

Quantifying the Value of Disciplined Execution in Relationship Marketing

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Abstract

Relationship marketing (RM) capabilities have long been recognized as important differentiators of firm performance. Yet assessments from industry and academia indicate not all RM strategies are equivalent and outcomes are often inconsistent. This study aims to explore the potential impact of disciplined execution during the implementation of new RM service strategies at the firm level – i.e., offering new relationship marketing approaches for current clients in the financial services industry. Adopting a resource-based perspective, combined with expert interviews, the authors consider *disciplined execution* to be a complementary resource consisting of five dimensions that collectively support how well a strategy is carried out (engagement, adoption, responsiveness, completeness, and tenacity). The authors use Bayesian inference to isolate the effects of different levels of disciplined execution across firms implementing RM service strategies. Research hypotheses are developed and tested using a unique dataset and quasi-experimental approach in collaboration with two leading financial services firms. The analysis shows that implementing RM service strategies positively influences annual recurring revenue, a focused measure of RM performance in financial services, and that higher levels of disciplined execution produce substantially greater performance gains.

KEYWORDS

Relationship marketing, Marketing capabilities, Resource-based theory, Disciplined execution, Bayesian analysis, Quasi-experiment

Acknowledgements: We note with sadness that our colleague Russell “Russ” Lemken passed away prior to the submission of this manuscript. He is remembered with respect and gratitude for his scholarly contributions. His role in this work is reflected in the authorship contributions statement.

Introduction

Relationship marketing (RM) has become a foundational construct for understanding how value is derived from relational exchanges. RM is used to improve customer acquisition, loyalty, and repeat purchase behavior, and RM capabilities have long been recognized as an important differentiator of firm performance (Evans & Laskin, 1994) and a source of competitive advantage (Day, 2000). Despite these benefits, not all RM service strategies achieve the expected outcomes (Zhang et al., 2016). Industry and academic assessments indicate that many RM service strategies fall short of performance expectations, with estimates of unmet expectations ranging from 69% to as high as 90% (Edinger, 2018; Taber, 2017). Thus, even with a robust RM literature stream, there remains a need to better understand the sources of variability in RM outcomes.

The current study addresses this need by examining the role of *disciplined execution* in RM service strategy effectiveness. Adopting a resource-based perspective and drawing on expert interviews in the financial services industry, we conceptualize disciplined execution as a complementary resource consisting of five dimensions related to strategy execution: engagement, adoption, responsiveness, completeness, and tenacity. This study advances prior research on competitive advantage and operating discipline by highlighting the mechanisms through which disciplined execution contributes to firm performance.

These mechanisms are often social and tacit in nature and embedded in the cultural fabric of the firm (March & Simon, 1958; Teece et al., 1997; Weick, 1979). They also depend on networks of strong and weak ties within the firm that are difficult for competitors to observe or imitate (Granovetter, 1973; 1985). As such, disciplined execution may represent a source of sustainable competitive advantage consistent with the imperfect imitability (I) and organizational (O) dimensions of marketing resources in the VRIO framework (Kozlenkova et al., 2014).

Using a unique dataset, we employ a two-step quasi-experimental approach in collaboration with two leading financial services firms. First, we compare the performance of firms that implemented new RM service strategies (i.e., offering new services to current clients) to firms that made no such strategic changes. Second, within the group of firms that implemented RM service strategies, we assess differences in disciplined execution. Change in annual recurring revenue (ARR) over the treatment period serves as our performance measure. We use a Bayesian multiple regression model to isolate the effects of disciplined execution across multi-disciplinary sales and service teams.

Our findings indicate that firms implementing new RM service strategies experienced increased ARR relative to the control group. Moreover, higher levels of disciplined execution were associated with significantly greater revenue gains. These results suggest that much of the benefit realized from implementing new RM service strategies depends on the level of disciplined execution during implementation. By demonstrating firm-level variability in disciplined execution and its impact on RM performance outcomes, this study identifies an important source of competitive marketing dynamics within a mature industry. The magnitude of these effects led participating firms to revise their RM service strategies to emphasize the five dimensions of disciplined execution identified in this study, further reinforcing the practical relevance of our findings.

The following sections develop our theoretical framework and hypotheses; describe our methodology, analysis, and results; and discuss the theoretical and practical implications of our study.

Resource-Based Theory and Disciplined Execution

The resource-based theory of the firm (RBT) has been an important foundation of marketing scholarship for more than 30 years (Barney, 1991; Barney et al., 2011; Slotegraaf et al., 2003; Vorhies & Morgan, 2005; Wernerfelt, 1984). Yet, despite the extensive use of RBT in marketing, Kozlenkova et al. (2014) argue that the process by which marketing resources are built, fine-tuned, and sustained over time remains inadequately explored. Empirical research, they contend, tends to focus primarily on the “valuable” (V) dimension of the four criteria for sustainable advantage, namely valuable, rare, imperfectly imitable, and organizationally exploitable, or VRIO. This tendency reinforces the view that RBT characterizes resources and capabilities as conferring advantage in a relatively fixed manner. Even so-called dynamic capabilities are often characterized as static in this sense (Barney & Clark, 2007).

Kozlenkova et al. (2014) further explore the evolution of RBT and evaluate RBT research in marketing using the VRIO framework as a basis for judging whether a marketing resource confers sustainable marketplace advantage (Barney & Hesterly, 2012). In describing gaps in RBT-based research in marketing, Kozlenkova et al. (2014, p.11) assert, “First, existing VRIO arguments are expressed mostly by citing past empirical research (Morgan et al., 2009), less frequently with the researcher’s own arguments (Evanschitzky et al., 2007), and almost never through an actual measurement of VRIO (Ramaswami et al., 2009). Second, the ‘O’ (organization) dimension of the VRIO framework is widely neglected.”

In the present study, we endeavor to address these theoretical gaps concerning marketing resources by using an empirical approach to formulate and test a set of hypotheses regarding the impact of disciplined execution on RM capabilities. In doing so, we examine how variation in disciplined execution across firms implementing the same RM service strategies shapes performance outcomes, thereby engaging the inimitable and organizational dimensions of the VRIO framework. By defining disciplined execution and evaluating its impact on a direct measure of RM results, we provide empirical insight into how organizational alignment and execution discipline contribute to sustainable advantage in marketing.

Understanding Disciplined Execution

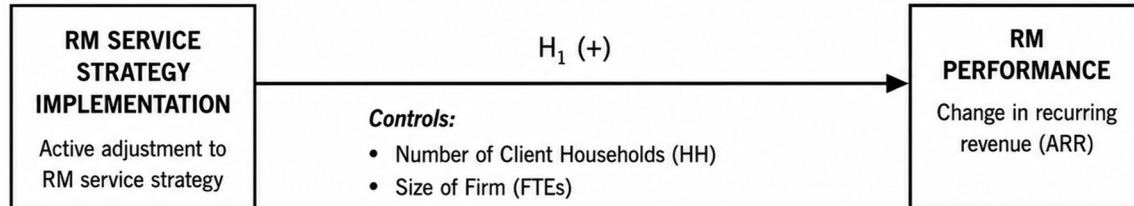
We define “disciplined execution” as a strategic resource encompassing the dimensions of engagement, adoption, responsiveness, completeness, and tenacity. While execution and implementation are often used interchangeably in prior research, we distinguish them conceptually in this study. We use implementation to refer to the broader process of introducing and integrating new RM service strategies within the firm. In contrast, execution refers more specifically to the quality, consistency, and discipline with which those strategies are carried out behaviorally across teams and work processes. Disciplined execution therefore reflects how effectively firms enact RM service strategies during implementation.

Specifically, *engagement* involves the degree of active participation and effort put into implementing strategy. High engagement is demonstrated by interest, ownership, and involvement in the process of strategy implementation. *Adoption* refers to the extent to which the firm fully integrates and embraces the recommended practices and work processes, ensuring these processes are consistently applied across all relevant aspects of the operation. High adoption is demonstrated by full integration of the recommended practices into daily operations, consistent use of the prescribed work processes across team members, and visible alignment between stated strategy and actual behavior. *Responsiveness* refers to a willingness to accept coaching and input concerning adjustments to current work processes. High responsiveness indicates the ability to quickly and effectively act on feedback and suggestions for adjustments, adapting work processes to improve performance and align with evolving strategies. *Completeness* refers to the implementation and follow-through in using prescribed new approaches. High completeness is exhibited by thorough and sustained application of newly prescribed approaches, ensuring that all steps are carried out with attention to detail, and that any obstacles to full implementation are actively addressed. *Tenacity* involves a long-term commitment to implementing strategic changes and the perseverance to continue pursuing the successful implementation of these changes over time. High tenacity is demonstrated by commitment to the long-term goals of a strategy despite challenges or setbacks.

Based on expert interviews and our collaboration with industry partners during this study, these five components emerged as fundamental to successful implementation of RM service strategies and thereby form the underpinnings of disciplined execution. Our conceptualization of disciplined execution is consistent with the canon of RBT as reflected in a lengthy stream of economic, management, and marketing theory and research (Barney & Clark, 2007; Kozlenkova et al., 2014; March & Simon, 1958; Nelson & Winter, 1982; Weick, 1979; Wernerfelt, 1984). For discipline to have a sustained effect, collaborative work groups must have shared definitions-in-use and interpretative schemes for understanding customer input, common processes and technologies for accomplishing key outcomes, and established methods (Weick, 1979; Zablah et al., 2004). This shared framework is developed and modified over time to deliver specific business outcomes and can be disrupted by environmental changes and by changes in strategy (March & Simon, 1958). Consequently, observing the degree to which firms apply discipline in executing new RM service strategies provides a useful laboratory to test its effects in a defined period.

Effective implementation of new RM service strategies requires the members of the firm to invest a high degree of engagement in helping to define new strategies; hold a strong commitment to, and adoption of, the new practices identified; maintain a responsiveness to coaching; have a completeness in adhering to the totality of new procedures and methods; and possess tenacity in maintaining new practices throughout the stages of implementation. Taken together, these are the five dimensions that we tested and used to measure disciplined execution in the implementation of new RM service strategies. Figure 1 presents the research models guiding this study.

MODEL 1: Effect of RM Service Strategy Implementation on Performance



MODEL 2: Effect of Disciplined Execution on Performance Among Firms Implementing RM Service Strategies

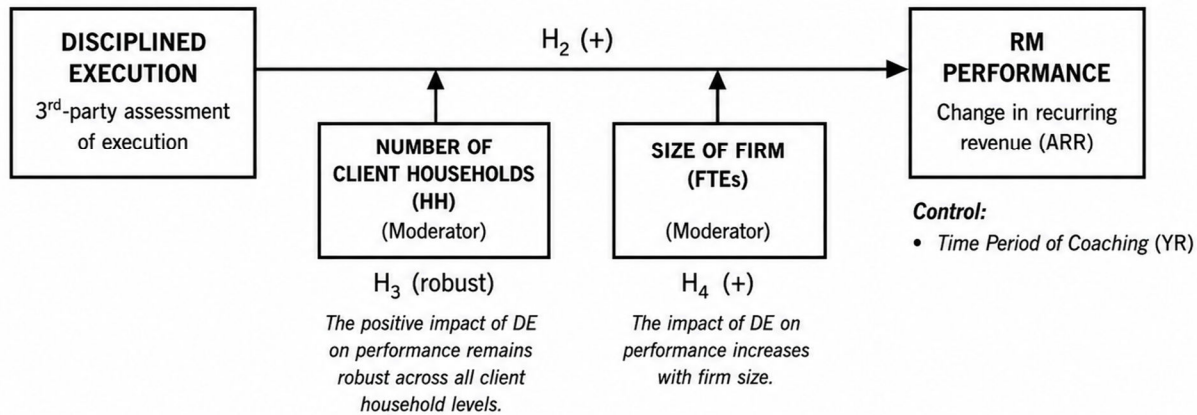


Figure 1. Research Models Evaluating RM Service Strategy Effectiveness and Disciplined Execution

Hypotheses

Relationship Marketing, Disciplined Execution, and Firm Performance

Establishing initial support for our study, we first hypothesize that firms implementing new RM service strategies will see a positive and significant increase in ARR, regardless of the level of disciplined execution (H_1). Next, using ARR as a performance outcome, we hypothesize that disciplined execution improves RM service strategy effectiveness by ensuring engagement, adoption, responsiveness to feedback, completeness in applying new methods, and tenacity in overcoming challenges. These dimensions collectively enable firms to realize the full potential of new RM service strategies, translating them into measurable performance gains. As such, we expect that firms with higher levels of disciplined execution will outperform those with lower levels.

Our conceptualization of disciplined execution is grounded in RBT, which suggests that firms gain competitive advantage through valuable, rare, inimitable, and organizationally exploitable resources (VRIO framework). While we posit that disciplined execution plays a role in successfully implementing RM service strategies, the five dimensions of disciplined execution—engagement, adoption, responsiveness,

completeness, and tenacity—align with RBT’s focus on organizational capabilities, making them difficult for competitors to replicate. This supports the view that disciplined execution is not only a complementary resource but may also be a driver of competitive advantage, as it enhances the firm’s ability to implement and sustain strategic changes.

Based on the preceding logic, we expect that firms executing with greater disciplined execution should experience some performance benefit from these RM service strategies in the form of higher ARR. Further, we expect that these benefits will be magnified by increased disciplined execution. Perhaps more importantly, disciplined execution creates a defensible advantage, even compared to other firms that implement the same RM service strategies. Taken together, we hypothesize the following:

H₁: Firms that implement new RM service strategies will produce a positive and significant increase in ARR compared to a control group that does not implement new RM service strategies in the same period.

H₂: An increase in the disciplined execution of RM service strategies enhances the positive impact of RM service strategies on the firm’s ARR.

Firm Size and Disciplined Execution

We use change in ARR to assess performance since it is a direct measure of the success of RM service strategy implementation. It includes the asset-based fees from long-term client relationships and excludes any additional sources of revenue for the firm, like commissions or other transaction-based income. In addition, financial advisory firms have a variety of client types that generate revenue, from those with very large assets to those with relatively modest wealth. Consequently, firms function with a wide range of clients. In the samples for our analytical models, the number of clients served by focal firms ranges from 77 to 908. By fostering engagement, adoption, responsiveness, completeness, and tenacity, disciplined execution ensures that RM service strategies are applied uniformly across diverse client segments, from high-net-worth individuals to smaller account holders. This universality of disciplined execution aligns with the principle that firm-specific capabilities can be leveraged to optimize outcomes across varied conditions and client profiles. Since all clients require advice and guidance, regardless of their asset level, disciplined execution can benefit firms implementing small account strategies as well as those serving very large asset accounts. Therefore, we predict:

H₃: The positive impact of disciplined execution on the RM-to-ARR relationship remains robust across all client sizes.

Finally, we anticipate that the size of the firm’s employee base will have an impact on the influence of disciplined execution. The rationale for this belief is grounded in the idea that larger firms may face greater complexity in implementing RM service strategies due to the diversity of employees, functional areas, and operational processes. Larger employee bases often result in more significant coordination challenges leading to variability in execution. As such, disciplined execution becomes increasingly valuable in ensuring that RM service strategies are consistently implemented across the firm. The structured approach of disciplined execution provides a framework for aligning diverse teams and reducing variability, which is critical in larger, more complex organizations.

From an RBT perspective, the organizational dimension of the VRIO framework is particularly relevant for large firms. Larger firms typically have more resources, but these resources need to be mobilized and aligned effectively to achieve strategic objectives. Disciplined execution acts as an inimitable organizational capability that fosters alignment and consistency, amplifying the effectiveness of RM service strategies. Moreover, the scale of operations in larger firms allows them to fully capitalize on the benefits of RM service strategies in the presence of disciplined execution, resulting in a stronger RM-to-ARR relationship. In this context, disciplined execution serves as a critical lever to bridge the gap between strategic intent and performance outcomes, especially in firms with extensive employee bases. Therefore, we predict:

H₄: The impact of disciplined execution on the RM-to-ARR relationship increases with the size of the firm’s employee base.

Methodology

Context of the Study

The context for this study is the U.S. financial services industry and the unit of analysis is the financial advisory practice (firm-level analysis). We define a financial advisory practice as a firm operating as a discrete business entity in a single location that serves a common set of clients. In this context, a firm may contain one or several licensed advisors and a staff of varying sizes and functions to support them. The financial services industry offers an excellent opportunity to study the impact of disciplined execution as firms in this industry are rich in collaborative sales and marketing teams implementing RM service strategies. Financial advisory firms have substantial autonomy in developing approaches to serve their clients. Consequently, they represent a wide range of sales and marketing configurations and operating philosophies. Also, since advisors must conform to strict regulatory prescriptions about how advice is delivered and the suitability of products, these firms are required to align sales and marketing approaches to provide consistent messages and direction based on sound defensible principles. This combination of industry conditions creates a wide variety of approaches within different firms with an industry-wide requirement for delivering basic service levels. This makes the financial services industry a robust laboratory for studying the performance effects of disciplined execution.

Financial advisory practices have become an increasingly recognized context for business scholarship. Per Law and Zuo (2021), “The U.S. Bureau of Labor Statistics (BLS) projected that the employment of financial advisors, which already accounted for 10% of total employment in the finance and insurance sector, would grow 15% from 2016 to 2026 – much faster than the average for all occupations (Bureau of Labor Statistics, 2018). Given the prevalence and importance of financial advisors, a growing literature has developed to further an understanding of their behavior (O’Hara, 2016).”

Data Collection

Developing our measure of disciplined execution, we first conducted directed interviews with 12 financial advisory industry experts to understand the common characteristics of firms and their respective sales and marketing teams with high levels of strategy execution (see Appendix A). Interview participants included trainers from large proprietary distribution systems, sales and marketing executives, and senior sales managers, among others. Specifically, the interviews were used to map discipline in execution across sales and service teams within firms and inform the development of the survey instrument provided in the appendix. The interviews focused on creating an accurate picture of the structures, work-processes, goal setting, and job descriptions used in financial advisory firms. The qualitative approach adopted for the interviews provided detailed descriptions of how teams in a firm work together to provide service to clients.

Qualitative data from the interviews was analyzed using NVivo 11 following an iterative process of categorization and comparison of the team activities, interactions, and outcomes uncovered in the interviews. The results were summarized and used to develop our initial measure of disciplined execution. The proposed measure and summaries of the interviews were then sent to and reviewed by the 12 industry experts originally interviewed. Their comments were incorporated in a second version of the disciplined execution measure. We used a 10-person subset of this expert group to pre-test the instrument. The results of the pre-test were used to refine our measure of disciplined execution prior to the primary survey.

Next, we used data collected from 30 financial advisory firms during the implementation of new RM service strategies over an eight-year period. The RM service strategies were developed and provided to the firms in our study by a large U.S. asset management firm that distributes individual investment products (e.g., mutual funds, managed accounts, and model portfolios) exclusively through licensed financial advisors. Supporting implementation of the new RM service strategies, the asset management firm provides specific direction and coaching to firms selling their financial products and services. Specific to the RM service strategies in our study, the coaching curriculum guides firms through the implementation of two new RM service strategies – one for managing small accounts more efficiently (referred to as small account servicing) and one for providing a higher level of value to larger clients with complex needs (referred to as key client management). Thirty financial advisory firms participated in the coaching curriculum supporting implementation of the new RM service strategies. Third-party assessments of disciplined execution were solicited from field consultants supporting the participating firms. We received 19 usable responses, which

were used in the development and validation of the disciplined execution scale (see Table 1) and in the disciplined execution regression analysis (Model 2). In addition, these same 19 firms were compared against a control group of 23 firms that did not participate in the coaching curriculum to evaluate the broader impact of implementing RM service strategies (Model 1).

We use ARR as a performance measure. The firms in our study consistently report ARR in their accounting records so this data is both readily available and accurate. ARR is also commonly used as a metric of RM service strategy effectiveness in financial advisory firms. Note that revenue captured in ARR only includes regular fee income from long-term client relationships and thereby excludes transaction-based revenue, such as sales commissions or other one-time payments to the firm. These characteristics make ARR an ideal performance measure for our study.

The measure of change in ARR is an average for the years each firm was involved in implementing the new RM service strategies. The independent assessments of disciplined execution were provided by the asset management firm that supported the financial advisors responsible for implementing the new RM service strategies in the advisory firm. These ratings were solicited from the appropriate account service executives (i.e., coaches) after the focal financial advisors completed the coaching curriculum supporting RM service strategy implementation. As noted, 19 usable third-party execution-discipline ratings were obtained and used in the disciplined execution analysis (Model 2).

In order to compare firms that implemented new RM service strategies to a control group, we used a dataset with the financial results from 23 comparable financial advisory firms that did not implement new RM service strategies. The subset of 19 treatment firms with usable disciplined execution assessment data and complete analytical data was compared against 23 control firms that did not implement the RM service strategies, resulting in a total sample of 42 firms for the treatment-versus-control analysis (Model 1). The dataset for control firms was provided by a large broker/dealer organization that participated in the research process.

Structure of the Models

Two related analytical models were estimated in this study. Model 1 evaluated the overall impact of implementing RM service strategies by comparing the subset of treatment firms with complete analytical data ($N = 19$) against a control group of firms that did not implement the strategies ($N = 23$), resulting in a total sample of 42 firms. Model 2 evaluated the influence of differing levels of disciplined execution among the treatment firms with complete analytical data ($N = 19$). Third-party disciplined execution ratings used in scale development were obtained from 19 participating treatment firms (see Table 1), and the regression analyses relied on this same analytical sample.

In our model comparing firms that implement new RM service strategies to a control group (Model 1), we use a Bayesian approach to estimate parameters in a multiple regression that includes the number of full-time equivalent employees (FTE) and number of client households (HH) as covariates and a dummy variable for treatment to predict the change in ARR. In our model to evaluate the impact of disciplined execution (Model 2), we use a five-item, seven-point scale to solicit a third-party assessment of the [1] engagement level, [2] adoption level, [3] responsiveness to coaching and input, [4] completeness of implementation, and [5] tenacity of financial advisory teams that participated in the coaching curriculum (see Appendix A). We then use multiple regression to model the impact of different levels of disciplined execution on growth in ARR of the firms. Estimation is again carried out from a Bayesian perspective. Since ARR is generated by long-term, fee-based client relationships, it serves as an accurate measure of the effectiveness of RM service strategy implementation. The overall average rating of disciplined execution was 4.1 on the seven-point scale, with observed scores ranging from 2 to 6. The Cronbach's Alpha for the five-item measure of disciplined execution is 0.975, the component loadings for all items are between 0.946 and 0.968, and the construct accounts for 91% of the variation in the data (Cohen et al., 1983). Table 1 presents the correlation matrix for the disciplined execution scale items and demonstrates strong positive relationships across the five dimensions of the construct.

Table 1. Correlation Matrix for Disciplined Execution Scale Development Using Third-Party Ratings

		Engage	Adoption	Responsiveness	Completeness	Tenacity
Engage	Pearson Correlation	1	.890**	.913**	.874**	.878**
	Sig. (2-tailed)		.000	.000	.000	.000
	N	19	19	19	19	19
Adoption	Pearson Correlation	.890**	1	.920**	.862**	.842**
	Sig. (2-tailed)	.000		.000	.000	.000
	N	19	19	19	19	19
Responsiveness	Pearson Correlation	.913**	.920**	1	.900**	.884**
	Sig. (2-tailed)	.000	.000		.000	.000
	N	19	19	19	19	19
Completeness	Pearson Correlation	.874**	.862**	.900**	1	.912**
	Sig. (2-tailed)	.000	.000	.000		.000
	N	19	19	19	19	19
Tenacity	Pearson Correlation	.878**	.842**	.884**	.912**	1
	Sig. (2-tailed)	.000	.000	.000	.000	
	N	19	19	19	19	19

**Correlation is significant at the 0.01 level (2-tailed).

Across the two models, we employed full-time equivalent employees (FTE), number of client households served (HH), and the time period of coaching (YR) as controls and covariates where appropriate. We used a dummy variable to control for the timing of the coaching and operating results in relationship to two years of high volatility in the capital markets. Our quasi-experimental framework provides an excellent opportunity to leverage the introduction and coaching in support of implementing new RM service strategies in advisory firms. The account service executive delivering the coaching then has the ability to monitor and gauge the level of adoption in each firm.

Bayesian methods provide an alternative to frequentist-based null-hypothesis testing that allows researchers to generate distributions for parameters and evaluate the sensitivity of analyses across varying levels of parameters (König & van der Schoot, 2018). The Bayesian paradigm also permits updates of parameter values and their associated distributions as new data become available (Gelman & Shalizi, 2013). When faced with relatively small datasets, like those used in this study, this feature of Bayesian methods is particularly useful. Even though we collected data over a period of eight years, we were able to update the analysis and provide insight and guidance to our business partners early and improve as more data became available. This addressed one important perennial disconnection in collaborations between academics and practitioners by providing value early in the process. We use vague priors for the model parameters in the initial models since there was no existing census-based evidence available on which to base informative priors (Albert, 2009). We follow a hypothetical-deductive approach to Bayesian inference, employing uninformative priors in our modeling that emphasize the data collected and the model's ability to test specific hypotheses outlined in the preceding section (Gelman & Shalizi, 2013).

We employed the Markov Chain Monte Carlo (MCMC) method to approximate the posterior distributions of all parameters by drawing very large representative random samples of the parameter values of interest in the two models. Using the very large sample of representative parameter draws, we computed the credible sets for parameter distributions and described their posterior distributions, including shapes. This in turn permits comparing values of different parameters in the two models (Kruschke et al., 2012). We use R statistical software and the JAGS (Just Another Gibbs Sampler) package to carry out all calculations related to the two Bayesian multiple linear regression models defined as follows: Model 1 assesses the treatment effect by regressing the change in ARR on FTE, HH, and a treatment dummy variable. Model 2 evaluates the

impact of disciplined execution by regressing the change in ARR on the disciplined execution (DE) score, controlling for FTE, HH, the interaction between DE and FTE (DEFTE), and the coaching time period (YR).

For the control group comparison model (Model 1):

$p(y_i|x_{1i}, x_{2i}, x_{3i}, \beta_0, \beta_1, \beta_2, \beta_3, \sigma) = N(b_0 + b_1x_{1i} + b_2x_{2i} + b_3x_{3i}, \sigma)$, where y_i is the change in ARR for the year, x_{1i} is the number of full-time equivalent employees (FTE), x_{2i} is the number of client households served (HH), x_{3i} is the dummy variable indicating the treatment and control groups, and b_1 , b_2 , and b_3 are their respective coefficients. Table 2 reports the posterior correlation matrix for the control group model used in the Bayesian analysis.

For the disciplined execution model (Model 2):

$p(y_i|x_{1i}, x_{2i}, x_{3i}, x_{4i}, x_{5i}, \beta_0, \beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \sigma) = N(b_0 + b_1x_{1i} + b_2x_{2i} + b_3x_{3i} + b_4x_{4i} + b_5x_{5i}, \sigma)$, where y_i is the change in ARR for the coaching curriculum period, x_{1i} is the number of full-time equivalent employees (FTE), x_{2i} is the number of client households served (HH), x_{3i} is the measure of disciplined execution, x_{4i} is the interaction of FTE and disciplined execution (DEFTE), x_{5i} is a dummy variable representing the time period during which the firm received RM related coaching (YR), and b_1 , b_2 , b_3 , b_4 , and b_5 are their respective coefficients. Tables 3a and 3b report the posterior correlation matrices for the disciplined execution model used in the Bayesian analysis.

We used vague priors for the parameters associated with disciplined execution and DEFTE in the initial disciplined execution model to limit the influence of the choice of prior distributions on the posterior used for sampling. We used transformation to standardize the data prior to analysis, and so used normal priors. For the residual parameter of the model, we used a uniform prior with range of zero to 10, which is also very low in influence. In order to interpret the model, we retransformed the model parameters back to their original scale after modeling was complete. For each model, we initialized three chains at the mean values of the parameters and used 1,000 steps for tuning and 1,000 steps for burn-in and ran the full modeling process from beginning to end four different times and compared parameter values, plots, and diagnostics from each run. All four runs were essentially consistent with very small differences.

Table 2. Correlation Matrix of Posterior Values for the Control Group Model (Gibbs Sampler with 250,000 Steps)

	zsigma	zb0	zFTE	zHH	zTreat	sigma	b0	FTE	HH	Treat
zsigma	1.000									
zb0	0.005	1.000								
zFTE	-0.004	0.002	1.000							
zHH	0.002	-0.004	-0.607	1.000						
zTreat	-0.001	0.001	-0.011	-0.271	1.000					
sigma	1.000	0.005	-0.004	0.002	-0.001	1.000				
b0	0.005	0.476	-0.422	-0.253	-0.175	0.005	1.000			
FTE	-0.004	0.002	1.000	-0.607	-0.011	-0.004	-0.422	1.000		
HH	0.002	-0.004	-0.607	1.000	-0.271	0.002	-0.253	-0.607	1.000	
Treat	-0.001	0.001	-0.011	-0.271	1.000	-0.001	-0.175	-0.011	-0.271	1.000
Rsqr	-0.004	0.000	0.736	0.022	-0.004	-0.004	-0.831	0.736	0.022	0.093

Table 3a. Correlation Matrix of Posterior Values for Disciplined Execution Model (Gibbs Sampler with 250,000 Steps)

	zsigma	zb0	zFTE	zHH	zDE	zDEFTE	zYR
zsigma	1.000						
zb0	0.003	1.000					
zFTE	0.007	0.003	1.000				
zHH	-0.003	-0.004	-0.160	1.000			
zDE	0.003	0.004	0.653	0.165	1.000		
zDEFTE	-0.006	-0.002	-0.934	-0.124	-0.765	1.000	
zYR	0.006	0.003	0.369	-0.230	0.138	-0.220	1.000
sigma	1.000	0.003	0.007	-0.003	0.003	-0.006	0.006
b0	-0.003	0.180	-0.695	-0.400	-0.872	0.794	-0.318
FTE	0.007	0.003	1.000	-0.160	0.653	-0.934	0.369
HH	-0.003	-0.004	-0.160	1.000	0.165	-0.124	-0.230
DE	0.003	0.004	0.653	0.165	1.000	-0.765	0.138
DEFTE	-0.006	-0.002	-0.934	-0.124	-0.765	1.000	-0.220
YR	0.006	0.003	0.369	-0.230	0.138	-0.220	1.000
Rsqr	-0.004	0.001	-0.108	-0.075	-0.127	0.320	0.090

Table 3b. Correlation Matrix of Posterior Values for Disciplined Execution Model (Gibbs Sampler with 250,000 Steps) continued

	sigma	b0	FTE	HH	DE	DEFTE	YR
zsigma							
zb0							
zFTE							
zHH							
zDE							
zDEFTE							
zYR							
sigma	1.000						
b0	-0.003	1.000					
FTE	0.007	-0.695	1.000				
HH	-0.003	-0.400	-0.160	1.000			
DE	0.003	-0.872	0.653	0.165	1.000		
DEFTE	-0.006	0.794	-0.934	-0.124	-0.765	1.000	
YR	0.006	-0.318	0.369	-0.230	0.138	-0.220	1.000
Rsqr	-0.004	-0.030	-0.108	-0.075	-0.127	0.320	0.090

We completed a series of diagnostic steps, including inspection of correlation matrices and scatterplots of posterior values, which produced no major causes for concern about autocorrelation, collinearity of variables or non-normal residual structures in the results of the models. We used the final iterations of each model for the purpose of reporting results and retained all the steps in the sampling process which totaled 250,000.

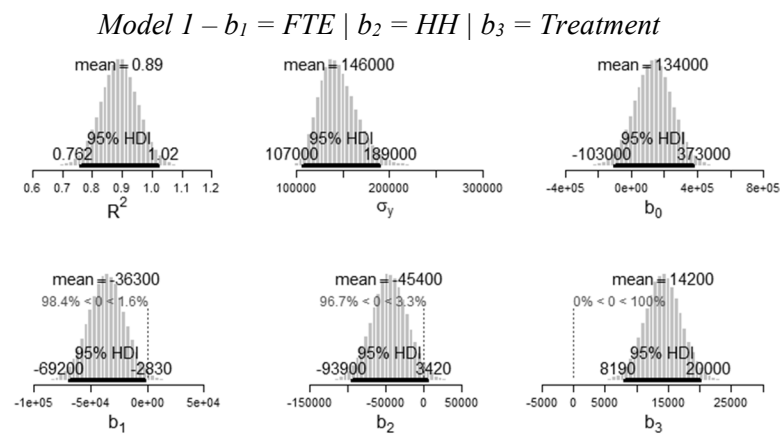
Since the disciplined execution data is provided by a third-party with active knowledge of the firms, the analysis and resulting models do not rely on self-reporting to assess disciplined execution. We consider

this empirically grounded approach to measuring the impact of disciplined execution unbiased with regard to self-reporting and common method variance – two recurring concerns about behavioral methods used in RBT-based studies in marketing.

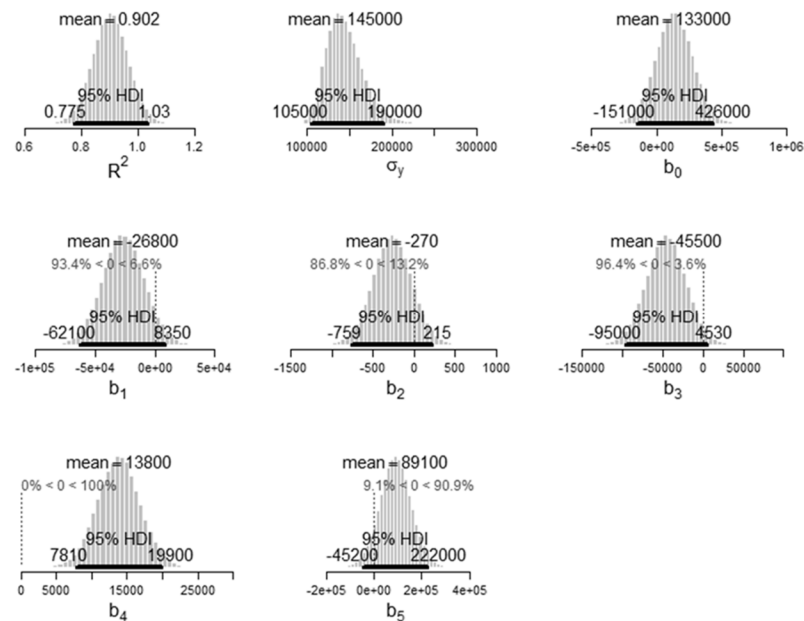
Results

The results of the analysis provide strong empirical evidence of the positive effects of disciplined execution above and beyond electing to implement a new RM service strategy. By modeling and quantifying the difference in improvements to change in ARR among financial advisory firms with varying levels of disciplined execution, we provide a measure of direct impact on RM effectiveness. Figure 2 displays the results of the MCMC modeling using posterior distributions created by combining the non-influential prior distributions and the evidence from the sample data in the two models. The mean R² for Model 1, comparing treatment and control firms, is 0.89, while the R² for Model 2, evaluating disciplined execution within treatment firms, is 0.90.

Figure 2. Posterior Distributions for Model 1 (Control) and Model 2 (Disciplined Execution)



Model 2 – $b_1 = FTE \mid b_2 = HH \mid b_3 = DE \mid b_4 = DEFTE \mid b_5 = Time\ period$



Tables 4 and 5 report the results of the control group and disciplined execution models used in the Bayesian analysis.

The analysis based on Model 1 to determine the effect of coaching compared to a control group shows that the average increase in ARR across the treatment-control comparison sample is \$160,620. The treatment firms included in the analysis that received coaching have an increase in ARR of \$190,877 compared to an increase of \$131,177 for the control group, a difference of \$59,700 or 46% attributable to the coaching. Model 2, measuring the effect of differing levels of disciplined execution among the 19 treatment firms with usable disciplined execution assessments and complete analytical data, had similar results. The average change in ARR among the 19 treatment firms included in the disciplined execution analysis is \$191,340. The model shows that the average size firm with a mean rating for disciplined execution of 4.1 (on a scale of 7) has a change in ARR of \$189,921. The same size firm with a disciplined execution score of 6 is modeled to have an increase in ARR of \$267,173, a difference of \$77,252 or 41%. Consequently, both H1 and H2 are supported.

Across the two analytical models, a firm of average size would create a benefit of \$59,700 in change in ARR, on average, by adopting the RM service strategies taught in the coaching curriculum, according to Model 1. This alone was a very valuable proof point for the coaching team of the asset management firm. The same size firm that also increases its level of disciplined execution from average (4.1) to high (6) would produce an additional \$77,252 in change in ARR, according to Model 2. Consequently, the results of the two models show that more than half (56.5%) of the overall gain available to an average-size financial advisory firm for the sample by both adopting new RM service strategies and increasing its ARR (from \$131,177 to \$267,173) is attributable to disciplined execution.

Table 4. Results of Control Group Model – Using Mean and 95% Credible Set

DEPENDENT VARIABLE (CHANGE IN ANNUAL RECURRING REVENUE)				
	Control group	Treatment group	Difference w/ treatment	Percent difference
Upper bound of 95% credible set in posterior distributions	\$475,406	\$650,406	\$175,000	37%
Mean values in posterior distributions	\$131,177	\$190,877	\$59,700	46%
Lower bound of 95% credible set in posterior distributions	\$-207,936	\$-260,836	\$-52,900	-25%

Table 5. Results of Disciplined Execution Model – Using Mean and 95% Credible Set

DEPENDENT VARIABLE (CHANGE IN ANNUAL RECURRING REVENUE)				
	Base case (average firm)	+2 DE in base case	Gain (loss) w/+2 DE	Percent gain (loss)
Upper bound of 95% credible set values in posterior distributions	\$1,445,007	\$1,691,376	\$246,369	17%
Mean values in posterior distributions	\$189,921	\$267,173	\$77,252	41%
Lower bound of 95% credible set values in posterior distributions	\$-1,057,471	\$-1,147,534	\$-90,063	-9%

The analysis demonstrates that increasing disciplined execution has a profound and positive influence on firm performance (ARR). Since firms rarely need to make capital investments to increase disciplined execution, these gains represent substantial increases in performance based on changes in behavior of the firm's advisory teams. This is particularly important for practitioners who struggle to explain and address the cause of weaker than expected results from RM service strategies. By offering a behavioral definition and measure of disciplined execution of RM service strategy implementation, we offer needed guidance for improving the success of all collaborative firm-level sales and marketing strategies.

We assessed multiple versions of both models using interaction terms between the independent variables and covariates to gauge their relationship and influence. We find that the distribution of parameters for client households (HH) and for the interaction of disciplined execution and households (DEHH) show they are likely to be near zero. For HH, the range of values for the parameter is $73.2\% < 0 < 26.8\%$ and for DEHH, the range is $48.2\% < 0 < 51.8\%$ in the model with all variables and interactions. Consequently, we find strong support for H3 that the number of client households is not a strong determinant of the effects of disciplined execution. The interaction term for the number of full-time equivalent employees (DEFTE) and disciplined execution is positive and significant in all versions of the model tested. In the final model for disciplined execution, the parameter for DEFTE has a mean value of 13,800, with a 95% credible set of 7,810 – 19,900, with a full distribution of $0\% < 0 < 100\%$. Therefore, we also find strong support for H4 since the effect of disciplined execution increases with FTEs.

Discussion

This study is the result of a collaborative effort between the authors and two large financial services firms searching for answers to an expensive and persistent problem in practice, the failure of relationship marketing strategies to achieve desired results. The direct experiences of the firms involved in this research, industry studies, and scholarly research concerning relationship marketing (RM) all agree that the implementation of new RM service strategies often falls significantly short of expectations. In our study, we propose and show that the ability to produce results through implementation of RM service strategies is tied closely to the level of discipline applied to the execution of new RM service strategies. We adopt a resource-based view of marketing capability development to define disciplined execution and provide a framework for measuring and applying disciplined execution to the implementation of RM service strategies.

Expert interviews conducted prior to experimentation helped to identify five dimensions of disciplined execution. The interviews also showed that firms with greater discipline were more flexible and able to adapt to difficult market conditions – a characteristic that should be considered in future studies of disciplined execution. Interview participants reasoned that disciplined firms have a reduced cognitive load due to having a more repeatable approach and benefit from a more stable baseline of firms to which they can make better comparisons when improvement opportunities are considered. And finally, they observed that firms with greater discipline are more successful at integrating new financial advisors into the firm as a growth strategy. These observations help to provide explanations of the mechanics at work that lead to performance gains in firms and therefore provide insight for practitioners.

As a result of this research, the two corporate partners working with the authors on this study altered their firm's coaching curricula to reflect the importance of team dynamics in implementing new RM service strategies. For example, one firm created a new practice management module concerning how to standardize certain workflows across advisory teams to increase consistency and efficiency. The other added multiple exercises for team building to enhance cohesion across the firm's sales and service teams. Both firms also indicated they have since changed their perspective on how to allocate resources within their own RM service strategy implementation efforts based on the importance of disciplined execution.

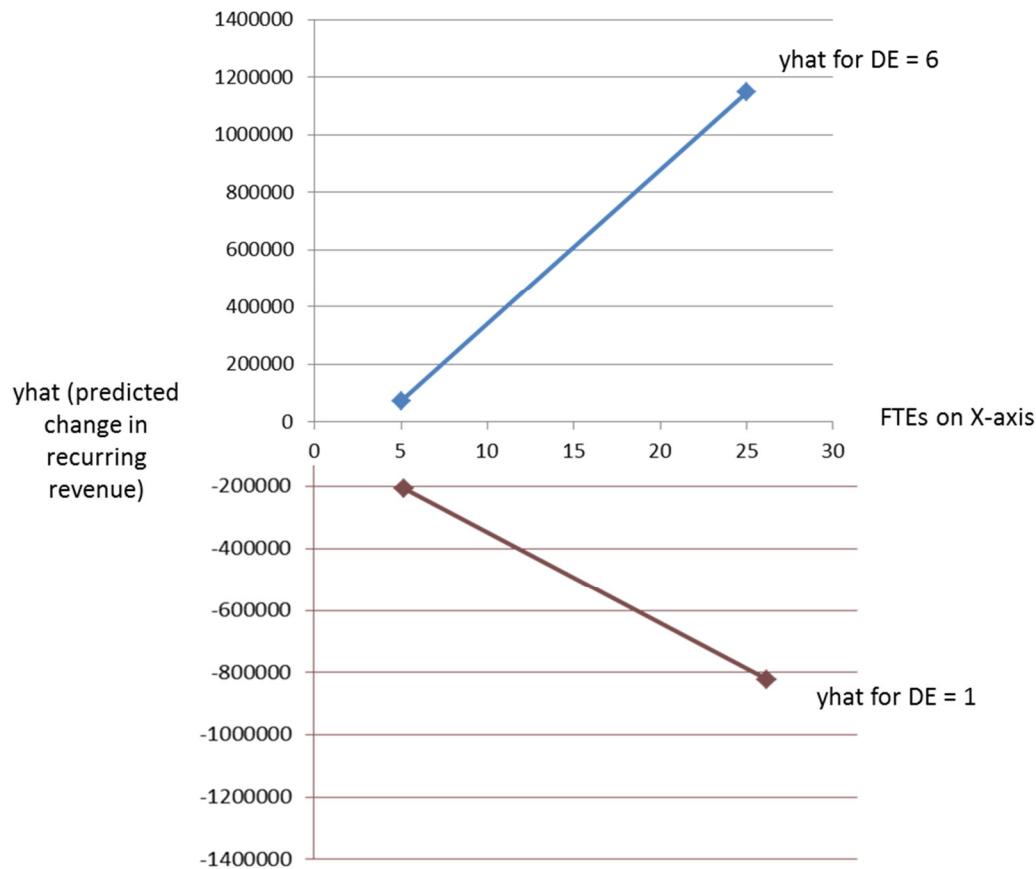


Figure 3. Changes in Recurring Revenue by Firm Size and DE Level

Our analysis provides strong empirical evidence that increasing discipline in execution has a significant and positive influence on firm performance. For a firm with average dimensions in the sample, increasing disciplined execution from average to high, as assessed by our measure, is worth \$77,252 in additional ARR. This effect is robust across different sizes of client groups and is enhanced as the size of the employee base of the firm grows. Figure 3 illustrates the change in ARR across firm-size and discipline levels and highlights the effects of execution on performance.

Where high disciplined execution levels show gains across firm size, low levels have significantly negative impacts on both large and small firms. The two models used in our study provide support for all four research hypotheses concerning the influence of disciplined execution on the performance of RM service strategies. The models provide evidence that even firms receiving the exact same coaching in implementing RM service strategies can have divergent results based on their level of disciplined execution. Furthermore, the advantage attributable to disciplined execution should prove sustainable since it is based on inimitability and organizational factors related to the cognitive and behavioral dimensions of sales teams across the firm. These findings make an important and unique contribution to theory by showing a new path through which firms build sustainable competitive advantage by providing evidence of how inimitability and organizational factors influence the sustainability of relationship marketing resources.

Theoretical Implications

We contribute to scholarship in three ways. First, we define disciplined execution and develop a measure to assess the disciplined execution of RM service strategy implementation by identifying the behavioral foundations of multi-disciplinary sales and marketing execution. By specifying engagement, adoption, responsiveness, completeness, and tenacity as observable dimensions, we treat disciplined execution as a measurable organizational capability rather than an abstract managerial aspiration. Second, we use a unique dataset and quasi-experimental design to model the impact of disciplined execution on a direct measure of RM success, annual recurring revenue. By separating disciplined execution from the mere

decision to implement RM service strategies, we distinguish between strategic intent and strategic realization. Our results show that performance differences often reflect variation in how consistently firms execute identical strategies. Execution is therefore not a secondary implementation issue, but a central driver of marketing performance. Third, we extend resource-based theory by examining the organizational dimension of the VRIO framework empirically. While prior research emphasizes valuable and rare resources, the organizational dimension has received far less direct attention. By operationalizing disciplined execution, we demonstrate that the “O” in VRIO can be understood as embedded behavioral routines and shared norms that govern how strategy is enacted across the firm. Organizational support is not simply structural alignment; it is disciplined, collective action sustained over time.

More broadly, our findings suggest that disciplined execution functions as a behavioral mechanism through which marketing capabilities translate into performance. Firms exposed to the same strategic prescriptions and coaching interventions produce different results depending on how systematically they execute. In mature industries where strategic options are widely known, disciplined execution may be a more important source of sustainable differentiation than strategy selection alone. Our results also inform work on dynamic capabilities. Discipline is often viewed as constraining, yet our findings indicate that consistent execution may enhance adaptability. By stabilizing routines and reducing unnecessary variability, disciplined firms free attention and coordination capacity for strategic adjustment. In this sense, discipline enables flexibility rather than restricting it.

Finally, we contribute methodologically by combining independent third-party behavioral assessments with Bayesian quasi-experimental modeling. This design addresses concerns about common method bias and strengthens empirical claims about organizational capabilities. By quantifying the magnitude of execution effects and demonstrating their interaction with firm size, we clarify how disciplined execution amplifies the returns to strategic investment. Taken together, these contributions move disciplined execution from managerial rhetoric to a clearly defined, empirically supported organizational capability that explains why identical marketing strategies yield different performance outcomes.

Managerial Implications

Our research contributes to practice in several important ways. First, we identify the specific behaviors that underlie disciplined execution by examining multi-disciplinary sales and marketing teams operating across the firm. The five dimensions identified in this study, engagement, adoption, responsiveness, completeness, and tenacity, provide managers with a practical framework for evaluating the quality of strategy implementation. Rather than relying on general impressions of commitment or effort, managers can assess these dimensions directly and use them to diagnose where execution is breaking down.

Second, our findings suggest that managers often overemphasize selecting new relationship marketing strategies while underinvesting in the behavioral conditions required to execute them well. The magnitude of the effects observed in this study indicates that disciplined execution accounts for a substantial portion of the gains associated with RM service strategy adoption. For the average firm in our sample, more than half of the increase in annual recurring revenue associated with implementing new RM service strategies was attributable to differences in execution discipline. Firms that neglect execution discipline may therefore leave meaningful revenue unrealized.

Third, the results show that improving disciplined execution does not require major capital investment. Unlike new technology systems or structural reorganizations, disciplined execution is rooted in collective behavior, coordination, and follow-through. Underperformance in RM service strategy implementation efforts may stem less from technical limitations and more from inconsistent accountability, uneven adherence to processes, and weak reinforcement of standards. Managers seeking stronger returns should focus on reinforcing consistent routines, clarifying expectations across sales and service teams, and establishing mechanisms that promote responsiveness and sustained commitment.

Fourth, disciplined execution becomes more valuable as organizational complexity increases. Larger firms face greater coordination demands and more variability in implementation. In these environments, disciplined execution serves as a stabilizing force that reduces inconsistency and aligns teams around shared

standards. Growth without disciplined execution may amplify variability and erode the intended benefits of new RM service strategies.

Finally, because disciplined execution reflects embedded routines and shared norms, leadership practices related to hiring, onboarding, and team integration matter. Firms expanding through growth or acquisition should consider whether new personnel align with established execution standards and whether integration processes reinforce disciplined behaviors. Communication alone is not enough. Disciplined execution requires visible reinforcement of expectations, structured feedback, and sustained attention to follow-through.

As a result of this research, the five dimensions of disciplined execution have been incorporated into the coaching curricula of the participating firms. Both corporate partners indicated that future RM service strategy implementation efforts will allocate greater time and attention to strengthening execution discipline within multi-disciplinary teams. By framing execution as a measurable and financially consequential organizational capability, this study provides managers with clear direction for improving the success of collaborative sales and marketing strategies.

Limitations and Directions for Future Research

This research benefits from a deep and well-validated investigation of the mechanisms of a single type of sales organization. While this provides valuable detail about the capabilities that drive competitiveness, it limits generalizability. The Bayesian multiple regression used in our study relies on performance data and independent assessments of routine discipline to evaluate the effects of disciplined execution, with the analytical model based on observations from 19 firms. As such, future studies would benefit from a larger sample and additional quantitative analysis exploring additional factors that may have an impact on disciplined execution, like technological intensity and product lifecycle. While ARR provides a focused and widely used measure of RM performance in financial advisory firms, it does not directly capture profitability. Firms implementing RM service strategies may incur costs associated with coaching, employee time commitments, and implementation efforts that are not reflected in ARR alone. Consequently, future research may benefit from examining the relationship between disciplined execution, revenue growth, and profitability outcomes simultaneously.

As a guideline for scholars, generalizability of our findings can be tested by studying the use of adaptive and operational routines in other technically skilled sales and service contexts. For instance, a study of sales organizations in value-added reselling, common in the computer software and hardware industries, could provide a view of our hypotheses in a business-to-business context with greater technological dependence and shorter product lifecycles. In addition, future studies of disciplined execution in RM service strategies may choose to focus on the causes of friction in multi-disciplinary teams that can lead to a breakdown of discipline. Such research could also identify the antecedents of greater cohesion and effectiveness in sales and marketing teams. Understanding these cognitive and behavioral dimensions will help explain why certain teams are more engaged, committed, responsive, thorough, and resilient in executing RM service strategies.

Conclusion

In this study, we examined why identical relationship marketing strategies often produce divergent performance outcomes across firms. Using a resource-based perspective, independent third-party assessments of disciplined execution, and Bayesian quasi-experimental modeling, we demonstrate that execution discipline materially shapes the returns to implementation of RM service strategies. Firms that adopted new RM service strategies increased ARR, but those that executed with higher levels of engagement, adoption, responsiveness, completeness, and tenacity realized substantially greater gains. More than half of the total improvement available to the average firm in our sample was attributable to disciplined execution rather than strategy adoption alone. These findings clarify that performance variability in RM service strategy implementation is not simply a function of strategic choice, but of how consistently and collectively strategy is enacted across the firm. By defining and quantifying disciplined execution as an organizational capability, this study reinforces the importance of the “O” dimension in the VRIO framework and highlights disciplined execution as a measurable, financially consequential driver of competitive advantage in relationship marketing.

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Appendix A. Assessments of Advisory Firm Disciplined Execution Level

(Cronbach's alpha = 0.975, Eigenvalue = 4.55, construct accounts for 91% of variation)

Using the questionnaire below, we surveyed the Account Service Executives (ASE) that delivered the coaching curriculum supporting the new RM service strategy to each firm in our study. The ASEs work for a third-party service provider and assist the firms' financial advisors with RM service strategy implementation. For clarity and shared understanding, the ASEs were provided descriptions for each facet of disciplined execution included in the assessment.

FOR ABC WEALTH ADVISORY INC.:

Based on your observations and experience working with this financial advisory firm, use the scale provided to compare this firm to other financial advisory firms you have assisted in the practice management program.

Measurement items:	Among the lowest			Average		Among the highest		Component loading
	1	2	3	4	5	6	7	
1. Engagement level in the practice management program	☐	☐	☐	☐	☐	☐	☐	.955
2. Full acceptance of recommended strategy and processes	☐	☐	☐	☐	☐	☐	☐	.946
3. Orchestration of team efforts in adjusting roles and work processes	☐	☐	☐	☐	☐	☐	☐	.968
4. Committing needed time and resources in adapting work processes	☐	☐	☐	☐	☐	☐	☐	.953
5. Tenacity and long-term commitment to implementing the strategy	☐	☐	☐	☐	☐	☐	☐	.947