credibility of the authors) |
| 8 | Case study | Case study of Company B in order to provide an answer to the question 6 | Case study | Ellram L., (1996) | Lacking scientific rigour and providing little basis for generalization of results to the wider population | Cross validation of results vs available literature |
| 9 | Data Collection | Collection of the data from GAM in the form of Scorecard with global account selection criteria | Scorecard | Montgomery and Yip (2000) and Duclos, Vokurka and Lummus (2003) | | |
| 10 | Data Collection | Survey among global customers of Company B to understand their requirements towards global suppliers | Survey | Yip and Bink (2007) | Bias due to low response rate, unanswered or misunderstood questions | Pre-test of the survey on objective audience; Methods of prevention from not answered questions |
| 11 | Data Collection | Comparison of customer satisfaction level between two groups of customers – Global Accounts and others | Comparative analysis | - | Too many theories fitting same data | Cross validation of result using alternative method |
| 12 | Data Collection | Gap analysis between requirements of global accounts and capabilities of supply chain of Company B | Gap analysis | Chopra and Meindl (2016) | Wrong interpretation of data, insufficient knowledge | Cross validation of result using alternative method |

Table 5. Research framework.

# CHAPTER 4. CASE STUDY - COMPANY B

A multinational company (Company B) is used to serving their customers following a local sales model (see Figure 1). The company is organized in divisions (Figure 13) and split into regions (Figure 14).

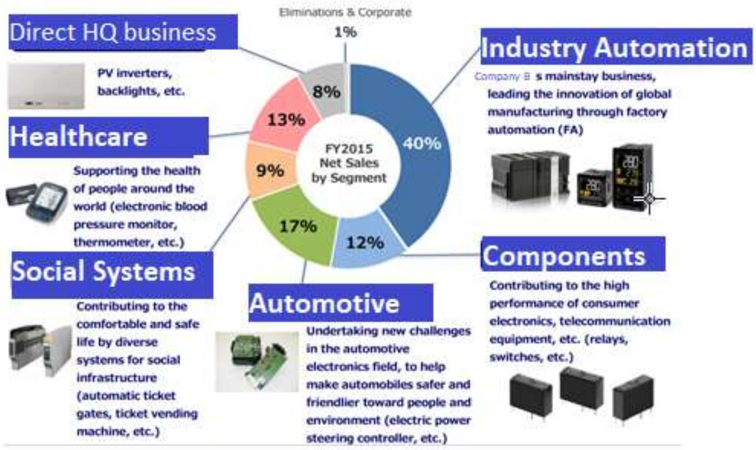


Figure 13. Divisions of Company B. Source: internal materials of Company B.


Figure 14. Regions and turnover of Company B. Source: internal materials of Company B.

The industrial automation division of Company B used to supply their products to the machine builders (OEMs) only[7], who produce machines and supply them to different companies within

[7] Company B sales through distribution channels or direct. In both cases, sales go through local sales entities.

different industries. Focus lies on manufacturers within food and beverage, home and personal care commodities, automotive electronics and parts and social systems.

At a certain point, after observation of the market and competitors, top management of this division decided that in order to become more successful, the company should get to know the needs and requirements of their end users better. Consequently, the company would learn to better understand the needs and requirements of the machine builders, developing products and complete solutions which fit their specific needs, but also adding value to the design and delivering complete solutions for the end users.

This became part of the company strategy – called strategy 3+1 (see also Figure 15 for reference).

With this strategy, introduced in 2014, Company B planned to sell goods through 2 channels:

- Direct (approaching panel builders, machine builders - OEMs, end users 2 (EU2), e.g. manufacturers of subassemblies for end users and end users 1 (EU1) - manufacturers of the final products, which are getting to the consumers, forming 3+1 target customers group
- Indirect (selling to the same groups of customers, but through distributors)

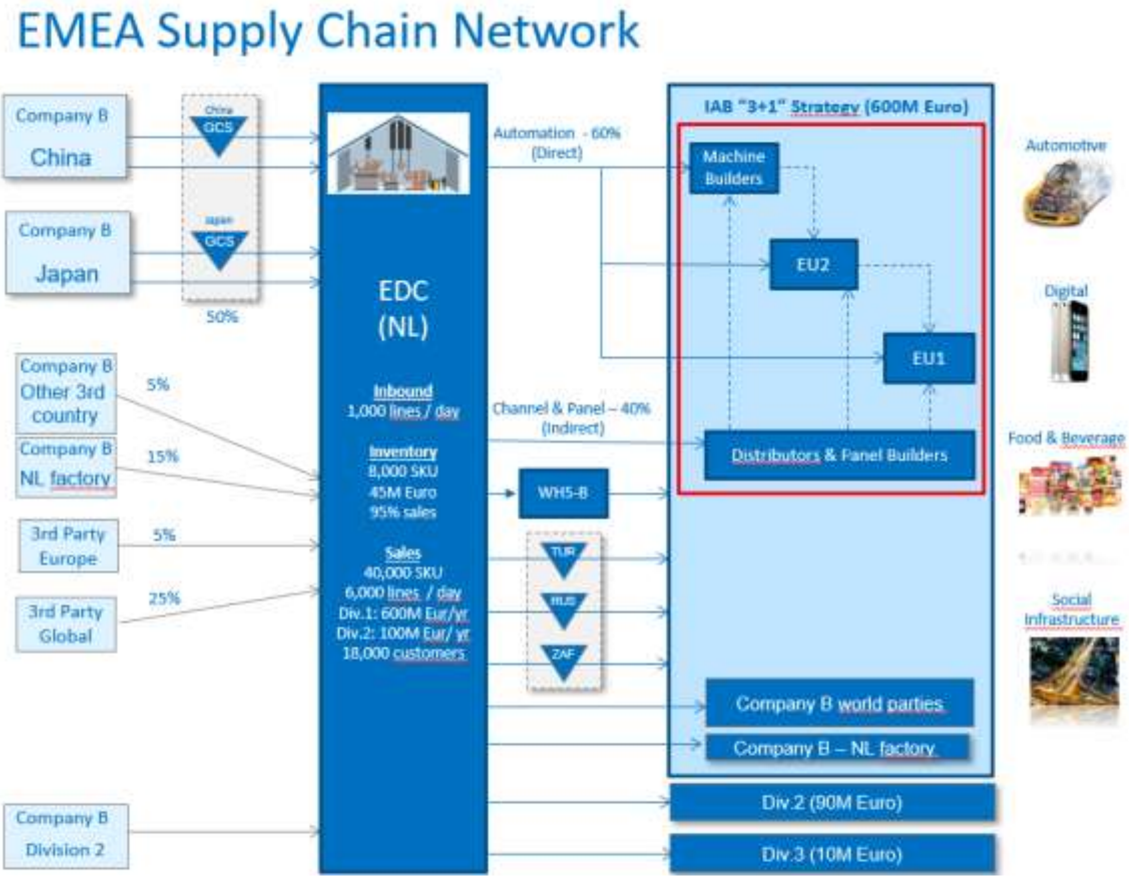


Figure 15. EMEA supply chain network of Company B. Source: internal materials of Company B.

One of the company’s strengths is robust, strategically balanced product portfolio and balanced revenues streams, which diversify its business risks and enable it to cater to varied requirements facilitating a large customer base.
Robust financial performance and strong market position strengthen its brand image.
In addition, Company B holds a substantial market share in several of the markets in which it operates. For instance, the company's control related equipment held a 40% market share in Japan. Further, relays manufactured by Company B held a global market share of 20%. Moreover, body control units used for miniature vehicles held 50% of the market share in Japan. In the healthcare segment, Company B held a global market share of 50% in the home-use blood pressure monitors. Also, in the residential-use PV inverters market, the company held a market share of 40% in Japan. This, robust financial growth and strong market position enhances its shareholder's value and allows the company to fuel its expansion plans. Focus on research and development provides a competitive edge over its peers (MarketLine, 2019, page 5).
Company B has a strong focus on research and development (R&D). It is one of the leaders in developing sensing and control technology products worldwide. The company's R&D efforts

are directed toward the creation of machines that not only detect, comprehend, and act on information as humans do, but that are also able to understand and intelligently adapt to their environments and to the needs of humans.

Company B spent JPY59,134 million on R&D in FY2018, which stood at 6.9% of the overall revenue. The company's R&D activities are mainly focused on the industrial automation business and electronic and mechanical components business. As of March 2018, it had 8,774 granted patents. Due to R&D efforts, the company has been able to launch multiple innovative products (MarketLine, 2019, page 5).

The new 3+1 strategy, which resulted in a direct approach of the different group of customers, together with the launch of the innovative products like robotics (see Figure 16 showing main product families of industry automation division of company B), lead to the growth of the new product-market combination.


Figure 16. Main product families of Company B – industry automation division.
Source: internal materials of Company B.

Company B has very broad, dispersed customer base, however, through continuous improvement approach and observation of competition, top management of the industrial automation division decided that the company should narrow down its focus to the solid customer base. This targeted a minimum number of customers with enough potential, growing market and strategic significance. This approach resulted in the selection of a few global accounts within Company B and the appointment of the Global Account Managers, providing a single point of contact and responsible to ensure fulfilment of the service needs of those accounts. It is the beginning of a matrix organization for Company B, since until that point, there were sales managers responsible for sales within specific countries only (see Figure 1). With the organization structure presented below (Figure 17), Strategic Industry Managers are appointed as EMEA strategy leaders acting across departments and countries. Global Account Managers (GAM) are reporting to the manager responsible for GAM Tactics and Operations, who is directly reporting to the CEO, but they also keep the indirect reporting line to the Strategic Managers responsible for the development of specific industry.

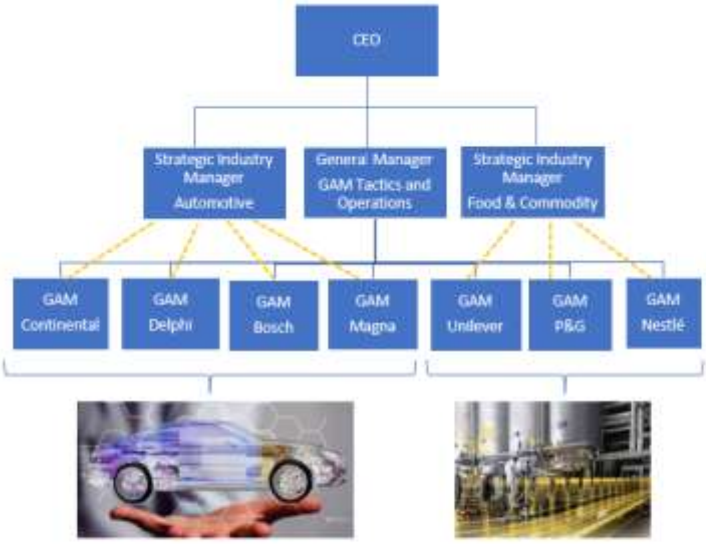


Figure 17. Global accounts of company B. Source: Source: internal materials of Company B.

Apart from the appointment of the Global Account Managers and EMEA strategy leaders, the rest of the industrial automation division and business model within the EMEA region, as well as the customer support process, did not change (see Figure 18).

Upon a new customer introduction or the re-assignment of an existing customer status to a global account, after assessing in which of Company's B regions lies the "sold to" and "ship to" activities, the region serving that customer is assigned. In case of a mix situation, e.g. "sold to" account is in US, and there are multiple "ship to" addresses, some are in US, others belonging to EMEA region, there are no guidelines, to support such decision taking. That results in a situation whereby the decision about the distribution channel and transactional model is not taken thoroughly, leading to issues sooner or later.

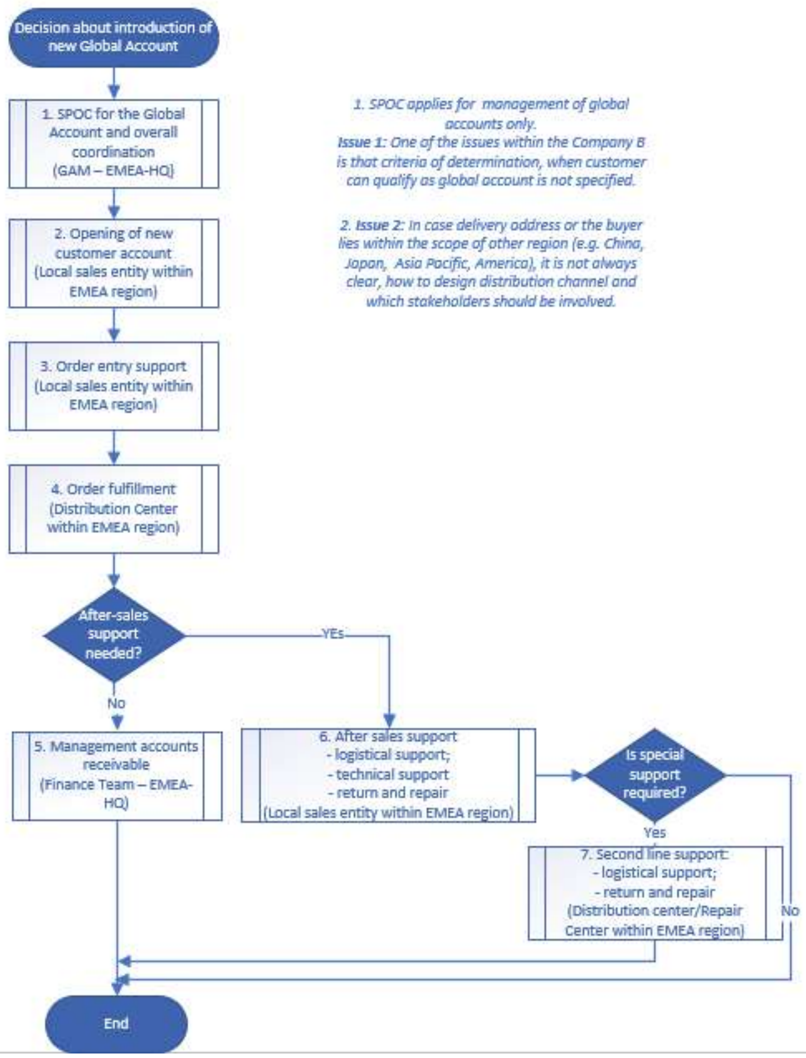


Figure 18. Customer service process for Company B. Source: process flow created by the author, based on the own observations, validated by the Project Manager responsible for the development of cross-border EMEA Services within Company B.

Company B is organised according to a buy/sell distributor model using its commonly adopted form of Limited Risk Distribution. A buy/sell distributor buys from a Principal or manufacturer and sells to customers in its territory. The distributor (local sales entity) may undertake a wide range of sales, marketing and logistical functions. In case of Company B, LRD undertakes only operational or tactical sales and marketing activities. Its offshore Principal performs more strategic and value-adding activities. Typically, an LRD buys products from its overseas Principal for sale to local customers, on the basis that the principal will assume various business risks of the LRD and will guarantee its financial performance. The assumption of risks by the LRD is minimized through the careful design of transactional terms, for example, an LRD is likely to only:

- Take “flash title” to the goods immediately before their sale to the customer, thereby reducing inventory financing costs and stock write-downs;
- Pay its (Principal) supplier in its own currency when it is itself paid by the customer, thereby reducing debtor financing, currency risk and bad debts (Vreeswijk, Bartels, Ebertz, 2017, p.18).

Figure 19 presents goods flow and transactional flow for Company B.

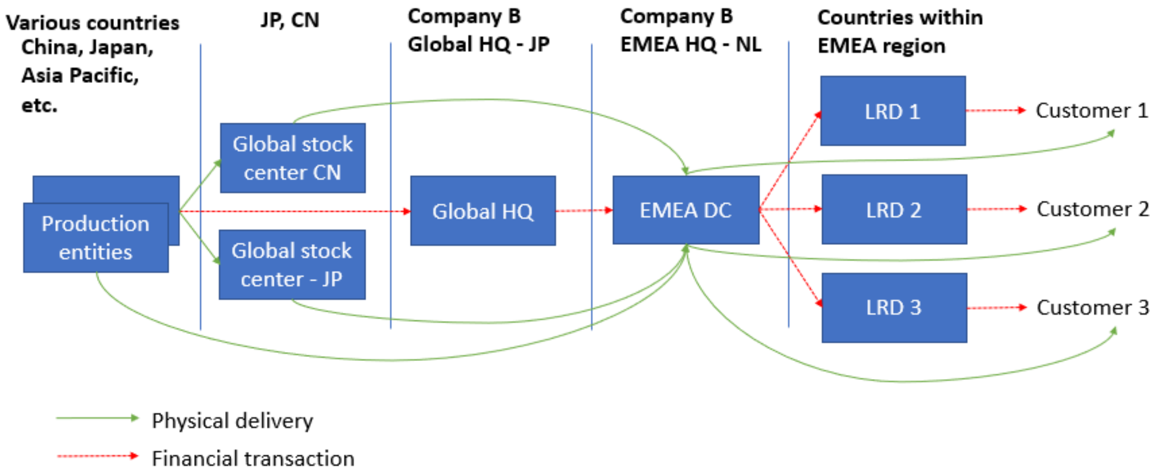


Figure 19. Buy/sell distributor model – LRD model implemented within Company B (industry automation division), visualizing physical delivery and financial transactions.

In case the seller is organised following a buy/sell distributor (LRD) model, the habit of the sales organisation is that they serve local customers (usually “ship to” and “sold to” are in the same country as the seller). Managing a global customer then becomes a challenge, since it is not following the routine that the seller is used to. Figure 20 shows the transactional flow for the regular sales within the EMEA region, with involvement of LRD located in Germany. Incoterms offered as a standard in General Terms and Conditions of Sales are DDP for destinations within EU and DAP for non-EU destinations. In this case, transaction 1 is an intercompany transaction, to which transport is assigned, and because of that it can be considered as an intracommunity acquisition (0% Dutch VAT). The second transaction is between two German entities and is therefore considered as local sales, to which German VAT applied.

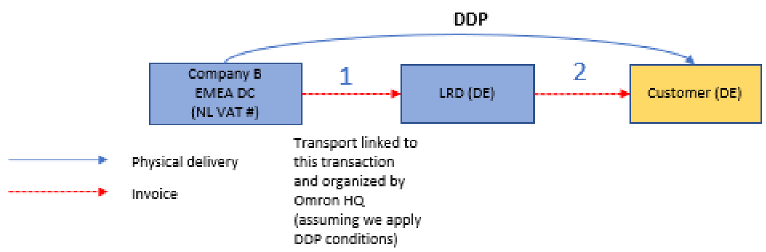

Figure 20. Physical delivery and financial transaction scheme within Company B; standard flow and incoterms applicable for EU destinations.

In the specific case of Company B, Procter&Gamble (further P&G) was opened as a new customer within EMEA region, with GAM located in US and additionally a local (EMEA) Key Account Manager having direct contact with the customer as well. P&G has global presence and central purchasing organisation located in US ("sold to" account). In this specific case, P&G wanted to buy under DAP conditions, however due to insufficient knowledge of incoterms KAM advised to apply FCA.
P&G, with its central purchasing organisation in US and direct deliveries to all its plants throughout the world, introduced certain complexity to the standard transactional flow (see Figure 21). In this case, we deal with so called VAT triangulation.
Since transport can be ascribed to transaction 2, in case of delivery in Germany, this transaction will be considered in this chain as an intracommunity transaction, subject to 0% Dutch VAT.
Since transport starts in the Netherlands and is organized by P&G US, then the Netherlands is considered as a place of supply. Subsequently to this, transaction 1 is considered as local supply in the Netherlands, subject to Dutch VAT. For this reason, the German LRD needs to have VAT registration in Germany to be able to report local purchase and intracommunity supply to the Dutch authorities. Following that, if Germany is a final destination (one of the locations of P&G production facilities), P&G US needs to have VAT registration there as well to be able to report intracommunity acquisition and following to that, local sales, which is subject to German VAT.

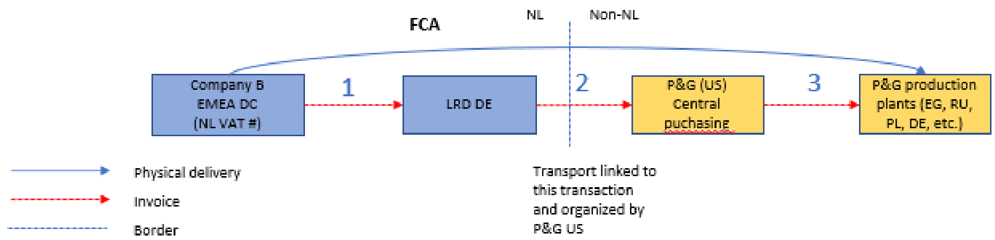


Figure 21. Physical delivery and financial transaction scheme within Company B. Exceptional flow applicable in case of customer with central purchasing organization buying goods under FCA conditions.

In case of Company B, the primary set-up of the P&G account in the ERP system was done incorrectly, leading to incorrect invoices (with incorrectly applied VAT) and resulting in the delay of payments and non-compliance with VAT.
The Customer Service team from LRD was not experienced in taking care of exceptional customer account settings and did not have the required knowledge to be able to decide on the proper VAT treatment.
In order to simplify the transactional model for P&G, Company B decided to set up customer P&G as a direct customer of EMEA-HQ (EMEA DC is part of this entity).

Due to this, transaction 1 does not take place and VAT registration of the local LRD in the Netherlands is not required. We have a transactional model as follows:

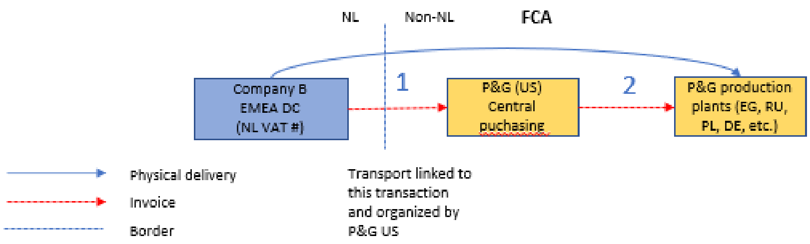


Figure 22. Physical delivery and financial transaction scheme within Company B. Customized flow (simplifying VAT treatment) applicable in case of customer with central purchasing organization buying goods under FCA conditions.

In addition to these problems, the application of a different transactional model required a different allocation of roles and responsibilities within the organisation, since in the Company B model, the customer service role is fulfilled by a local LRD , resulting in a great advantage and additional value for the customer, as long as the LRD services only customers from their own region as communication can be done in local language. EMEA DC is not used to serving customers directly. In a situation where the customer support will be still performed by employees of the local sales organisation but the customer will be invoiced by EMEA DC (HQ of Company B), then we could say that the business model changes from a buy-sell distributor to a branch organisation (Vreeswijk, Bartels, Ebertz, 2017, p.18).
Chopra and Meindl (2016) state that in order to achieve strategic fit, competitive strategy and functional strategies of all main functions within supply chain should be aligned. In order to assess if this condition is met within Company B, functional strategies of two departments: finance and supply chain were verified. The supply chain strategy was verified with the Manager Supply Chain EMEA, who indicated that the focus lies on the following aspects:

- lean inventory
- operational excellence
- customer centric supply chain.

Compliancy, quality and safety are supposed to ensure a balance between the above three strategy pillars. Asking how the customer centric approach has been embedded within supply chain operations, the Manager of Supply Chain in EMEA indicated that this part is under development, in collaboration with the marketing team.
The method of monitoring payment performance was verified with the Credit Control Manager EMEA, who indicated that performance is measured only on the country level. There were no figures of payment performance available per industry or for the group of global accounts yet.
These are just a few functions within supply chain, but they show already that the competitive strategy is not yet fully aligned with the functional strategies within Company B, possibly affecting its strategic fit and/or economic performance and/or customer satisfaction.

# Concluding Remarks

As a result of this case study an answer to the subquestion 6 (see below) was formulated.

## 6. How are global accounts impacting strategic fitness of multinational companies operating within industry automation business, having regional downstream supply chains and local sales model?

Company B is an example of a multinational company[8], since it has extensive international revenues (833.6 billion yen in fiscal year 2015), it has a strong country sales organisation and value chain activities, and distribution and production are duplicated per region. So far decisions were focused on the needs of local customers in local markets. Cross border coordination of activities within Company B are in early stages since the first Global Accounts and Global Account Managers were assigned in 2018.

Procter&Gamble is one of the new global accounts[9] introduced by Company B. At this stage it is not completely clear whether this customer takes decisions on a globally integrated basis, since this will be part of the survey research, to which P&G will be invited. However, it was experienced by Company B that P&G has at least two processes: purchasing and finance (accounts payable) that are coordinated globally.

The case study provided some evidence that complexity introduced by global accounts (specifically ones with central purchasing organisation) leads to negative impact on economic performance (delayed payments; time needed to correct customer settings and reissue invoices) and customer satisfaction (incorrect invoices received). Based on that information and previous research (Montgomery and Yip,(2000)), it could be concluded that, since there is a relation between customer satisfaction and economic performance, when one of these is negatively impacted, there is also a negative impact on the strategic fit.

In case Company B would be organized as a distribution model, it would be able to support transactions under FCA incoterms for Procter&Gamble without the necessity of requesting additional VAT registration. However, since it is buy/sell distribution model, it is not possible. Based on that, we can consider that in this concept, the legal framework (VAT regulations) are

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[8] See definition of multinational company by Montgomery and Yip (2000) cited in Literature Review, page 15.

[9] See definition of global account by Schneider, page 15.

part of the global trade environment, which has a moderating factor on the relationship of strategic fit and economic performance (Figure 3). Looking at this case from the perspective of the dynamic strategic fit (Auster et al. (2016)), we could conclude, that the business model of Company B forms contingency factor that creates difficulties in achieving fit between Company B and Procter&Gamble.

There is a misfit between organisation structure of Company B:

- local buy/sell distributor in EMEA;
- no global supply chain, but distribution organized per geographical region

and Procter&Gamble (purchasing activities coordinated globally).
There is also a cultural misfit. The customer service activities were provided by persons from the local sales organisation, which is used to serving local customers in the local language. Those aspects of customer service, usually an advantage in contact with the customers, were having no added value in the case of Procter&Gamble.
Besides that, the introduction of Procter&Gamble, with central purchasing organisation, brought additional complexity for customer set-up in the ERP system. Employees taking care of this activity did not have sufficient knowledge of VAT and chain transactions to make the correct settings. We could conclude therefore, that the current processes and capabilities of human resources within Company B serving regular customers does not fit the needs which are posed by global accounts with a central purchasing organisation.
During the case study, it was found that the competitive strategy is not yet fully aligned with the functional strategies (distribution – customer centric is part of the supply chain strategy of EMEA, but not yet determined, how to implement, finance – performance measures still done only on the country level). This could also be one of the factors causing difficulties in achieving a strategic fit between Company B and Procter&Gamble (Chopra and Meindl (2016)).
Summarizing, it seems that the implementation of global accounts has an impact on the strategic fit of a multinational company since it introduces complexity to this relationship. It can also be concluded that the business model and organisation structure form contingency factors in the concept of strategic fit, confirming the theory of Auster at al. (2016).

# CHAPTER 5. DATA COLLECTION, FINDINGS AND DISCUSSION

## Selection criteria for global accounts – data collection

In order to validate whether the existing global accounts of Company B (Figure 17) are worth investing in a GAM program, Global Account Managers of those accounts were requested to fill in a scorecard. Next to that, key account managers of an additional 4 companies, 2 from Automotive and 2 from Food & Beverage Industry, highlighted by the General Manager of GAM Tactics and Operations as having high potential of becoming global account of Company B in the near future, were requested to participate in filling in the scorecard as well. In total, there were ten Global Account Managers requested (one being responsible for two customers) to fill in scorecard. Nine of them provided their input resulting in 90% response rate.

Questions were prepared based on the scorecard as worked out by Prof. George Yip (Prof. of Marketing and Strategy at Imperial College Business School, London) and Audrey Bink - head of marketing communications at Uxbridge College in London and previously manager at DMV International in the Netherlands (Yip and Bink, 2007). To each answer there were scores assigned. Total score allows to quantify judgment, whether a customer is a good prospect for a global account or not.
The survey questions were split in 6 major categories:

a) Business criteria (3 questions) – max score: 30
b) Geography (1 question) – max score: 10
c) Integration capability (8 questions) – max score: 16
d) Strategic importance (3 questions) – max score : 10
e) Fitness (aspects like culture, joint strategies, geographical coverage) – customer vs Company B (3 questions) – max score: 30
f) Relationship (1 question) – max score: 10.

The overview of the questions and the way scores were assigned can be found in the Appendix 1.
Judgment criteria is presented in Table 4.

The last section of the survey consisted of open questions. Global Account Managers were invited to share their own judgment and provide opinions about the current level of customer satisfaction from GAM performance.
In order to minimize possible ambiguity which could occur during the survey, due to e.g. questions which could be interpreted in many ways, scorecard was tested 3 times:

- By person not familiar with the Company B neither global accounts → to test if questions are properly and clearly formulated
- By employee having function of cross-border consultation desk for Global Account Managers → to check on completeness of the scorecard
- By General Manager – GAM Tactics and Operations (to whom Global Account Managers report, see Figure 17) → to check on completeness of the scorecard, fit of the possible answers in business context of Company B and possible bias.

Survey Monkey tool was used to collect answers.
Answers provided by global and key account managers are listed in the Appendix 2.
Answers to the open questions were categorized and the number of respondents who gave same answer was collated to validate whether there are some emerging issues or trends. Results are presented in the Tables 7-9.

# Determination of the needs of global customers – data collection

In order to assess what the requirements of the global accounts are (or prospects to become global account) 7 global accounts of Company B and 6 candidates for global account were requested to participate in the survey.
Since usually Global Account Managers share requirements of their customers with Company B, they were also requested to fill in same survey as their customers. The provided answers show how well GAMs know their accounts and their requirements.

There were 24 questions in the survey, covering the following categories:

1. Generic information about company – 5 questions with predefined answers
2. Standardization requirements – 8 questions – 4 of them with predefined answers, 3 using Likert scale and 1 open
3. Supply chain flexibility requirements – 6 questions, 5 using Likert scale, 1 open
4. Level of fulfilment of requirements by Company B as global supplier – 5 questions, 4 using Likert scale, 1 open.

All of the questions used in this survey can be found in the Appendix 2.
Out of 13 customers to whom survey was sent, 8 gave an answer (4 customers from Automotive Industry and 4 from Food & Beverage) giving response rate of 62%.
Out of 10 GAM requested to fill in survey from the perspective of their global account, 6 provided answers, resulting in response rate of 60%.

# Selection criteria for global accounts – findings and discussion

This research is focused on the impact global accounts have on the strategic fit of multinational companies. Company B and its global accounts are used as an example for the analysis. The conceptual framework of the steps leading to the achievement of a strategic fit, presented by Chopra and Meindl (2016), was used as a base for this research. The first step in achieving the strategic fit in their framework is:
Understand the customer and supply chain uncertainty: company must understand the customer needs for each targeted segment and the uncertainty these needs impose on the supply chain (Chopra and Meindl, (2016), p.34).

In this particular research we are focussing on the global accounts of Company B. Knowing, that a GAM program requires investment from the side of supplier, an important step of the analysis was to verify whether current global accounts of Company B should have that status. For this purpose, a scorecard was built based on the model published by Yip and Bink (2007), with small adjustments, the details of which were explained in the methodology part. The scorecard was filled in by GAMs of the current global accounts of Company B. Number of scores assigned per answer (between 1-10 points per question) were summarized and calculated as a percentage (maximum score was 106). The percentage was compared with the key presented below (see also Table 4 for reference) and results collected from the nine GAMs are visualized on the Figure 23.
Score (%) within a range 0-25% → not a good prospect for global account
Score (%) within a range 25.5%-49% → worth considering
Score (%) within a range 50%-75% →a very promising prospect
Score (%) within a range 75.5%-100% → should be one of global accounts

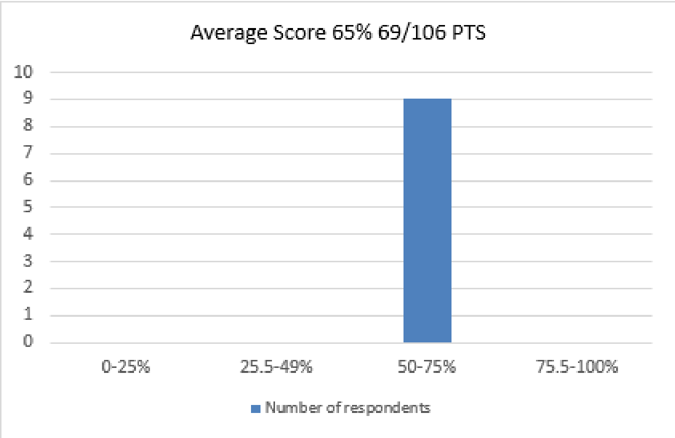


Figure 23. Summary of the scorecard with selection criteria for global accounts.

Based on the chart above, we can see that all 9 companies are very promising accounts. n the table below, you can see the statistics based on collected data.

| Lowest Score | Median | Highest Score |
|---|---|---|
| 50% | 68% | 74% |
| **Mean** | **65%** | |
| **Standard Deviation** | **9%** | |

Table 6. Selection criteria for global accounts – statistics related to responses given to the scorecard.

For most of the accounts (8/10) in scope of this research, there is very good geographical coverage. For example, they operate in countries that account for between 60 and 100% of Company B target market.
Six out of nine customers develop their strategies on global level. Just one out of four automotive customers (25%) and two out of five (40%) customers from Food & Beverage industry develop their strategies on country, regional and global level.
In the case of the Food & Beverage industry it is indeed more common, since in this kind of industry local preferences of the customers are very important.
Almost all customers (8/9) take important investment decisions on both centralized and decentralized level. Only one customer from Food and Beverage industry takes investment decisions on global level.
For 67% (6/9) customers, the country heads are fully responsible for less strategic activities but share authority with global executives over key areas (marketing, production).
The level of globalisation of processes (question 8) differs per company. Most automotive companies (3/4) have a handful of global processes. Three companies from Food & Beverage industry, (Unilever, Procter&Gamble and PepsiCo), have mostly global processes. That confirms the findings from the literature.
It is interesting to see that global teams at customers' organization manage or coordinate at most only one or two primary activities, like R&D, product design or production. Only in the

case of two automotive companies' do global teams coordinate most of the primary activities. It is also interesting to find out that 56% (5/9) of customers share operating data and the most important information about innovations, key customers and competitors, beyond a country level. Unilever, Pepsico and P&G are also judged as companies with a truly global culture. Almost all GAMs are convinced that new potential customers tend to choose Company B from among other suppliers when they find out that specific global accounts also buy there. Only one GAM thinks that his account has no joint strategies with Company B.
The geographic fit is very good for all accounts: Company B operates in 60% or more of the countries in which global accounts operate.
In most cases the global accounts were selected by the decision of top management of Company B or due to business value, but there is one account, whereby GAM assignment was forced by the customer. Luckily, the result of the scorecard for this specific account shows 74% - which means that it is very promising account (result fits in the range 50-75%) and therefore investment in GAM program for this customer is a good decision.
Global Account Managers of Company B were also requested to answer four open questions related to their experience with management of global accounts within Company B.
At first, they were requested to provide reasoning why they think their customer should keep global account status. The answers they have provided are presented in the below table.

| **Why would you offer GAM program to this customer?** | **Respondents** |
|---|---|
| Customer lies in the strategic scope | 4 |
| Capability fits requirements (complete solution from one hand) | 2 |
| Capability fits requirements (technology and innovation leader) | 1 |
| answer not related to the question | 1 |

Table 7. Argumentation to keep global account status by current global accounts of Company B – input from GAMs as a part of the Global Account selection survey.

Second question was related to the biggest difficulties GAMs have faced during management of global accounts. Answers are summarized below. Since this was an open question, each GAM could name multiple issues. The table below presents the results.

| **Which aspects of GAM cause difficulties?** | **Respondents** |
|---|---|
| Insufficient organisation structure (support of local KAM, alignment on priorities, availability of global resources) | 8 |
| Global pricing and terms & conditions | 3 |
| Global partnership - System Integrators and OEMs | 2 |
| Lack of authority to take decision | 1 |
| Missing information (global margin) | 1 |
| Missing penetration strategy (objectives and budget) | 1 |
| Global contract/frame agreement documentation process | 1 |
| Non-disclosure agreement requirement of customer | 1 |

Table 8. Difficulties faced by GAMs in their work – feedback collected among 9 GAMs of Company B.

In most of the answers it appears that the current organisation structure is not suitable to support the implementation of a global account management program. Global Account Managers complain about missing local support (resources, but also capacity and prioritization) in form of key account managers, to be able to roll out a global account strategy. One of the account managers indicated that due to the decentralized nature of his automotive customer, it is imperative to engage at every satellite facility, however the biggest challenge there is getting local account managers to spend the necessary time to develop these accounts. Due to this, it will take longer to achieve return on investment in GAM for this account.

The second biggest difficulty indicated by Global Account Managers is with regards to global pricing and terms and conditions. This factor relates to the impact of the global environment, including currency fluctuations, making it not a trivial item to solve. During contracting, when one standard price and terms of conditions for all customer locations will be agreed, one of the parties in the transaction would need to bear the risk of the “unknown”, meaning the unknown future currency fluctuations and changes on the geopolitical scene.

As an answer to the question: Is customer happy with GAM? – all account managers answered “yes”, however, many indicated, that it is still early stage of building GAM relationship so many things still need to be improved.
All Global Account Managers are convinced that their customers are happy with their support, however they have different opinions about fulfilment of the global customers’ expectations by Company B as a global supplier (Table 9).

| **Are your customers expectations from Company B as a global supplier fulfilled?** | | |
|---|---|---|
| **Answer** | **Remark** | **Respondents** |
| Yes | confirmed with survey from the customer | 1 |
| | increasing interest from senior level position | 1 |
| Partially | global pricing missing | 1 |
| | service quality insufficient; knowledge in providing complete solutions and machine building insufficient | 1 |
| No | organisation gaps to support globally | 1 |
| | missing relationship with OEM; global relationship inconsistent | 1 |
| Not able to judge | No business done yet | 1 |
| | Second global purchase | 1 |

Table 9. Level of fulfilment of customers’ expectations by Company B – perspective of Global Account Manager.

Global Account Managers indicated that the expectations that their customers have from global suppliers are not yet fulfilled or not fully by Company B. In the remark column of the

Table 9, there are aspects listed which need further development by Company B. Most of them are same or similar to the difficulties, being faced by GAMs during rolling out of the GAM program.

Based on answers above, we can see that roll out of the GAM program is really in the early stages, since some of the customers (25%) participating in the survey did not perform yet global purchase at Company B or it is just second time they have done so.

# Determination of the needs of global customers – findings and discussion

The first step in achieving the strategic fit in the framework of Chopra and Meindl (2016) applied in this study is:
Understand the customer and supply chain uncertainty: company must understand the customer needs for each targeted segment and the uncertainty these needs impose on the supply chain (Chopra and Meindl, (2016), p.34).
In the previous section, through verification of the global account profiles using adjusted scorecard of Yip and Bink (2007), it was confirmed that all those accounts are very promising prospects and therefore worth effort to understand what their needs are.
In order to find out what the requirements of global accounts are, a survey was developed based on the framework of Montgomery and Yip (2000), incorporating flexibility aspects of supply chain determined by Duclos, Vokurka and Lummus (2003). This survey was distributed among global accounts of Company B. Since usually requirements of global accounts are being shared with the company by GAMs taking care or those accounts, they were requested to fill in same survey as well. This was done in order to verify whether the actual requirements of global accounts adhere with the perception of their global account managers.
In most cases the survey held among global accounts has been answered by the managers of global procurement . Majority (62%) of the customers participating in the survey are giant companies employing more than 100000 employees globally and having annual revenue between 10 and 100 billion euro.
Most of those customers (five out of eight) indicated that they do not require services or goods delivery to the countries where they are not established or registered for VAT purposes, however their GAMs thought differently.
All the customers judged consistency in the service quality and performance related to the deliveries to worldwide locations as very important and critical (average score 4.5 on the scale of 5) and their GAMs thought the same.
All of them have a specific preference for the incoterms used – 5 out of 9 customers prefer DDP, however DAT/DAP and FCA/FOB are indicated as second and third preference. GAMs tend to think more often that customers require DDP, while it is not always the case.
Half of the surveyed customers require uniform prices to worldwide locations, 3/8 requires uniform prices but depending on the product. Only one global account does not require globally consistent prices – Unilever, while its GAM thinks it is required.
All customers find having a single point of contact at their suppliers very important – average score 4 on 1-5 Likert scale.

Customers were requested to grade their standardization requirements in order of importance. Answers provided by all the customers were counted, in order to determine which of the requirements seem to be most important for all global accounts of Company B. Based on calculated weighted average, list of requirements was prioritized in Table 10.

| Requirement | Respondent | Not important 1 | Little important 2 | Important 3 | Very Important 4 | Critical 5 | No. Respondents | Weighted average | Delta | Prio Customer | Prio GAM |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Worldwide consistency in service quality and performance | Customer | 0 | 0 | 1 | 4 | 3 | 8 | 4.25 | | 1 | 1 |
| | GAM | 0 | 0 | 1 | 1 | 4 | 6 | 4.50 | 0.25 | | |
| Globally uniform terms of trade | Customer | 0 | 0 | 1 | 5 | 2 | 8 | 4.13 | | 2 | 4 |
| | GAM | 0 | 0 | 2 | 4 | 0 | 6 | **3.67** | -0.46 | | |
| Single Point of Contact | Customer | 0 | 1 | 2 | 2 | 3 | 8 | 3.88 | | 3 | 2 |
| | GAM | 0 | 0 | 1 | 3 | 2 | 6 | 4.17 | 0.29 | | |
| Globally uniform prices | Customer | 0 | 2 | 1 | 2 | 3 | 8 | 3.75 | | 4 | 3 |
| | GAM | 0 | 0 | 1 | 4 | 1 | 6 | 4.00 | 0.25 | | |
| Service in the markets without your operations (e.g. shipping warranty replacement to your customer's location) | Customer | 0 | 1 | 3 | 4 | 0 | 8 | 3.38 | | 5 | 5 |
| | GAM | 2 | 1 | 3 | 0 | 0 | 6 | **2.17** | -1.21 | | |

Table 10. Priority list of standardization requirements– survey result among all global accounts of Company B. Comparison of customer feedback vs GAM feedback.

Weighted average was also calculated using answers given by the GAMs leading to the different order of priorities (see last column in Table 10).
It can be observed that GAMs underestimate the importance of uniform terms of trade and provision of the service in the markets without customer's operation, since the delta between the weighted average of answers given by customers and their GAMs is the highest for those two requirements.
Both groups of customers and GAMs acknowledged the highest importance of worldwide consistency in the service quality and performance. That is an important finding, since it supports previous findings of Yip and Bink (2007), that globally consistent service performance was more important than lower prices to customers seeking global account status, and that many other features of the program were nearly as important as lower prices (Yip and Bink, (2007),p.8). So, adopters of GAM can build relationships with customers that go far beyond discounts.
Customers consider globally uniform terms of trade as a second priority; however, GAMs think that a single point of contact is more important aspect of GAM program. Based on the perception of GAMs, globally uniform prices are priority number 3, however customers place it as a priority number 4. Both customers and GAMs agree that service in the markets without customer's operation has the lowest importance.
An important conclusion from the comparison of answers given by GAMs and customers is that in many cases, GAM has a different opinion about standardization priorities than the customer. It is possibly caused by the fact that difficulties which they face during rolling out of the GAM program are being projected on the answers given in this survey, causing bias. This is an important finding, since wrong prioritization of improvement points within the organization can lead to losing competitiveness. Therefore, if companies decide to invest in GAM, they should also invest in the process ensuring objective requirements of global accounts (Cornfield, (2020)).

Only two customers indicated additional requirements, being:

- flexible price structure, necessary to fit with local economy
- Information about new products releases, to understand most recent innovations and developments of Company B.

In the section containing questions related to supply chain flexibility requirements, customers had to prioritize requirements using Likert scale (1-5). Order of importance is calculated using weighted average and summarized in the Table 11.

| | | Not important | Little important | Important | Very Important | Critical | No. Respondents | Weighted average | Delta | Prio Customer | Prio GAM |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Flexibility requirement** | **Respondent** | **1** | **2** | **3** | **4** | **5** | | | | | |
| Rush orders (minimized lead time for different product market combination) | Customer | 0 | 1 | 2 | 2 | 3 | 8 | 3.88 | -0.71 | 1 | 3 |
| | GAM | | 1 | 3 | 2 | 0 | 6 | 3.17 | | | |
| Being able to alter BOM to achieve preferential origin for certain destinations | Customer | 1 | 1 | 1 | 4 | 1 | 8 | 3.38 | -0.54 | 2 | 4 |
| | GAM | 0 | 2 | 3 | 1 | 0 | 6 | 2.83 | | | |
| DDP delivery to all locations | Customer | 2 | 1 | 2 | 2 | 1 | 8 | 2.88 | 0.63 | 3 | 1 |
| | GAM | | | 3 | 3 | 0 | 6 | 3.50 | | | |
| Being able to support chain transactions (direct delivery to your customer) | Customer | 1 | 3 | 0 | 4 | 0 | 8 | 2.88 | 0.46 | 4 | 2 |
| | GAM | 0 | 1 | 2 | 3 | 0 | 6 | 3.33 | | | |

Table 11. Priority list of flexibility requirements– survey result among all global accounts of Company B. Comparison of customers' priorities vs GAMs'.

Also, in this case, answers were collected among global accounts and their GAMs for comparison purposes. It has been found that customers have completely different order of priority than Global Account Managers. Delta between weighted average of responses given by GAMs and customers is bigger in this case than in case of standardization requirements. The most important flexibility requirement from the perspective of global accounts are rush orders. Based on the answers provided by GAMs, this requirements ended up on the third place. In second place, customers indicated possibility of altering BOM to be able to achieve preferential origin, while answers given by GAMs positioned this requirement on the last place. In perception of GAMs delivery under DDP incoterms to worldwide locations is the highest priority, while based on the answers given by the customers this requirement is on the third place.
The fact that GAMs judged importance of the flexibility requirements in a much different way than their customers, could be caused by the fact that those requirements do not lie in the area of their expertise and focus. This could also be a risk for the Company B, since if GAMs think that they know, what their customers want, they might lead their companies to take unnecessary effort and create service, which is not essential for the global accounts.

In order to verify if the globalization drivers differ per industry, data collected during the survey was also analysed for each group of customers: automotive and food & beverage commodities separately, comparing answers given by the customers with the ones given by their GAMs. Results are presented in the Tables 12 and 13.

| Requirement | Industry | Not important 1 | Little important 2 | Important 3 | Very Important 4 | Critical 5 | No. Respondents | Weighted average | Delta | Prio Automotive - customer | Prio F&B - customer |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Globally uniform terms of trade | Automotive | | | | 2 | 2 | 4 | 4.50 | -0.75 | 1 | 3 |
| | F&B | | | 1 | 3 | | 4 | 3.75 | | | |
| Globally uniform prices | Automotive | | 1 | | 1 | 2 | 4 | 4.00 | -0.50 | 2 | 4 |
| | F&B | | 1 | 1 | 1 | 1 | 4 | 3.50 | | | |
| Worldwide consistency in service quality and | Automotive | | | 1 | 2 | 1 | 4 | 4.00 | 0.50 | 3 | 1 |
| | F&B | | | | 2 | 2 | 4 | 4.50 | | | |
| Service in the markets without your operations (e.g. | Automotive | | | 1 | 3 | | 4 | 3.75 | -0.75 | 4 | 5 |
| | F&B | | 1 | 2 | 1 | | 4 | 3.00 | | | |
| Single Point of Contact | Automotive | | 1 | 1 | 1 | 1 | 4 | 3.50 | 0.75 | 5 | 2 |
| | F&B | | | 1 | 1 | 2 | 4 | 4.25 | | | |

Table 12. Priority list of standardization requirements – results per industry. Customers' feedback.

| Flexibility requirement | Respondent | Not important 1 | Little important 2 | Important 3 | Very Important 4 | Critical 5 | No. Respondents | Weighted average | Delta | Prio Automotive - Customer | Prio F&B - Customer |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Rush orders (minimized lead time for different product market | Automotive | | 1 | 1 | 2 | | 4 | 3.25 | 1.25 | 1 | 1 |
| | F&B | | | 1 | | 3 | 4 | 4.50 | | | |
| Being able to support chain transactions (direct delivery to your | Automotive | 1 | 1 | 0 | 2 | 0 | 4 | 2.75 | 0.25 | 2 | 4 |
| | F&B | | 2 | | 2 | | 4 | 3.00 | | | |
| Being able to alter BOM to achieve preferential origin for certain | Automotive | 1 | 1 | | 2 | | 4 | 2.75 | 1.00 | 3 | 2 |
| | F&B | | 1 | | 2 | 1 | 4 | 3.75 | | | |
| DDP delivery to all locations | Automotive | 2 | | | 2 | | 4 | 2.50 | 0.75 | 4 | 3 |
| | F&B | | 1 | 2 | | 1 | 4 | 3.25 | | | |

Table 13. Priority list of flexibility requirements – results per industry. Customers' feedback.

Based on the data summarized in the Table 12, we can see that priorities of the standardization requirements are very different for automotive than for food & beverage (F&B) industry. The main priority for automotive are globally uniform terms of trade, while for F&B it is worldwide consistency in service quality and performance. Globally uniform prices, which are difficult topic for the multinational companies, are the second priority for the automotive industry. Within F&B it is 4$^{th}$ priority; only service in the markets without customer's operation is prioritized as less important.

The combination of requirements of globally uniform terms of trade and globally uniform prices for automotive industry might pose quite a challenge for the Company B, which is not yet global, but multinational and organized in geographic regions. Fulfilment of those requirements causes also lots of difficulties for the GAMs, who struggle with availability of global contacts to work on those topics (see Table 8).

In relation to the flexibility requirements both industries placed rush orders as a main priority. In the case of the automotive industry, direct shipments are placed as a second priority, while within F&B, ability to adjust BOM to be able to achieve preference is more important.

It is important to highlight that the population of respondents whose input is used in analysis per industry is very small – just 4 companies per industry and all being suppliers of one company. For this reason, generalization of the findings will not be possible without performing additional research

| Requirement | Industry | Not important 1 | Little important 2 | Important 3 | Very Important 4 | Critical 5 | No. Respondents | Weighted average | Delta | Prio Automotive - GAM | Prio F&B - GAM |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Globally uniform prices | Automotive | | | | 1 | 1 | 2 | 4.50 | -0.75 | 1 | 4 |
| | F&B | | | 1 | 3 | | 4 | 3.75 | | | |
| Single Point of Contact | Automotive | | | | 1 | 1 | 2 | 4.50 | -0.50 | 2 | 2 |
| | F&B | | | 1 | 2 | 1 | 4 | 4.00 | | | |
| Worldwide consistency in service quality and | Automotive | | | | 1 | 1 | 2 | 4.50 | 0.00 | 3 | 1 |
| | F&B | | | 1 | | 3 | 4 | 4.50 | | | |
| Globally uniform terms of trade | Automotive | | | 1 | 1 | | 2 | 3.50 | 0.25 | 4 | 3 |
| | F&B | | | 1 | 3 | | 4 | 3.75 | | | |
| Service in the markets without your operations (e.g. | Automotive | 1 | | 1 | | | 2 | 2.00 | 0.25 | 5 | 5 |
| | F&B | 1 | 1 | 2 | | | 4 | 2.25 | | | |

Table 14.Priority list of standardization requirements – results per industry. GAMs' feedback.

| Flexibility requirement | Respondent | Not important 1 | Little important 2 | Important 3 | Very Important 4 | Critical 5 | No. Respondents | Weighted average | Delta | Prio Automotive - GAM | Prio F&B - GAM |
|---|---|---|---|---|---|---|---|---|---|---|---|
| DDP delivery to all locations | Automotive | | | 1 | 1 | | 2 | 3.50 | 0.00 | 1 | 1 |
| | F&B | | | 2 | 2 | | 4 | 3.50 | | | |
| Being able to support chain transactions (direct delivery to your | Automotive | | | 1 | 1 | | 2 | 3.50 | -0.25 | 2 | 2 |
| | F&B | | 1 | 1 | 2 | | 4 | 3.25 | | | |
| Rush orders (minimized lead time for different product market | Automotive | | | 1 | 1 | | 2 | 3.50 | -0.50 | 3 | 3 |
| | F&B | | 1 | 2 | 1 | | 4 | 3.00 | | | |
| Being able to alter BOM to achieve preferential origin for certain | Automotive | | 1 | 1 | | | 2 | 2.50 | 0.50 | 4 | 4 |
| | F&B | | 1 | 2 | 1 | | 4 | 3.00 | | | |

Table 15. Priority list of flexibility requirements – results per industry. GAMs' feedback.

Looking at the answers to the same questions given by GAMs, it is interesting to see that prioritization of standardization requirements of GAMs responsible for the F&B industry is the same as their customers. Based on that we could assume, that GAMs of F&B customers know the standardization requirements of their customers very well.
In the case of the automotive industry, a phenomenon of "projection" can be observed. GAMs assigned high priorities to the requirements of their customers which also cause lots of difficulties to them during roll out of GAM program. It is important to indicate that there were only 2 respondents (GAMs of automotive customers) who filled in that survey. Because of the small sample and possible ambiguity of this survey for GAMs (questions were directed to the global customers, what required from respondents taking position of their customer, when answering questions) this result can not be considered as significant.
Prioritization of flexibility requirements was the same for both industries, however also in this case, very different than prioritization determined based on the customers' answers. GAMs think that deliveries under DDP conditions are the most important requirement, however according to the answers from the customers of both industries – automotive and F&B – this requirements is one of the last ones on the list.

None of the customers raised any additional flexibility requirements.

# Customer satisfaction GA – findings and discussion

This research was focused on analysing the impact of global accounts on the strategic fit of multinational companies. Since strategic fit on its own is often difficult to measure and there was some evidence found in the literature that there is positive relation between degree of strategic fit and level of customer satisfaction, the last section of the survey was dedicated to

find out if customers are indeed happy with the current level of services provided by the Company B.
In the last section of the survey held among global accounts of Company B, there were five questions raised – four of them verifying current level of satisfaction about fulfilment of flexibility requirements by Company B and one open question inviting global accounts to indicate areas of improvement for Company B. Below all the questions and answers will be discussed.
The following questions were raised:

1) To which extent is Company B (based on your experience) able to respond to the dynamic trade (e.g. moved production to different plant when economically justified and required, was able to change sourcing of components, so that products fulfil preferential origin rules of applicable Free Trade Agreements)?

Customers answered the following:
3 customers – sufficient flexibility
2 customers – never had such requirements, not able to judge
1 customer – minimum flexibility
1 customer – good flexibility
1 customer – more than required flexibility

Two out of eight surveyed customers did not set such requirements yet towards the Company B and therefore are not able to judge whether Company B can properly respond to them. 63% of respondents indicated that service level is sufficient or even better than that.

2) To which extent does Company B provide logistics flexibility (offers divers distribution channels - e.g. e-commerce, provides flexible reverse logistics, is able to customize products just before delivery, supports drop/direct shipments in case of need)?

Three out of eight surveyed customers indicated good flexibility, three others sufficient flexibility - that results in 75% of respondents, who think that Company B provides at least logistics flexibility. Remaining two did not require such services yet and therefore were not able to judge.

3) To which extent does Company B (based on your experience) provide supply flexibility (customizes product to meet specific requirements, meets sudden changes in demand, offers high variety of products and is able to smoothly launch new or revised products)?

   Answers given by the customers:
   4 customers – sufficient flexibility
   2 customers – good flexibility
   1customer – minimum flexibility
   1customer – did not have such requirements yet, was not able to judge

75% of respondents indicated that Company B provides sufficient (or good) supply flexibility.

4) To which extent does Company B (based on your experience) provides information system flexibility ? (can smoothly align information system architectures with your specific information needs; examples: Company B enters shipment in your transportation management system, when requested; applies digital invoicing on request; provides online visibility of available inventory and delivery lead time)

Answers given by the customers:

5 customers – good flexibility
1 customer – sufficient flexibility
1customer – minimum flexibility
1customer – did not have such requirements yet, was not able to judge

75% of respondents indicated good (or sufficient) information system flexibility.

5) What is in your opinion main scope for improvement for Company B, as a global supplier?

Answers provided by the customers are summarized in the Table 16.

| **Improvement point** | **Industry** |
|---|---|
| EU price list | Automotive |
| Distribution points in USA | F&B |
| Reaction speed | F&B |
| Optimise cost of ownership for his customers | Automotive |
| Understanding global customer needs and requirements and provide transparency on cost breakdown and total cost of ownership | F&B |
| N/A (volume not significant enough) | Automotive |
| Flexible manufacturing | F&B |

Table 16. Improvement points indicated by global accounts towards Company B.

The majority of the surveyed customers answered that Company B offers sufficient flexibility. However due to the small population size and spread of the answers, no significant conclusions can be drawn.

Qualitative analysis of answers to the open questions helps to discover that among 7 customers, three indicated improvement points in relation to price/cost. Two customers indicated needs of transparency of the total cost of ownership, and one of them indicated need of cost breakdown visibility. That is an important finding, since none of the GAMs raised the topic of difficulties or needs of visibility of total cost of ownership.

Total cost of ownership (TCO) according to the definition given by Chopra and Meindl (2016), includes the purchase price of a particular asset, plus operating costs over the asset's lifespan. Looking at the total cost of ownership is a way of assessing the long-term value of a purchase to a company. Companies use the total cost of ownership over the long term as a framework for analyzing business deals. Looking at the total cost of ownership is a way of taking a more holistic approach that assesses the purchase from a broad perspective. This analysis includes the initial purchase price as well as all direct and indirect expenses (Twin A., (2020)).

Issues with availability of the cost break-down information might be related to the organisation structure or business model. One of the characteristics of multinational companies having a buy/sell (LRD) model is that they are having Advanced Pricing Agreements (APA). Such agreements predetermine profit range for each legal entity and give a bit of freedom in sales price establishment to the sales organization. At the end of the fiscal year there is a check done whether profits for each entity are falling within the margin range predetermined in APA. If this is not the case, year end adjustment might need to be done. Such companies do not always determine landed cost structure, what limits transparency capability in the cost structure towards the customers. But this is not the only issue caused by APA. Company B still uses transaction valuation method as a base for determination of customs value. Referring to the Hamamatsu case (C-529/16 case of European Court of Justice), it might be expected that in case companies are having APA agreements in place, they might be not allowed to use transaction value as customs valuation method anymore. Main reason for that are the year end adjustments, which are impacting height of the import duties paid by the company. Usually companies were performing lump sum calculations to assess impact of year end adjustment on the height of the import duties paid and the difference was either paid by the company towards customs either returned by customs to the company. This working method was making customs value on the transaction level not auditable and that is requirements which is imposed by EU legislation – Union Customs Code.

# Customer satisfaction – other customers – findings and discussion

Based on the literature research it was concluded that there is a positive relationship between customer satisfaction and strategic fit (Hochrein et al. (2014) and Montgomery and Yip (2000)). As planned in the research methodology, to be able to judge whether the level of strategic fit is different between Company B and global accounts than between Company B and remaining group of customers, the level of customer satisfaction for both groups was compared. In the previous section, the level of customer satisfaction from the current flexibility services provided by Company B was assessed. Summarizing results of 4 questions, 72% surveyed customers (sample of 8 customers was surveyed, from the original population of 13) judged level of flexibility in supply chain offered by Company B as sufficient or good.

Results of the customer satisfaction survey performed in 2019, among remaining group of customers of Company B are presented on the Figure 24.

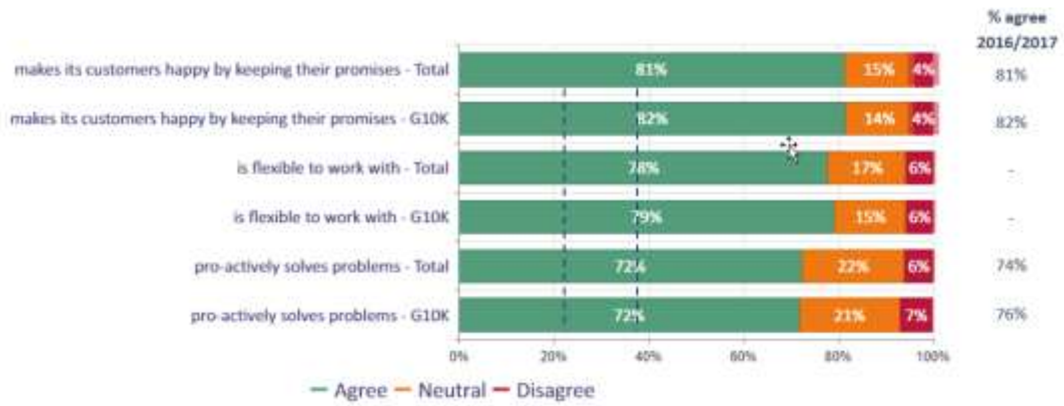


Figure 24. Result of customer satisfaction survey held in 2019 among customers of Company B not having status of global account. Source: Customer satisfaction survey of customers of Company B, performed by Integron – external company supporting in customer satisfaction measurements. .

In this survey, flexibility was captured within one generic question: is Company B flexible to work with? The fact that question was posed in a different way, introduces ambiguity into the comparison of the result of customer satisfaction survey held among global accounts and the one presented above. Assuming that customers would understand any type of flexibility under the notion “flexible to work with”, we could try to compare collected data. Survey performed in 2019 indicates that 78% of all surveyed customers agree with the statement that Company B is flexible to work with. In the case of the survey held among global accounts, there were 4 questions asked to 8 customers – in total 32 answers were collected, describing level of satisfaction related to fulfilment of different flexibility requirements by Company B. 23 answers were indicating sufficient, good or more than required flexibility, resulting in 72% of customer satisfaction level. Based on this result, we could conclude, that level of customer satisfaction of Global accounts is therefore lower than satisfaction of other customers. However, considering a possible error in this comparison (answers from 8 global accounts from the population of 13 selected for the survey, vs 1455 customers surveyed in 2019, from the population of 8641) and differently formulated questions, this conclusion can not be considered as significant. With that hypothesis saying that there is positive relationship between strategic fit and customer satisfaction could not be confirmed.

# Requirements of Procter&Gamble and capabilities of Company B – Gap analysis

Comparison of the customer satisfaction level of global accounts vs other customers of Company B, was only one of the methods which was planned to be used in this research to find out if global companies have impact on the strategic fit of multinational companies (and with that also impact customer satisfaction).

Another method to reach this objective was based on the Chopra and Meindl (2016):

1) Determine requirements of the customer
2) Determine capabilities of supply chain (what should supply chain do particularly well)
3) Verify whether there is a gap between requirements and capabilities

Information about requirements of Procter&Gamble was collected through the survey. Supply chain capabilities of Company B were assessed through the case study. Comparison of capabilities vs requirements is made in the Table 17.

| Requirements of P&G | Capabilities of Company B | Gaps |
|---|---|---|
| Sometimes requires services and/or goods delivery to the countries, where P&G is not established or registered for VAT purposes (e.g. one of your customers is located there and you require for direct delivery of spare parts to their premises) | Company B operates in 60% (or more) of the countries in which customer operates (result from the scorecard), that means that geographic fit is good; depending on country of destination and requested incoterms, can be supported this requirement can be supported. | No |
| Consistency in service quality and performance of delivery to worldwide locations is critical | Company B is organized to serve customers per region; consistency in service and quality in case of deliveries from different regions can not be guaranteed, due to lack of globalized processes and organisation (comments of GAMs on faced difficulties). Internal decision would need to be taken if supplies can be done to worldwide locations from one region in order to fulfill requirement. | Conditional |
| Prefers DAP/DAT as incoterms | DAP and/or DAT belong to the incoterms supported by Company B; these incoterms are indicated in General Terms and Conditions of Sales of Company B, as preffered for deliveries to non-EU locations. | No |
| For some products might require uniform prices to worldwide locations | Uniform prices to worldwide locations can not be supported yet by Company B (see results of the survey among GAM and main difficulties they face in rolling out GAM program). | Yes |
| Single Point of Contact is important (3 on scale 1-5) | Fulfilled already by dedicated GAM | No |
| Globally uniform terms of trade very important | Possible to fulfill under condition of prior internal agreement that supplies will be done to all worldwide locations from one region; in case more regions will be supplying goods, internal alignment needed. | Conditional |
| Globally uniform prices are important | Uniform prices to worldwide locations can not be supported yet by Company B | Yes |
| Ability to respond to dynamic trade important | Possible to fulfill depending on the business case | Conditional |
| Logitics flexibility (divers distribution channels, etc.) critical | 75% of surveyed customers judged logistics flexibility offered by Company B as sufficient. 25% did not require such flexibility yet. | No |
| Supply flexibility (handling changing demand) important (3 on scale 1-5) | Judged by the customer as being on good level | No |
| System flexibility (digital invoicing) critical | Judged by the customer as being on good level | No |
| Rush orders - critical | Current level of customer satisfaction for this service was not verified; customers did not indicate this service as area for improvement, based on that assumption is made as no issue to provide such service | No |
| Being able to alter BOM to achieve preferential origin - critical | 63% of respondents judged as sufficient level (response to dynamic trade requirements); 25% did not need this service yet; one customer experienced minimum flexibility; Company B could invest effort in this service, when business case shows sufficient savings for the customer | Conditional |

Table 17. Fit-gap analysis of Requirements of Procter&Gamble and capabilities of Company B.

Based on the fit-gap analysis, we can see that Company B can fulfil more than half of requirements (54%). However, there are also two requirements which can be brought back to one category: globally uniform pricing, and cannot be provided now by Company B.

For three remaining topics:

- worldwide consistency in service quality and performance of delivery,
- globally uniform terms of trade,
- ability to adjust BOM to achieve preferential origin,

which do not form an immediate issue, but to make sure that in future Company B would also be able to fulfil those requirements, detailed discussions and agreements with the customers and Company B will be needed. Since GAMs indicated that one of the difficulties they face in rolling out GAM program is lack of global organisation/resources, it might cost significant effort of the Company B to address these issues on the global scene. Due to that, it is essential to be sure if the specific account having such requirements is worth taking this effort. In the Global Account selection scorecard, P&G received 58% as a final score and that result fits well in the “very promising” range, which starts at 50% and ends at 75% (see Table 4). Based on that we can conclude that the customer is worth taking up at least some of the challenges.

Based on above gap analysis, we can clearly see that global accounts introduce complexity, which causes lack of fit between certain customer’s requirements and capabilities of the company. Following advise of Chopra and Meindl (2016) in such case the company needs to change its strategy or improve specific processes to achieve fit.

# CHAPTER 6. CONCLUSIONS

## Concept of the strategic fit encompassing dynamics of global trade

This research was aiming to provide recommendations for multinational companies, serving global customers, how they can encompass aspect of globalization into the concept of strategic fitness, to ensure its resilience. During the research empirical study of the Company B serving global accounts was done in order to find out in which way global accounts impact the fitness of the multinational companies. It was found that depending on the globalization degree of the customer and globalization degree of the supplier, his organisation structure and business model, a misfit might occur between customer requirements and supply chain capability and of the supplier. Characteristic of the global trade environment (e.g. international trade compliance regulations, currency fluctuations) can additionally moderate the size of this misfit. Depending on the size of the misfit, customer satisfaction or economic performance might be impacted. During this research this relation could not be sufficiently confirmed but previous studies provided some evidences for that theory. Whenever a misfit occurs, the company needs to take a decision and address factors which lie in the circle of its influence:

1) Globalization factor:
    - multinational companies are not able to change the fact that they are being influenced by the global environment, which is continuously changing; they can decide to which processes and to which degree they want to globalize to achieve best fit for their targeted group of customers; they can also make this decision part of their strategy; trade compliance related regulations, currency fluctuations and changes in sanctions should be considered as factors of global environment; besides that globalization drivers of the targeted industries should be considered as well
2) Requirements and characteristics of global accounts:
    - Multinational companies do not have an impact on the globalization degree of the targeted group of customers and their requirements, but they are able to invest in the processes facilitating objective and careful research on the customer needs as well as determination of the process of careful selection of the targeted customer group
3) Supply chain capabilities of the multinational companies
    - Companies should determine an organization structure best fitting their business model and processes to be able to fulfil requirements of the targeted customer group in the best possible way; it should be considered that for each global account, the supply chain might need to be designed in a customized way.

This should be done in order to improve fitness and with the economic performance and customer satisfaction. After implementation of required improvements, the company should assess whether the targeted zone of the strategic fit for the company was achieved. Whenever some external factor would impact fitness of the whole system causing misfit, the same cycle should take place. Considering dynamics of the world which surrounds us: quickly changing customer needs, very fast technological developments, dynamics of the geopolitical scene, in order to stay successful, companies would need to develop capability of passing those cycles as quickly as possible. That forms the answer to the main question of this research:

## How can the concept of strategic fitness be adapted to encompass dynamics of the global trade environment to ensure company's resilience?

The subject of the study was conceptual framework presented on Figure 3 and presented below for reference:

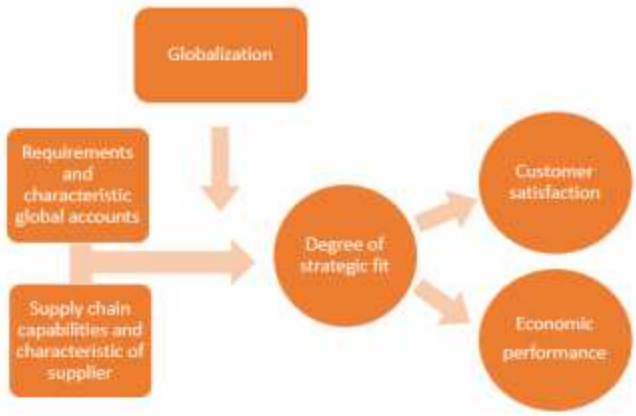


Figure 3. Conceptual framework, which is subject of this study, explaining key factors, constructs and variables and presumed relationship among them.

Insights gained during this research lead to the adjustment of the conceptual framework (Figure 3) in a way as presented on Figure 25.

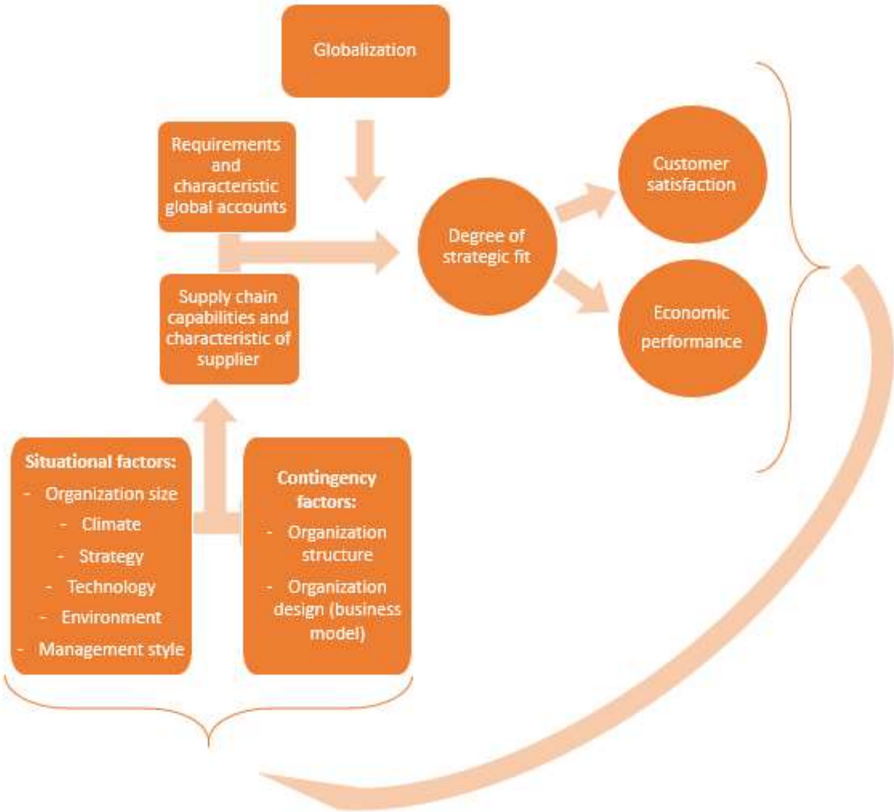


Figure 25. Concept of the strategic fit encompassing dynamics of the global trade environment.

# Reflection on the research methodology

This research was based on the framework of achieving strategic fit suggested by Chopra and Meindl (2016) consisting of three main steps:

1) Understand the customer and supply chain uncertainty: company must understand the customer needs for each targeted segment and the uncertainty these needs impose on the supply chain

In order to start an inventory of needs of global customers, a list of global customer's requests for specific aspects of global account management prepared by Montgomery and Yip (2000) was used as a base for survey preparation. This tool appeared to be very effective, since there were almost no additional requirements reported by the customers which were not captured in the survey. According to the studied literature, there is a difference in the requirements of the customers per industry (Yip, (1992), Wagner et al. (2012)). With use of this tool and a survey among the customers from the two different industries, findings from literature were confirmed. Some literature sources indicated also the importance of objective and careful research on customer needs, to avoid possible traps, like "we know our customer and their needs". Thanks to the application of the cross check between answers given by customers and their GAMs, it has been found out that there is indeed mismatch between what customers want and how GAMs perceive their needs.
Since it is very important for the company to understand how big an effort is needed to reach a strategic fit with a targeted segment, global accounts were assessed from several angles (business value, geographic fit, strategic important, integration capabilities, level of globalization, fitness). This assessment was supported with the use of a scorecard, developed based on the example of Yip and Bink (2007). The scorecard confirmed that all global accounts of Company B are indeed promising accounts. Besides that, answers to some of the scorecard questions were useful during performing fit-gap analysis of Company B vs requirements of global accounts.
A limitation of the applied method was due to a very small population, limited by the global accounts of Company B. With usage of such a small population, generalizability of the results is not possible and additional research would need to be performed to allow that.

2) Understand the supply chain capabilities: each of the many types of supply chains is designed to perform different tasks well. A company must understand what its supply chain is designed to do well.

In order to collect empirical data on supply chain capabilities, there was case study performed on Company B and experience this company gained when performing first transactions with the global customer having central purchasing organisation. Since this customer was one of the first ones with central purchasing organisation, this case study illustrated well impact which customer not fitting standard profile had on the current organization and processes of the Company B and on the process of order fulfilment, economic performance and customer satisfaction. Thanks to this case study it has been revealed that the business model of the

company and organization structure form contingency factors in the concept of the strategic fit.
Other limitations of the case study are that it is lacking scientific rigour, it is difficult to replicate, and it provides little basis for generalization of results to the wider population. Besides that, researchers' own subjective feeling may influence the case study

3) Achieving strategic fit: if a mismatch exists, between what the supply chain does particularly well and the desired customer needs, the company will either need to restructure the supply chain to support competitive strategy or alter its competitive strategy. (Chopra and Meindl, 2016, p.34).

In order to assess whether there is fit between customer's requirements and supply chain capabilities of the Company B, there was fit gap analysis made between the requirements indicated by the customer and the capabilities of the supply chain found in:

- the case study,
- reported by the customers in their satisfaction survey,
- taken from the answers given by GAMs in the scorecard.

This method was effectively using information collected in the previous steps of the research, providing clear areas of misfit.

There was also other method used to indirectly measure impact of the global accounts on strategic fit, assuming that there is positive relation between strategic fit and customer satisfaction. Using this method, the level of customer satisfaction of global accounts was compared with the level of satisfaction of other customers. Due to the very small sample (8 global accounts) the usage of this method did not delivery any significant results. Since there are many factors impacting customer satisfaction, it can be concluded that trying to measure the level of strategic fit through measurement of customer satisfaction is not effective.

The main question of the research was to develop a theory on how the concept of the strategic fit can be adapted to encompass the dynamics of the global trade environment. The way to provide an answer to this question was a combination of the study of the existing literature with an empirical study of the suitable construct. This approach was complementary: findings from the empirical study could be put into the context of the available theories and in that way new insights could be generated but also some of the available theories were confirmed during empirical study.

# Recommendations

The world around us is continuously changing. This has an impact on us as individuals but also on the business environment. Whenever we achieve balance, some external factor can unexpectedly hit and cause imbalance. In order to stay happy and successful in those challenging conditions we need to ask ourselves a question: how can we make sure that we keep up with the speed with which world around us changes without spending too much time on adjustments, which, before ready, might be obsolete again in the changed circumstances? The answer to that question is in changing our approach from long term planning to agile. Some of the disciplines applied this approach already, for example R&D. The same approach needs to be implemented within supply chain. That is first step towards incorporation of dynamics of the global trade environment into the concept of strategic fit. Working agile needs a special mindset and capabilities of employees, company culture, management style, organization structure and that is where practitioners should focus when trying to achieve a state of dynamic strategic fit. Transparency of the processes combined with clear roles and responsibilities helps already to make one step towards an agile organisation. Transparency of the processes can be compared with the role of the computer in the car – in case of any defect, the computer in the car allows us to do diagnostics in a very short time. That is already the first step in order to get car fixed quickly. In case some of the processes are not efficient and generate lots of waste, when it is not known how they supposed to work, lots of time is needed to get first "current state" in the picture and diagnose what causes waste so that the root cause could be eliminated.

Based on the conclusions of this research, practitioners should consider that the business model of the company can form a limitation in achieving strategic fit with a targeted group of customers. Many people within sales, marketing or supply chain do not know that business model can be adjusted, and when it should be adjusted, to avoid unnecessary complications. It is therefore important to consider forming a cross-functional team having knowledge from different areas (trade compliance, tax, legal, marketing, supply chain, sales, customer service) when designing the distribution channel for the global account.

Further research is needed to confirm the effects of the business model on the strategic fit between global accounts and multinational companies, since the sample used in this research was too small in order to generate significant findings.

# Contributions

The problem which was addressed in this research was that there were just a few detailed studies providing empirical analysis of impact of introduction of global account management program within multination companies on their strategic fit.
In the available literature, strategic fit was usually considered from the perspective of cost and delivery lead time, but it was missing possible impact of external factors and drivers related to globalization (like assessment of globalization stage of supplier and customer, assessment of the impact of regulatory framework).
This research, helped to confirm that:

- In case customer is more global than its supplier, it can cause misfit between customer requirements in fulfilling requirements and capabilities of the supply chain; this confirms previous findings of Montgomery and Yip (2000)
- Regulatory framework has an impact on the concept of strategic fit; this confirms previous findings of Yip (1989)
- Company business model forms contingency factor in achieving strategic fit; that confirms findings of Auster (2016)

The additional important findings from this research are:

- There is a difference in customer requirements per industry; that confirms previous findings of Montgomery and Yip (2000), Yip (1992), Wagner et al. (2012)
- It is important to invest in the process ensuring objective and careful research of the customer needs; study provides additional evidence for importance of this process, which was highlighted by Cornfield (2020).

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# Appendixes

## Appendix 1. Global Account selection scorecard

| Category | Customer characteristics | Scoring guidelines | Max score per category |
|---|---|---|---|
| Business value | **Revenue potential** | | 30 |
| | can grow 60% or more in the next 3 years | 10 | |
| | can grow between 30% and 50% | 5 | |
| | growth potential below 30% | 0 | |
| | **Gross profit generated by account** | | |
| | >50% | 10 | |
| | >40% | 5 | |
| | >30% | 0 | |
| | **Size of the global account** | | |
| | >5 Mill (euro) | 10 | |
| | > 2.5 Mill (euro) | 5 | |
| | >1 Mill (euro) | 1 | |
| Geography | **My global customer operates** | | 10 |
| | in countries that account for between 60 and 100% of the market | 10 | |
| | in countries that account for between 30 and 50% of the market | 5 | |
| | in countries that account for between 1 and 30% 10% of the market | 1 | |

| | | | |
|---|---|---|---|
| Integration capabilities | **Customer strategies (business model, products, brands, value chain) are developed mostly at:** | | 16 |
| | country level | 0 | |
| | country, regional and global levels | 1 | |
| | the global level | 2 | |
| | **Way in which customer takes important investment decisions is:** | | |
| | decentralized | 0 | |
| | both centralized and decentralized | 1 | |
| | centralized (on global level) | 2 | |
| | **Country heads are responsible for:** | | |
| | nearly all activities in the country; | 0 | |
| | fully responsible for less strategic activities (field service, facilities) but share authority with global executives over key areas (production, marketing); | 1 | |
| | limited to servicing the activities of global business lines, functions, and customers; | 2 | |
| | **Most processes are:** | | |
| | national variations of the corporate approach | 0 | |
| | a handful of global processes exist (strategic planning, production planning; | 1 | |
| | most processes span countries and regions; | 2 | |
| | **Critical information (sales, profits, and market share by business unit, product line, and customer) is collected** | | |

| | | | |
|---|---|---|---|
| | at the national level only | 0 | |
| | some but not all critical information is collected at the global level | 1 | |
| | nearly all critical information is collected at the global, regional, and national levels | 2 | |
| | **Global teams manage or coordinate** | | |
| | at most only one or two primary activities (R&D, product design, production, marketing, sales, service); | 0 | |
| | about half of primary activities | 1 | |
| | most primary activities | 2 | |
| | **Information which is being shared outside the country:** | | |
| | only data-based operating information (revenues, profits, capacity utilization) | 0 | |
| | along with operating data, the most important information (about innovations, key customers, and competitors, for example) is widely shared globally; | 1 | |
| | vital information from any part of the company is systematically captured and shared globally in real time; | 2 | |
| | **Corporate culture** | | |
| | no common corporate culture | 0 | |
| | senior executives worldwide have a common culture while lower-level employees retain separate national cultures | 1 | |
| | a truly global culture permeates the organization | 2 | |

| | | | |
|---|---|---|---|
| Strategic importance | **Is your customer critical to any of Company B strategic goals?** | | 10 |
| | Yes | 5 | |
| | No | 0 | |
| | Give an example of the strategic goal, because of which customer should be considered as strategically important | - | |
| | **Do you think that new potential customers tend to choose Company B among other suppliers, when they find out that this global account also buys from Company B?** | | |
| | Yes | 5 | |
| | No | 0 | |
| Fitness | **Number of joint strategies (Company B and global account)** | | 30 |
| | customer has many joint strategies with Company B | 10 | |
| | customer has some joint strategies | 5 | |
| | customer has no joint strategies | 0 | |
| | **Size of cultural fit (Company B vs global account)** | | |
| | complete fit (customer is from the same industry, the same country, similar size and age) | 10 | |
| | partial fit | 5 | |
| | no fit | 0 | |
| | **Geographic fit** | | |

| | | | |
|---|---|---|---|
| | Company B operates in 60% (or more) of the countries in which customer operates | 10 | |
| | Company B operates in 30% to 50% of the countries in which customer operates | 5 | |
| | Company B operates in less than 30% of the countries, in which customer operates | 0 | |
| **Relationship** | **Relationship between Company B and Global Account is:** | | 10 |
| | Very close and trusted relationship in which vital information is shared | 10 | |
| | moderate sharing | 5 | |
| | no sharing | 0 | |
| **History and evaluation** | **How was it decided that customer you are managing at the moment as GAM has been selected as GA?** | | – |
| | Customer did not leave a choice to Company B (it was a matter of "to be or not to be" as its supplier) | - | |
| | It has been decided by higher management of Company B (base for this decision unknown) | - | |
| | Because of the business value of the customer | - | |
| | **If decision would be up to you - would you offer GAM service to your current customer? Please explain your decision.** | - | |
| | **Which aspects of GAM cause most difficulties for you?** | - | |
| | **Do you think that your customer is happy about GAM level they receive from Company B?** | - | |

| | | | |
|---|---|---|---|
| | **Are your customers' expectations from Company B as a global supplier fulfilled?** | - | |

Appendix 2. Scorecard for selection of global accounts - results

| Scorecard for selection of global accounts - results | | | |
|---|---|---|---|
| **Revenue potential of global account which you manage** | | | |
| Answer Choices | Score | Responses | |
| ✓ can grow 60% or more in the next 3 years | 10/10 | 55.56% | 5 |
| can grow between 30% and 50% | 5/10 | 33.33% | 3 |
| growth potential below 30% | 0/10 | 11.11% | 1 |
| **Gross profit generated by your account is:** | | | |
| Answer Choices | Score | Responses | |
| ✓ >50% | 10/10 | 0.00% | 0 |
| >40% | 5/10 | 33.33% | 3 |
| >30% | 1/10 | 66.67% | 6 |

| | | | |
|---|---|---|---|
| **Size of the Global Account currently managed by you (billings)** | | | |
| Answer Choices | Score | Responses | |
| ✓ >5 Mill (euro) | 10/10 | 11.11% | 1 |
| >2.5 Mill (euro) | 5/10 | 22.22% | 2 |
| >1 Mill (euro) | 1/10 | 66.67% | 6 |
| **My global customer operates** | | | |
| Answer Choices | Score | Responses | |
| ✓ in countries that account for between 60 and 100% of Company B target market | 10/10 | 88.89% | 8 |
| in countries that account for between 30 and 50% of Company B target market | 5/10 | 0.00% | 0 |
| in countries that account for between 1 and 30% of Company B target market | 1/10 | 11.11% | 1 |
| **Customer business strategies (business model, products, brands, value chain) are developed mostly at:** | | | |
| Answer Choices | Score | Responses | |
| country level | 0/2 | 0.00% | 0 |
| country, regional and global levels | 1/2 | 33.33% | 3 |
| ✓ the global level | 2/2 | 66.67% | 6 |
| **In which way are important investment decisions taken by your customer?** | | | |
| Answer Choices | Score | Responses | |
| decentralized | 0/2 | 0.00% | 0 |

| | | | |
|---|---|---|---|
| both centralized and decentralized | 1/2 | 88.89% | 8 |
| ✓ centralized (on global level) | 2/2 | 11.11% | 1 |
| **Country heads within your customer's organization are responsible for:** | | | |
| Answer Choices | Score | Responses | |
| nearly all activities in the country; | 0/2 | 22.22% | 2 |
| fully responsible for less strategic activities (field service, facilities) but share authority with global executives over key areas (production, marketing) | 1/2 | 66.67% | 6 |
| ✓ limited to servicing the activities of global business lines, functions, and customers; | 2/2 | 11.11% | 1 |
| **Most processes at the global customer are:** | | | |
| Answer Choices | Score | Responses | |
| national variations of the corporate approach | 0/2 | 22.22% | 2 |
| a handful of global processes exist (strategic planning, production planning) | 1/2 | 44.44% | 4 |
| ✓ most processes span countries and regions | 2/2 | 33.33% | 3 |
| **Critical information (sales, profits, and market share by business unit, product line, customer) is collected within organization of your customer** | | | |
| Answer Choices | Score | Responses | |
| at the national level only | 0/2 | 0.00% | 0 |
| some but not all critical information is collected at the global level | 1/2 | 22.22% | 2 |
| ✓ nearly all critical information is collected at the global, regional, and national levels | 2/2 | 77.78% | 7 |

| | | | |
|---|---|---|---|
| **Global teams within your customer's organization manage or coordinate** | | | |
| Answer Choices | Score | Responses | |
| at most only one or two primary activities (R&D, product design, production, marketing, sales, service) | 0/2 | 44.44% | 4 |
| about half of primary activities | 1/2 | 33.33% | 3 |
| ✓ most primary activities | 2/2 | 22.22% | 2 |
| **Information which is being shared beyond country level of your customer's organization:** | | | |
| Answer Choices | Score | Responses | |
| only data-based operating information (revenues, profits, capacity utilization) | 0/2 | 22.22% | 2 |
| along with operating data, the most important information (about innovations, key customers, competitors) is widely shared globally | 1/2 | 55.56% | 5 |
| ✓ vital information from any part of the company is systematically captured and shared globally in real time | 2/2 | 22.22% | 2 |
| **Corporate culture of your customer can be described as** | | | |
| Answer Choices | Score | Responses | |
| no common corporate culture | 0/2 | 0.00% | 0 |
| senior executives worldwide have a common culture while lower-level employees retain separate national cultures | 1/2 | 44.44% | 4 |
| ✓ a truly global culture permeates the organization | 2/2 | 55.56% | 5 |
| **Is your customer critical to any of Company B strategic goals?** | | | |

| Answer Choices | Score | Responses | |
|---|---|---|---|
| ✓ Yes | 5/5 | 100.00% | 9 |
| No | 0/5 | 0.00% | 0 |
| **Do you think that new potential customers tend to choose Company B among other suppliers, when they find out that your global account also buys from Company B?** | | | |
| Answer Choices | Score | Responses | |
| ✓ Yes | 5/5 | 88.89% | 8 |
| No | 0/5 | 11.11% | 1 |
| **Number of joint strategies (Company B and Global Customer)** | | | |
| Answer Choices | Score | Responses | |
| ✓ customer has many joint strategies with Company B | 10/10 | 33.33% | 3 |
| customer has some joint strategies with Company B | 5/10 | 44.44% | 4 |
| customer has no joint strategies with Company B | 0/10 | 22.22% | 2 |
| **Size of cultural fit (Company B vs Global Customer)** | | | |
| Answer Choices | Score | Responses | |
| ✓ complete fit (customer is from the same industry, the same country, similar size and age) | 10/10 | 0.00% | 0 |
| partial fit | 5/10 | 100.00% | 9 |
| no fit | 0/10 | 0.00% | 0 |
| **Geographic fit** | | | |
| Answer Choices | Score | Responses | |

| | | | |
|---|---|---|---|
| ✓ Company B operates in 60% (or more) of the countries in which customer operates | 10/10 | 100.00% | 9 |
| Company B operates in 30% to 60%of the countries in which customer operates | 5/10 | 0.00% | 0 |
| Company B operates in less than 30% of the countries, in which customer operates | 0/10 | 0.00% | 0 |
| **Relationship between Company B and Global Account I'm taking care of is** | | | |
| Answer Choices | Score | Responses | |
| ✓ very close and trusted relationship in which vital information is shared | 10/10 | 44.44% | 4 |
| moderate information sharing | 5/10 | 55.56% | 5 |
| no sharing | 0/10 | 0.00% | 0 |
| **How was it decided that customer you are managing at the moment as GAM (or KAM) has been selected as GA?** | | | |
| Answer Choices | Responses | | |
| Customer did not leave a choice to Company B (it was a matter of "to be or not to be" as its supplier) | 11.11% | 1 | |
| It has been decided by higher management of Company B (detailed criteria for this decision were not communicated) | 44.44% | 4 | |
| Because of the business value of the customer | 44.44% | 4 | |
| **If decision would be up to you - would you offer GAM service to your current customer? Please explain your decision.** | | | |
| Answer Choices | Responses | | |
| Yes | 100.00% | 9 | |

| | | | |
|---|---|---|---|
| No | 0.00% | 0 | |
| Please enter your argumentation here. | | 8 | |

# Appendix 2. Survey questions – requirements of global accounts

## Supply chain needs of the global customers

### 1. Generic information

This section consists of 6 questions. We would like to ask you to provide generic information about yourself and your company.

1. What is the name of the company (legal entity) you work for?
In case you do not want to provide this information, please move to the next question (answer to this question is optional).

2. What is the name of your function?
In case you do not want to provide this information, please move to the next question (answer to this question is optional).

* 3. How many employees counts your company worldwide?

- <1000
- <10000
- <50000
- >50000 <100000
- >100000

* 4. What was the size of annual revenue for your company in last fiscal year?

- <1M euro
- >100M euro <1B euro
- <1B euro
- >1B euro <5B euro
- >5B euro <10B euro
- >10B euro <50B euro
- >50B euro <100B euro

5. In which industry does your company operate?

- Food
- Beverages
- Fast Moving Consumer Goods (FMCG)
- Pharma
- Life Science
- Other (please specify)
- Automotive Electronics
- Automotive Parts
- Cars
- Home & Personal Care Commodities

### 2. Standardization requirements

This section consists of 8 questions. Answers to those questions will help us to understand whether you require standardization of services from your global suppliers.

* 6. Do you require services and/or goods delivery to the countries, where you are not established or registered for VAT purposes?
(e.g. one of your customers is located there and you require for direct delivery of spare parts to their premises)

- Yes
- No
- Sometimes

* 7. How important is for you consistency in service quality and performance, if it goes about delivery to your worldwide locations?
(1 means not important; 5-critical)

1 3 5

* 8. Do you have preference if it goes about incoterms used by the global suppliers?

- Yes
- No

* 9. Please indicate preferred incoterm (from the group of incoterms 2010)

- EXW
- FOB/FCA
- CFR/CIF
- CPT/CIP
- DAT/DAP
- DDP

* 10. Do you require uniform prices for the supplies of same product to your worldwide locations?

- Yes
- No
- Depends on the product

* 11. How important for you is having single point of contact at your global suppliers, to whom you could address all your requests and queries?
(1 means not important; 5 is critical)

1 3 5

* 12. Please grade the following requirements, which you might have towards your global suppliers, in order of importance (1 means not important, 5 is critical).

| | Not important | Little bit important | Important | Very important | Critical |
|---|---|---|---|---|---|
| Service in the markets without your operations (e.g. shipping warranty replacement to your customer's location) | ○ | ○ | ○ | ○ | ○ |
| Worldwide consistency in service quality and performance | ○ | ○ | ○ | ○ | ○ |
| Globally uniform terms of trade | ○ | ○ | ○ | ○ | ○ |
| Globally uniform prices | ○ | ○ | ○ | ○ | ○ |
| Single Point of Contact | ○ | ○ | ○ | ○ | ○ |

* 13. Do you have additional requirements, which were not listed above?

☐ Yes

☐ No

If YES, please specify them below and rate their importance (1 - not important; 5 - critical)

## 3. Requirements of supply chain flexibility

This section consists of 7 questions. Answers to those questions will help us to understand if you expect supply chain flexibility from your global suppliers.

* 14. Do you expect that your suppliers would be able to respond to the dynamic global trade and their issues (e.g. move production to different plant when economically justified, being able to change sourcing of components, so that products fulfil preferential origin rules of applicable Free Trade Agreements)? (1 means not required, 5 is critical)

* 15. Do you expect logistics flexibility (divers distribution channels - e.g. e-commerce, flexible reverse logistics, being able to customize products just before delivery, support drop/direct shipments in case of need)? (1 means not required; 5 is critical)

* 16. Do you expect supply flexibility (ability to customize product to meet specific requirements, ability to adjust capacity to meet sudden changes in demand, offer high variety of products and ability to smoothly launch new or revised products)? (1 means not required; 5 is critical)

* 17. Do you expect information system flexibility?
(ability to align information system architectures and systems with the specific information needs, preferably through EDI connection
examples:
- you require to enter shipment in your transportation management system;
- use digital invoicing;
- provide online visibility of available inventory and delivery lead time)
(1 means not required; 5 is critical)

* 18. Please characterize your usual flexibility requirements.

| | Not important | Little bit important | Important | Very important | Critical |
|---|---|---|---|---|---|
| Rush orders (minimized lead time for different product market combination) | ○ | ○ | ○ | ○ | ○ |
| DDP delivery to all locations | ○ | ○ | ○ | ○ | ○ |
| Being able to alter BOM to achieve preferential origin for certain destinations | ○ | ○ | ○ | ○ | ○ |
| Being able to support chain transactions (direct delivery to your customer) | ○ | ○ | ○ | ○ | ○ |

* 19. Are there expectations/requirements you have, which are not captured in previous question?

☐ Yes

☐ No

If YES, list additional requirements here and rate their importance (1 - not required; 5 - critical)

### 4. Fulfillment of requirements by Omron as global supplier

in this - LAST SECTION :) with only 5 questions, we would like to find out to which extent does Omron as a supplier fulfill your requirements and expectations .

* 20. To which extent is Omron (based on your experience) able to respond to the dynamic trade (e.g. moved production to different plant when economically justified and required, was able to change sourcing of components, so that products fulfil preferential origin rules of applicable Free Trade Agreements)?

- Not at all flexible
- Minimum flexibility
- Sufficient flexibility
- Good flexibility
- More than required flexibility
- N/A

* 21. To which extent does Omron provide logistics flexibility (offers divers distribution channels - e.g. e-commerce, provides flexible reverse logistics, is able to customize products just before delivery, supports drop/direct shipments in case of need)?

- Not at all flexible
- Minimum flexibility
- Sufficient flexibility
- Good flexibility
- More than required flexibility
- N/A

* 22. To which extent does Omron (based on your experience) provide supply flexibility (customizes product to meet specific requirements, meets sudden changes in demand, offers high variety of products and is able to smoothly launch new or revised products)?

- Not at all flexible
- Minimum flexibility
- Sufficient flexibility
- Good flexibility
- More than required flexibility
- N/A

* 23. To which extent does Omron (based on your experience) provides information system flexibility ? (is able to smoothly align information system architectures with your specific information needs, examples: Omron enters shipment in your transportation management system, when requested; applies digital invoicing on request; provides online visibility of available inventory and delivery lead time)

- Not at all flexible
- Minimum flexibility
- Sufficient flexibility
- Good flexibility
- More than required flexibility
- N/A

* 24. What is in your opinion main scope for improvement for Omron, as a global supplier?

# Appendix 3. Requirements of the global customers – answers collected in the survey held among Global Accounts (or prospects) of Company B and their GAMs.

| Industry | Customer name - respondent role | How many employees counts your company worldwide? | What was the size of annual revenue for your company in last fiscal year? | In which industry does your company operate? | | Do you require services and/or goods delivery to the countries, where you are not established or registered for VAT purposes? (e.g. one of your customers is located there and you require for direct delivery of spare parts to their premises) | How important is for you consistency in service quality and performance, if it goes about delivery to your worldwide locations? (1 means not important; 5 critical) | Do you have preference if it goes about incoterms used by the global suppliers? | Please indicate preferred incoterm (from the group of incoterms 2010) | | | | | | Do you require uniform prices for the supplies of same product to your worldwide locations? | How important for you is having single point of contact at your global suppliers, to whom you could address all your requests and queries? (1 means not important; 5 is critical) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Other (please specify) | | | | EXW | FOB/FCA | CFR/CIF | CPT/CIP | DAT/DAP | DDP | | |
| Food and Beverage | JDE - customer | <10000 | >5B euro <10B euro | Beverages | | Sometimes | 4 | Yes | | | | | DAT/DAP | | Depends on the product | 5 |
| Food and Beverage | JDE - GAM | <50000 | >1B euro <5B euro | Food | | No | 4 | Yes | | | | | | DDP | Depends on the product | 5 |
| Food and Beverage | Nestle - customer | >100000 | >50B euro <100B euro | Food | | No | 5 | Yes | | FOB/FCA | | | | DDP | Yes | 5 |
| Food and Beverage | Nestle - GAM | >100000 | >50B euro <100B euro | Food | | Yes | 5 | Yes | | | | | DAT/DAP | DDP | Yes | 5 |
| Personal care commodities | P&G - customer | <1000 | >100M euro <1B euro | Other (please specify) | Purchasing/Procurement | Sometimes | 5 | Yes | | | | | DAT/DAP | | Depends on the product | 3 |
| Personal care commodities | P&G - GAM | <50000 | >5B euro <10B euro | Other (please specify) | commodity | Sometimes | 5 | No | | | | | | DDP | No | 3 |
| Food and personal care | Unilever - customer | >100000 | >10B euro <50B euro | Other (please specify) | food,icecream,refreshment, hope and peronal care | No | 3 | Yes | | | | | | DDP | No | 5 |
| Food and personal care | Unilever - GAM | >100000 | >50B euro <100B euro | Fast Moving Consumer Goods (FMCG) | | Yes | 5 | Yes | | | | | DAT/DAP | | Yes | 5 |
| Automotive | Autoliv - customer | >50000 <100000 | >1B euro <5B euro | Automotive Parts | | No | 5 | Yes | | | | | | DDP | Yes | 4 |
| Automotive | Autoliv - GAM | <50000 | >5B euro <10B euro | Automotive Electronics | | Yes | 5 | Yes | | | | | DAT/DAP | DDP | Yes | 5 |
| Automotive | Bosch - customer | >100000 | >50B euro <100B euro | Other (please specify) | Automotive Elctronics (multimedia, braking systems, accelaration systems), Pharma, Home&Personal Care Commodities, Cars, | No | 5 | Yes | | FOB/FCA | | | DAT/DAP | | Yes | 4 |
| Automotive | Continental - customer | >100000 | >10B euro <50B euro | Automotive Electronics | | No | 5 | Yes | | | | | | DDP | Yes | 5 |
| Automotive | Delphi - GAM | <50000 | >1B euro <5B euro | Automotive Parts | | No | 5 | Yes | | | | | | DDP | Depends on the product | 4 |
| Automotive | Lear - customer | >100000 | >10B euro <50B euro | Automotive Electronics | | Sometimes | 5 | Yes | | FOB/FCA | | | DAT/DAP | | Depends on the product | 3 |

| Industry | Please grade the following requirements, which you might have towards your global suppliers, in order of importance (1means not important, 5 is critical) | | | | | Do you have additional requirements, which were not listed above? | | Do you expect that your suppliers would be able to respond to the dynamic global trade and their issues (e.g. move production to different plant when economically justified, being able to change sourcing of components, so that products fulfil preferential origin rules of applicable Free Trade Agreements)? (1means not required; 5 is critical) | Do you expect logistics flexibility (divers distribution channels - e.g. e-commerce, flexible reverse logistics, being able to customize products just before delivery, support drop/direct shipments in case of need)? (1means not required; 5 is critical). | Do you expect supply flexibility (ability to customize product to meet specific requirements, ability to adjust capacity to meet sudden changes in demand, offer high variety of products and ability to smoothly launch new or revised products)? (1means not required; 5 is critical). | Do you expect information system flexibility? (ability to align information system architectures and systems with the specific information needs, preferably through EDI connection examples: - you require to enter shipment in your transportation management system; - use digital invoicing; - provide online visibility of available inventory and delivery lead time)(1means not required; 5 is critical) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Service in the markets without your operations (e.g. shipping warranty replacement to your customer's location) | Worldwide consistency in service quality and performance | Globally uniform terms of trade | Globally uniform prices | Single Point of Contact | Yes | If YES, please specify them below and rate their importance (1 - not important; 5 - critical) | | | | |
| Food and Beverage | Very important | Very important | Very important | Critical | Critical | No | | 5 | 4 | 4 | |
| Food and Beverage | Important | Critical | Very important | Very important | Very important | No | | 4 | 4 | 4 | |
| Food and Beverage | Little bit important | Critical | Very important | Very important | Very important | No | | 4 | 4 | 5 | |
| Food and Beverage | Little bit important | Critical | Very important | Very important | Critical | No | | 5 | 5 | 4 | |
| Personal care commodities | Important | Very important | Very important | Important | Important | No | | 3 | 5 | 3 | |
| Personal care commodities | Important | Important | Important | Important | Important | No | | 2 | 3 | 5 | |
| Food and personal care | Important | Critical | Important | Little bit important | Critical | Yes | flexible price structure is necessary to fit with local economy | 4 | 5 | 4 | |
| Food and personal care | Not important | Critical | Very important | Very important | Very important | | | 3 | 3 | 4 | |
| Automotive | Very important | Critical | Critical | Critical | Very important | No | | 3 | 4 | 4 | |
| Automotive | Important | Critical | Important | Critical | Critical | Yes | Global System integrators that can support Omron Technology | 5 | 3 | 5 | |
| Automotive | Very important | Very important | Very important | Very important | Important | Yes | Information about new products/releases, to understand what Omron is developing; magazine/newsletter for the customers - providing head ups on what is going | 4 | 4 | 4 | |
| Automotive | Very important | Very important | Critical | Critical | Critical | | | 5 | 5 | 5 | |
| Automotive | Not important | Very important | Very important | Very important | Very important | | | 4 | 3 | 3 | |
| Automotive | Important | Important | Very important | Little bit important | Little bit important | No | | 4 | 4 | 4 | |

| Industry | Please characterize your usual flexibility requirements. | | | | Are there expectations/requirements you have, which are not captured in previous question? | To which extent is Omron (based on your experience) able to respond to the dynamic trade (e.g. moved production to different plant when economically justified and required, was able to change sourcing of components, so that products fulfil preferential origin rules of applicable Free Trade Agreements)? | To which extent does Omron provide logistics flexibility (offers divers distribution channels - e.g. e-commerce, provides flexible reverse logistics, is able to customize products just before delivery, supports drop/direct shipments in case of need)? | To which extent does Omron (based on your experience) provide supply flexibility (customizes product to meet specific requirements, meets sudden changes in demand, offers high variety of products and is able to smoothly launch new or revised products)? | To which extent does Omron (based on your experience) provides information system flexibility ? (is able to smoothly align information system architectures with your specific information needs; examples: Omron enters shipment in your transportation management system, when requested; applies digital invoicing on request; provides online visibility of available inventory and delivery lead time) |
|---|---|---|---|---|---|---|---|---|---|
| | Rush orders (minimized lead time for different product market combination) | DDP delivery to all locations | Being able to alter BOM to achieve preferential origin for certain destinations | Being able to support chain transactions (direct delivery to your customer) | | | | | |
| Food and Beverage | Important | Important | Very important | Very important | No | Good flexibility | Good flexibility | N/A | Good flexibility |
| Food and Beverage | Little bit important | Important | Little bit important | Little bit important | No | N/A | N/A | N/A | N/A |
| Food and Beverage | Critical | Important | Very important | Very important | No | Sufficient flexibility | Sufficient flexibility | Good flexibility | Minimum flexibility |
| Food and Beverage | Very important | Very important | Very important | Very important | No | N/A | N/A | N/A | N/A |
| Personal care commodities | Critical | Little bit important | Critical | Little bit important | No | More than required flexibility | N/A | Good flexibility | Good flexibility |
| Personal care commodities | Important | Important | Important | Important | No | Good flexibility | Sufficient flexibility | Good flexibility | Good flexibility |
| Food and personal care | Critical | Critical | Little bit important | Little bit important | No | N/A | N/A | Sufficient flexibility | N/A |
| Food and personal care | Important | Very important | Important | Very important | No | Good flexibility | Good flexibility | Sufficient flexibility | Minimum flexibility |
| Automotive | Very important | Very important | Important | Very important | No | Sufficient flexibility | Sufficient flexibility | Sufficient flexibility | Good flexibility |
| Automotive | Important | Important | Important | Important | No | Good flexibility | Good flexibility | Good flexibility | Good flexibility |
| Automotive | Little bit important | Not important | Not important | Not important | No | N/A | Good flexibility | Sufficient flexibility | Good flexibility |
| Automotive | Very important | Very important | Very important | Very important | No | Minimum flexibility | Good flexibility | Minimum flexibility | Good flexibility |
| Automotive | Very important | Very important | Little bit important | Very important | No | Good flexibility | Sufficient flexibility | Sufficient flexibility | Sufficient flexibility |
| Automotive | Important | Not important | Very important | Little bit important | No | Sufficient flexibility | Sufficient flexibility | Sufficient flexibility | Sufficient flexibility |