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"Six Steps to Total KAM"

Abstract

Increasingly, businesses are recognising that the demands being placed upon them from their Key Accounts are quite different from those of their other accounts. There is a growing recognition that new approaches are required to manage these Key Accounts. The principles behind doing this effectively might appear quite simple but, in fact, require major changes across the whole organisation. Consequently, very few companies claim to be satisfied with how they measure and manage their key account relationships. This article draws upon the author's experience in working with both manufacturing and service organisations in designing and implementing Key Account Management change programmes. It suggests a holistic approach is required that covers all the domains of change rather than just one (eg IT). It also recommends a structured approach that maintains commitment to the change and delivers maximum bottom-line impact. The article begins by explaining what Total Customer Management (TCM) is and outlines its heritage. It then discusses the application of TCM to managing key accounts specifically. Common pitfalls and solutions are described that will help the reader navigate a way through the customer management minefield. Conclusions are then drawn as to what the key factors are in successfully implementing a TCM change programme. Only a brief overview can be provided of the TCM philosophy in a single article.

Introduction

In the early 90's I was fortunate to have spent a number of years working in Europe and America on strategic sourcing initiatives with my purchasing colleagues within a global manufacturing business. My experience covered a wide range of industries including the purchase of components, consumables and services. In that time, we saw a lot of different sales and marketing staff in many different companies. It was a continual source of bemusement to me as to their differing reactions to the objectives of our particular sourcing exercise. In a few cases, there was clear recognition that what our company was doing was significant and could offer substantial rewards to the chosen supplier. At the other extreme, there was either a sense of apathy: "We've seen all this before…It's another one of those corporate exercises that will blow over" or even hostility: "Well, we were selected by the local site so I don't see why we should be talking to you!" And, unfortunately, there was the Great Unknown of suppliers in the middle. They probably understood the principles of the exercise but really did not know how it would affect them. They typically gave us sales pitches when we wanted to know about their marketing strategy, gave us brochures when we wanted to know about their commitment to their people and gave us blank stares when we wanted to know about their cost drivers.

My overwhelming impression of those years is that my colleagues and I were educating most companies' sales and marketing staff in relationship strategy. It also demonstrated something else to me, that much of the information we were seeking was not held in the sales and marketing silo. The best companies were the ones who could assemble and analyse cross-company information quickly and field people who could explain it adequately under interrogation. I am also glad to say that most of those suppliers we selected then are still prime vendor now except for one major difference: they have an even greater share of the company business.

Getting the relationship right and being able to deliver the total supplier's capability to a customer can have a significant long-term payoff.

TCM vs. CRM

Presently, there is much discussion about Customer Relationship Management (CRM). The advances in IT have brought about much of the excitement about CRM, which now enables companies to manage huge amounts of data about huge numbers of their customers. It is not surprising, therefore, that the largest CRM change programmes are in industries with the largest customer bases eg financial services, telecommunications, retail, government etc. However, very little attention has been paid in the CRM literature to the importance of business-to-business relationships. Here, the challenge is not to mine data on each customer separately but use the data from across the whole customer and supplier to build pan-company relationships.

CRM has also somewhat been seized upon by the IT industry to such an extent that IT-enabled Relationship Management is the only show in town. It is my experience that IT, although a critical enabler of change, is only one of the domains of change that needs to be considered. Equal consideration needs to be given to changing the people that interface with the customer, the processes and organisation structure that these people work in and the fundamental questions of what the supplier, in total, is trying to achieve with the customer. I have personal experience of working in very large enterprise level IT change projects and it is usually not the IT that is the problem. I would rate as far more prevalent:

- lack of clarity of the customer management processes which the software needs to support
- failure to get the user community involved in developing the IT solution
- lack of executive agreement of what value the IT solution will actually add, and
- failure to integrate the people strategies (eg reward, recognition, recruitment, roles, responsibilities) with the change

These are not only additional domains of change (process and people) but also are symptomatic of the adequacy of the change programme (commitment and executive alignment). In essence, IT is part of, but not the heart of, the solution.

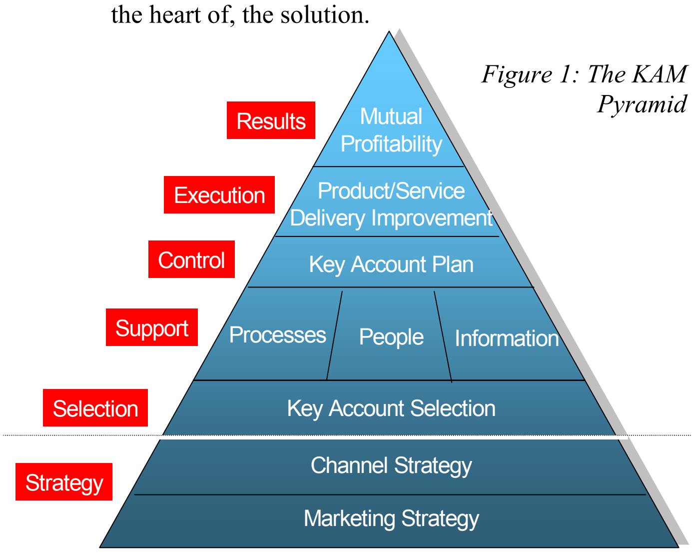


Figure 1: The KAM Pyramid

A new approach to customer management change is required that is neither done entirely by the marketing department nor the IT department. It is one that is owned or managed centrally but undertaken locally.

The Heritage of TCM

TCM has it roots in the quality revolution of Total Quality Management (TQM). TQM had, as its goal, the delivery of improved quality to the customer through the revolutionary use of statistical process control, just-in-time, total preventative maintenance, cellular manufacture and a variety of related tools and techniques. There are some important principles of TQM that are adapted for TCM.

1. Quality is everyone's responsibility not just the Quality Manager's
2. The manufacturing and support processes must be capable of delivering the quality that is required
3. A holistic approach is required to becoming a TQM organisation. The approach involves cross-functional teams looking at organisation structures, processes people and information

TCM is very much about spreading the operational management of the customer out from the Marketing Department. In TCM the Marketing Manager does have an important role, but it is a different one. He/She must ensure that the *processes* that everyone else is working in are aligned towards customer management goals. Just as the modern Quality Manager owns the quality processes that ensures the whole organization is focused on quality, so the modern Marketing Manager must own the customer management processes that ensures the whole organization is focused on customer relationships. The marketing function may also contribute to specific customer management processes such as customer satisfaction measurement.

TCM is also about mobilising cross-functional improvement teams in order to:

- re-engineer customer management processes
- select and integrate customer management software
- redesign organisation structures to suit the customer
- install customer management into HR decisions.

Those companies that have been through TQM or BPR exercises will recognise the scale of the task. We used to talk about putting micro-factories inside large factories to describe the implementation of cellular manufacturing teams. Here, we are describing no less than the introduction of micro-businesses inside the whole business to describe the introduction of customer management teams.

Applying TCM to Key Account Management

Figure 1 shows the Key Account Management (KAM) pyramid. At its apex is "Mutual Profitability," that is, mutual to both the supplier and customer. The proposition is that a relationship that enhances profitability for both sides will be more sustainable than one that has an imbalance on either side. A customer that adds to his profitability through continuous "supplier bashing" will deter a supplier from giving him more business. If it is at all possible, the supplier will seek new customers/markets to mitigate the risk. On the other hand, a supplier who adds profits without passing the benefits downstream risks de-selection entirely or downgrading of the relationship.

One might extend this notion to mutual profitability along the entire supply chain although this brings in many additional issues that it is not my intention to cover here.

Foundations for TCM

In order to achieve this goal, the supplier needs to have a number of building blocks securely resting on a firm bed of foundations.

The first foundation layer is a clear and effective Marketing Strategy. If the market is segmented geographically (eg country or continent segments) but the key accounts are international or global there may be a conflict between the key account goals and the segment goals. The Marketing Strategy must provide the key account with a firm foundation for development. If the marketing strategy is in conflict with KAM or ambiguous there will be problems in key account selection, key account goal setting, account strategy development and implementation.

The second foundation layer is a clear and effective Channel Strategy. Within a market segment, ownership of the relationship with each and every customer should be well understood. This means that everyone knows which customers are owned by telesales, which by the sales force and which by the key account managers. Distributors, value-added resellers or dealers may be owned by any of the above or by a separate team. Interactions and conflicts between accounts are understood and mitigated in the channel strategy.

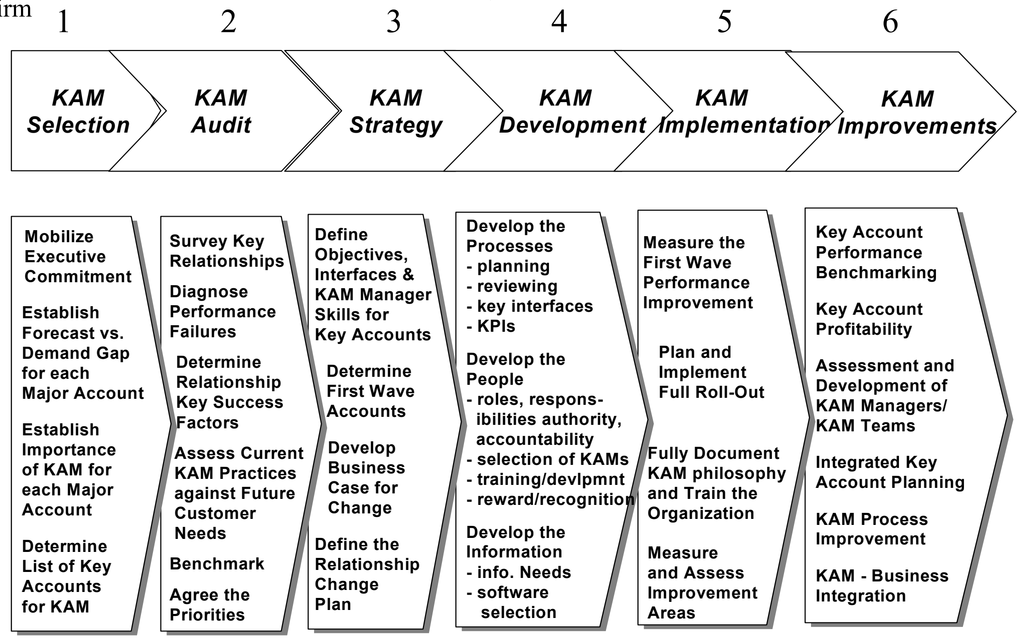
Assuming the foundations are laid we can now briefly summarise the KAM building blocks. Those accounts truly suited to KAM must be carefully selected. Key Account Teams must be continuously assessed and developed. Furthermore, organisation structures, processes and information management must also support customer management

The Key Account Plan provides the link between the capability of the organisation to deliver customer management and the delivery of the service itself. It sets the relationship goals, the measurable objectives and strategy to improve mutual profitability. It also recommends the resources and actions required to achieve these including recommended Product and Service Improvements. It is the delivery of these improvements to the selected customers that enhances the value they perceive in the relationship.

Six-Steps to Total Key Account Management

Note: the term "supplier" and "organisation" both refer to the enterprise that wishes to implement Total KAM.

Figure 2: Six Steps to Total KAM



The KAM pyramid shows the vision. It is where we want to get to - an organisation that has organisational strategy and customer-specific implementation integrated with cross-company capability. What it does not show is the journey required to get there.
Figure 2 shows a six-step approach to implementing Total KAM. It is a synthesis of the KAM change programmes that the author has been involved with in

both international manufacturing and services businesses. It is therefore applicable to both types of industries on both an international (eg pan-European) and global basis.

A summary of each of the six steps is provided together with an outline of the common pitfalls and possible solutions that may be employed. Where necessary, distinctions will be drawn between different types of organizations and situational context. It is important to note that the Six Steps assume that the strategic groundwork has already been laid in the form of both a Marketing Strategy and Channel Strategy.

Step 1: Key Account Selection

There are four main tasks in the first step:

(i) Mobilise Executive Commitment

One of the most crucial factors in any change programme is the extent of Executive Commitment. Total KAM cuts across so many geographical and functional boundaries that there must be Board Level commitment. In one case the author was involved in it was sufficient to have the global divisional MD as the sponsor of the programme. In another case it was the European CEO. Without a powerful champion at Board Level the Total KAM programme will not get beyond Step 1.

The lever to gain Board Level commitment may take a number of forms. This is a sample of the author's experience of what "turns on the Board":

- the Board recognizes it does not know which of its accounts around the world/region are the most important (even in sales terms)
- the Board recognizes that to achieve its ambitious growth targets it must at least secure that growth from its largest accounts
- major customer or supplier consolidation in the industry placing stronger emphasis on getting a particular relationship right
- the Board is getting increasingly anxious of the amount of organizational effort being poured into particular demanding accounts without much reward
- the Board recognizes that:
  - profitability of retaining customers far exceeds the profitability of finding new ones
  - gaining more share of a customer's business can be the most profitable way of gaining market share
  - there is wasted, duplicated and inconsistent efforts between its operating units and the customer

It has to be said that sometimes an outside consultant can help break the mould by bringing in comparative experience and asking the right questions.

(ii) Establish Forecast vs. Demand Gap for Each Major Account

The Channel Strategy should have generated a comprehensive list of "major accounts" that will be pursued through Account Management. These may simply have been selected on a Pareto (80:20) analysis of historic sales. However, we now need to interrogate this list and hone it down to a list of those most suitable for Key Account Management. This is done through both a quantitative and qualitative assessment.

The quantitative assessment seeks to identify the forecasted growth (or decline) in demand for the supplier's services over a suitable period. In services this may be 1 – 3 years, in more capital intensive manufacturing this may be 3 – 5 years. The growth in demand is then compared with the forecasted sales for this account. Usually the analysis will stretch back a year or two to allow better trend analysis. A number of factors usually result from this simple analysis:

- a real inability to forecast total demand for the total account over the total time period
- a lack of knowledge of the historic, current and forecasted sales across the total organization for the total time period
- a revelation that where data is available there is commonly a large demand gap not being forecasted in sales

(iii) Establish Importance of KAM for Each Major Account

Asking a number of questions about each of the major accounts provides qualitative analysis. In particular, we are seeking to understand a number of key relationship issues:

- What is their supplier selection strategy/process?
- How do they purchase from their suppliers? Do they buy centrally?
- How important is relationship management to them?
- How important are they strategically to us?
- What benefits would they/us see from managing them more carefully?
- What range of products/services do they currently buy?
- What operating units are they buying from?

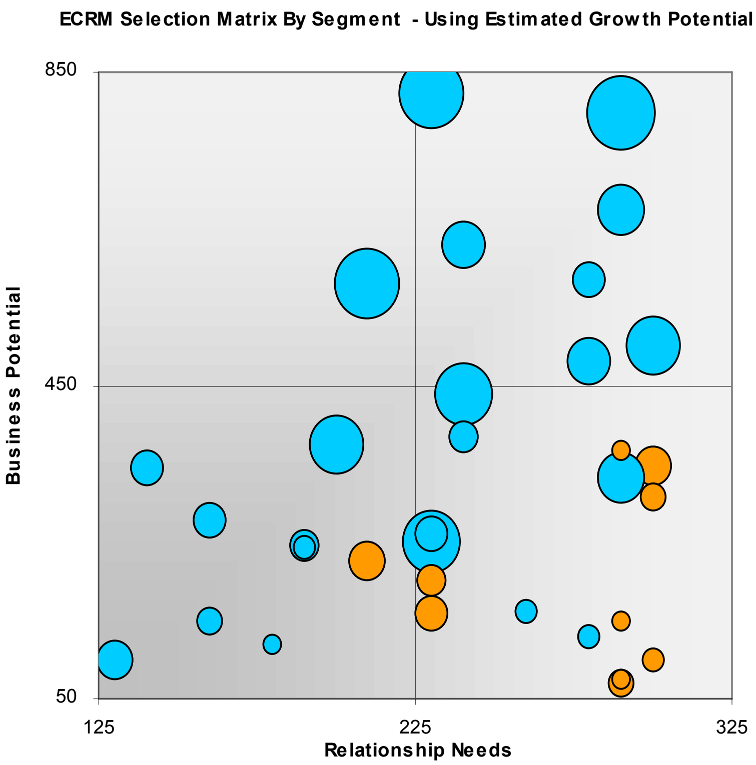
This provides a lot of the relationship input to the selection decision.

(iv) Determine List of Key Accounts for KAM

Using both the quantitative and qualitative analysis above, a model can be produced which positions all the major accounts on a relative basis. Those accounts that display the highest demand growth, the largest sales gaps, the strongest displacement for relationship management and that already demand multi-service, multi-unit effort are better candidates for Total KAM.

Figure 3 shows the model that was produced for a professional services organization. Each of the circles represents a major account. The scores along the axes were driven from scoring both the quantitative and qualitative analysis above. The size of the circle represents the cumulative demand of the account. Those accounts in the top right hand corner were seen as the highest priority for KAM.

Figure 3: Key Account Selection Model



The discussion and agreement of the prioritization of accounts often is the catalyst for agreement to the next Step: the KAM Audit.

Step 2: KAM Audit

(i) Survey Key Relationships

Now that the Key Accounts have been properly selected we can begin an investigation into their relationship dynamics in earnest. A comprehensive list of questions needs to be drawn up to understand the relationship issues between the account and the organisation. One set of questions needs to be targeted within the organisation, another set needs to be designed for the account. If Key Account Managers already exist for the selected accounts they need to be interviewed, otherwise another person who best understands the account needs to be identified and interviewed. The questions will cover in detail all the aspects of the relationship including: assessing account needs, current relationship issues, the account's decision-making process, account-supplier interfaces, current strengths and weaknesses in the supplier's account management, future trends/changes.

Informative comparisons can be made later between the account's view and the supplier's view of the key relationship issues.

(ii) Diagnose Performance Failures

Performance failures can then be diagnosed in the relationship. It may be useful to distinguish between three areas of relationship failure:

- Delivery of the product/service
- Organisational management (including support for the Key Account Manager)
- Account management by the Key Account Manager

(iii) Determine Relationship KSFs

The interviews also reveal which factors the account and Key Account Manager views as being the most important for relationship management. A common response is that the account is quite happy with their current Key Account Manager but feel that he is not being given the authority to support them within the supplier's organisation.

A simple model can then be produced that shows the performance of the supplier against the account's expectations on a descending list of key relationship success factors.

(iv) Assess Current KAM Practices against Future KAM Needs

A summary analysis of the strengths and weaknesses of the organization's KAM capability can then be compared with the future opportunities and threats from KAM. As such we have completed a Total KAM Audit of the organization. The audit is best decomposed into at least four areas:

- performance issues between the organisation and the account
- KAM people issues (including accountability, responsibility and authority)
- KAM information management issues
- KAM process issues

(v) Benchmark

A useful input to the above is effective benchmarking. It is often only by comparing the organization with others both inside and outside its industry that a good understanding of its current KAM position can be gauged. This is particularly important when considering that the interviews can only provide an understanding of *what is* now and what might happen in the future. Accounts will rarely be in a position to recommend *how* a supplier delivers its service.

(vi) Agree KAM Priorities

From the list of issues arising from this KAM Audit the key ones need to be prioritised.

It is common to group these issues under the four areas in (iv) above. Ownership of the tasks involved in resolving each can then be divided up. It may be that marketing owns the performance issue, HR own the people issues, IT own the information issues and an outside consultant own the process issues.

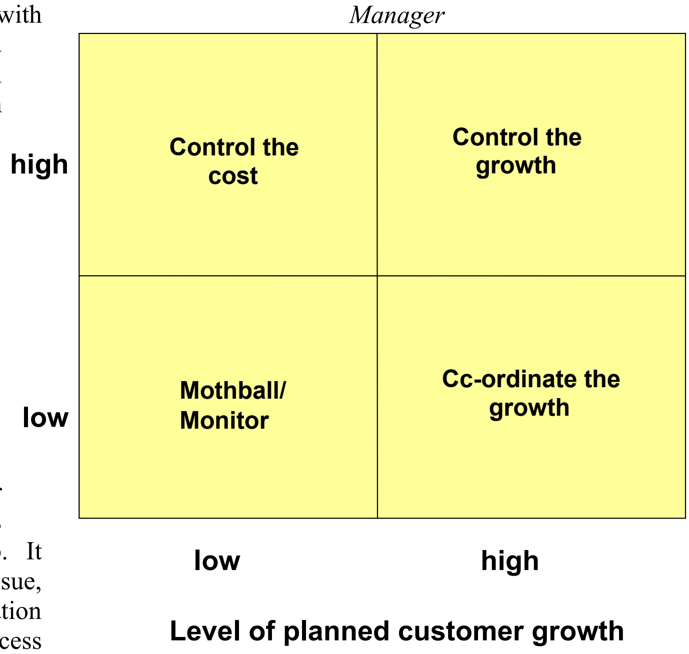
However, many different combinations have been used in the past including using existing Key Account Managers to own all four and get support from the functional expert. This is where we begin discussing the change strategy.

Step 3: KAM Strategy

(i) Define Objectives, Interfaces and KAM Manager Skills for Key Accounts

Now that the audit has established the account needs and issues the relationship objectives need to be defined. *McDonald*[1] has already outlined the impact on profitability of a misalignment between the supplier's relationship objectives and those of the account. A supplier targeting a close partnership relationship is doomed to excessive effort if the account views the product bought a commodity and wishes to multi-source. Similarly, a supplier that aims it sights lower than the sort of partnership relationship an account is looking for risks losing long-term share of that account's business.

Figure 4: Internal Objectives of a Key Account Manager



Another consideration is to understand the objectives on the Key Account Manager. An account facing rapid demand growth across the whole organization is going to demand a different sort of account management than one, which is strategically important, but is relatively stable. Figure 4 shows the different objective that such an analysis uncovers and which may be used later for account manager and account team selection.

Useful assessments can be made of the current set of Key Account Managers and the demands being placed on them by the Key Accounts. This would include the skills required of them. It is quite common to find that the current set of Key Account Managers may be good at maintaining their own relationships with their contacts in the account but lack the total set of skills required to lead an account team through a transition in the account relationship.

Therefore, an assessment of the total desired interfaces between the supplier and the customer needs to be considered. It may be that a wholesale change is required between moving the relationship from a dependency on a 1:1 relationship between the Key Account Manager and the chief buyer to a network of organisational relationships spanning many different projects, functions and countries.

(ii) Determine First Wave Accounts

A fundamental concept in the six-step process is that of piloting. The changes required in implementing Total KAM are so far-reaching that change is best demonstrated on a selected few accounts then rolled out later to the full set of Key Accounts. From the Key Account list we now need to pre-select a few that are deemed suitable for piloting.

Having established the scale of the change required across the Key Accounts we can compare the business gains from KAM in Step 1 Task (iv) above with the effort necessary to bring about the change. We therefore can ensure we select those accounts where we feel we will get the best business payoff from the change investment.

(iii) Develop Business Case for Change and Define the Relationship Change Plan

We now have enough information to construct a Business Case to change the organisation's approach to KAM. The Business Case can include:

- Account comments on current weaknesses
- Benchmark failures in the approach to Total KAM
- Future dependence on key accounts
- Recommended First Wave Key Accounts
- Expected Financial Gains from First Wave
- Expected Financial Gains from total Key Accounts
- Investment required to bring about the Change

Attached to the Business Case is a Relationship Change Plan that details the next three steps to implementing Total KAM.

Step 4: KAM Development

(i) Develop the KAM Processes

There are two main processes that need to be developed:

1. The KAM planning and review process

A format of the Account Plan needs to be agreed. Like any good business plan, the Account Plan should contain both an Executive Summary and a more detailed synopsis of the main points. Good practice is for the plan to contain a Balanced Scorecard of measures including Customer Satisfaction scores. A generic set of headers for the plan is given in Figure 5.

Balanced Scorecard Summary

Account Situation Analysis

- **SWOT Analysis of the Client's Business**
- **Client's Own Business Strategy and Key Issues**
- **Client's Relationship Sourcing Strategy**
- **Client's Decision-Making Process**
- **Key Company - Account Contacts and Relationship Strengths**
- **Revenue/Profit Forecasts for this Client**
- **Our Competitors and Shares of Client Business**
- **Overall SWOT of Our Relationship with this Client**

Our Goals and Objectives with this Account

- **long-term Vision**
- **Next 12 Months: Revenue and Profit Targets, Measurable Milestones and Delivery Performance Improvements**

Our Growth Strategy for this Account

- **Target and Positioning Strategy to Achieve the Objectives**

Our Service Development & Delivery Strategy for this Account

- **Work To Be Targeted**
- **Resources Required**
- **Action Plans (including Relationship Development)**

Figure 5: Generic Headers for a Key Account Plan

The processes for assembling, approving and reviewing the account plan also needs careful consideration. The assembly process is often undertaken through a structured account team planning process over 1 – 2 days. This is very much dependent on the quality of the preparation process.

The approval process needs to ensure that the right authority is asked at the right time for approval. An escalation process may be deployed that demands Team Approval before Board Approval is asked. Even so, there can be much gained from ensuring the Team is absolutely clear of their responsibilities in gaining Board Approval.

The review process ensures the Account Plan is reviewed at the right frequency. This will depend on the dynamics of the plan and the effort involved in reviewing it. A global plan, which is relatively stable, will be reviewed less frequently than a regional plan in a volatile market. Of course, technology provides means of establishing virtual teams, which do not need to be co-located and the use of tele/video-conferencing can be used to great effect.

2. The KAM operations process

After approval is gained the Account Plan needs to be managed by the Key Account Manager. The KAM operations process defines how to do this. One important principle is that the Key Account Manager acts as a single point of co-ordination not a single point of contact. This ensures that the organisation does not see the plan as a threat to their existing relationships and that the Key Account Manager is not bombarded with every communication between the organisation and the account.

All the processes above need to be linked into other interfacing business processes, in particular:

- The forecasting and business planning processes
- The customer satisfaction monitoring processes
- The product/service development processes
- The appraisal and people development processes

The aim is to integrate KAM into the business so that it is seen as an integral part of business life not something theoretical that sits outside the normal routine.

(ii) Develop the KAM People

It can be useful to separate the people development issues into three areas:

- the Key Account Manager
- the Account Team
- Organisation.

The Key Account Manager needs to have his responsibilities, accountability and authority defined together with the competency profiles required for carrying out the job.

Many companies have realised that good salesmen do not necessarily make good Key Account Managers. A major challenge to organisations is ensuring they select the right people with the right set of skills. One tool increasingly being used for this purpose is the Development Centre.

Similarly, the Account Team needs to have its responsibilities defined in supporting the Account Manager deliver the Plan. Reward, recognition, assessment and development needs to be applied to both the Key Account Manager and the Account Team.

The change strategy should also identify tasks involved in changing the organisation structure and culture. Culture change is itself a major change management area which would require a separate analysis.

Deciding whether to choose evolution rather than revolution may bring about planned changes to organisation structure. Matrix KAM structures are more complex to manage but are relatively painless to implement.

(iii) Develop the KAM Information System

With the KAM processes, interfaces and individual responsibilities defined the information flows through the KAM system can be defined. This may involve some further decomposition into elementary business processes.

A suitable IT architecture can be designed that provides an effective support infrastructure to the Total KAM programme. Once agreed, the architecture will then help define the software package make vs. buy strategy. An effective software package can have a dramatic impact on the value of the KAM programme by:

- reducing the administration costs
- sharing information (eg the Account Plan) around the Team and organisation
- gaining maximum insight into an account by the facility to interrogate account data
- speeding up information acquisition (eg through establishing account intelligence search engines)
- integrating all key planning and forecasting processes

However, there are few off-the-shelf packages that will do all of the above and in-house resources are required to map out the relevant customer management processes and customise the software application.

Step 5: KAM Implementation

(i) Measure the First Wave Performance Improvement

With the first Account Plans written and approved a period of observation commences.

The Key Account Managers must be given time to begin implementation of the plans and achieve the first set of measurable objectives. This is usually over a six month period. A monitor needs to be set up to measure the benefits of the KAM programme to the organisation. One set of measures used by a company is shown in Figure 6 and distinguishes between the effort being put in (Determinants of Success) and the results of those efforts (Results Monitors). A balance between company, customer, financial and non-financial measures should be sought.

KAM Determinants of Success

- total additional KAM business being pursued
- % of sales covered by full account management
- number of live Cat A account plans by region

Results Monitors

- % increase in sales (compared to routine business)
- industry and own customer satisfaction systems
- executive feedback

Figure 6: Measuring a KAM Programme's Success

(ii) Plan and Implement Full KAM Roll-Out

Once seen by the Board to be delivering the required improvements the KAM programme needs to be rolled out to the full list of Key Accounts. This will have to be planned carefully to ensure the organisation can cope with the ramp up of KAM activity. With global organisations split geographically it may be sensible to roll out region by region.

The KAM programme monitors can report to the Board the level of effort being put in and the results being reported.

(iii) Fully Document KAM Philosophy and Train the Organization

An integral element of Step 5 is the bedding down of the change. *Plant*[2] advises that to manage change effectively the change agent should "communicate like you have never communicated before."

One tool of the communication process is the Account Management Manual. The Manual should be produced so that it acts as a guide to good practice for the whole organisation and as a central toolbox to help Account Teams through the whole process. The Manual is also an excellent training and communication aid.

It will be necessary to undertake substantial education and training across the organisation in the principles and practices of KAM. This is one area that is commonly underestimated by companies. Amongst the best communicators of its importance are customers, respected Key Account Managers and members of the Board. No opportunity should be lost in deploying these resources wherever possible.

(iv) Measure and Assess KAM Improvement Areas

Once bedded-in to an organisation it must be recognised that the journey is not over. Achieving Total KAM requires a philosophy of continuous improvement.

Step 6: KAM Improvements

Step 6 describes those areas commonly found to want improvement – even amongst those organizations that feel they have implemented KAM.

(i) KAM Benchmarking

Continuous assessment of the organisation against external good practices will provide important catalysts for change and ensure the internal capability to deliver KAM is continuously enhanced.

(ii)Key Account Profitability

In most cases organisations do not have the systems in place to truly measure Account Profitability and in many cases it cannot be measured at all. Deeper analysis of the cost apportionment process will reveal some surprising information about how profitable the key accounts actually are. In one international client that we have been involved with we discovered that the account with the largest volumes was actually *unprofitable* once consideration had been made for the degree of high frequency and low volumes of each order. The issue then, of course, is not about severing the relationship but about how to turn the relationship into profit.

If we are to make our Key Account Managers accountable for profit we must have adequate customer profitability systems in place. This allows us to make more informed decisions about resource allocation between competing Account Plan demands and permits the adoption of leading-edge customer portfolio management.

Account Profitability can then be properly inserted into the objectives and measures in the Account Plan and the KAM Programme implementation monitors.

(iii) Assessment & Development of KAM Managers/Teams

At a recent conference on Global KAM[3],
- 51% of the audience rated "Finding the right people" as the most important issue in implementing KAM.
- Only 6% of the audience felt their KAM people were "Well selected, trained and effective"
- with 29% saying they were "Ineffective and need replacing."

Assessment and development of the staff managing the organisation's Key Accounts must be done in a structured and professional manner based on the nature of the account, the objectives of the plan and the competency set required to be an effective KAM.

(iv) Integrated Key Account Planning

Much value is often locked inside KAM processes without being built into other decision-making in the organisation. Wherever key customer needs are a consideration the KAM process must be seamlessly integrated.

IT offers many advantages in rolling together forecasting, business planning and KAM data to give a robust view of the market place.

(v) KAM Process Improvement

The KAM process can be improved and extended in a variety of ways. Figure 7 shows how one company was planning on evolving their KAM processes.

Figure 7: Future Evolution of KAM

- linking account plans with shareholder value (EVA)
- process automation
- linking the KAM process to the reward process
- continuous development of account managers
- use for competitor profiling
- further roll-out to
  - ➔ Other key aftermarket accounts
  - ➔ Key 1st Tier accounts

Keys Success Factors in Implementing a Total KAM Change Programme

Consequently, we need to distinguish between the key success factors in getting the vision right and the ones necessary to get the journey right. The pyramid shows the architecture for Total KAM and the absolute necessity to have all the blocks in place. Certainly, some blocks will be less well honed than others will and it is here that a judgement must be made as to how best to complete the building work.

In some cases all six steps should be covered in a sequential manner. In other cases, some blocks may be so weak (eg people) that it is felt wise to tackle the issue earlier.

In building the KAM pyramid, the author's experience suggests a hierarchy of key success factors (similar to Maslow's Hierarchy of Needs) where:
- success of individual key accounts appears to be related to the quality of the Account Plan
- the quality of the Account Plan appears to be correlated with the strength of the Account Team
- the best Account Teams appear to be led by the best Key Account Managers
- the most effective Key Account Managers work in supportive, capable KAM organisations, not in isolation.
- most importantly, the best organisations have visible executive commitment to Total KAM.

Successful KAM change programmes usually:

- Provide a senior owner of the KAM philosophy (who works on behalf of the sponsor). Examples have included a Global Change Manager, a European Marketing Manager and a Global Commercial Director
- Ensure proper resourcing of the programme using good project managers / change agents. In one case, KAM was linked into a cross-functional task force set up to design the business strategy.
- Ensure effective facilitation of key meetings eg Account Planning Meetings
- Spend as much time communicating the programme internally and externally as is spent engineering the solution

Some of the principles behind TCM have a long history. In 1987, Ansoff[4] noted that "the past thirty years of experience have shown that strategic planning works poorly, if it works at all, when it is confined to analytical decision-making without recognition of the enormous influence, which the firm's leadership, power structure, and organisational dynamics exert on both decisions and implementations." The application of these principles to strategic planning in individual accounts is the new goal and the barriers are equally formidable. Excellent TCM companies have not only overcome these barriers to create different operating models for all their key accounts but also customised versions for *specific* key accounts. In doing so, they have erected significant barriers to competition that cannot be surmounted easily.

Implementing Total KAM is one area within Total Customer Management. The lessons learned in going down the Total KAM path are invaluable when thinking of re-engineering other Channels eg the Sales Force. It is not easy, but the rewards to those that travel the path are significant profit enhancement and enduring competitive advantage.

References:

1 *Key Account Management – Learning from Supplier and Customer Perspectives* M McDonald and B Rogers, 1998

2 *Managing Change and Making it Stick*, R Plant, p32-33, 1991

3 *Global Key Account Management Conference*, Cranfield University, January 1998

4 *Corporate Strategy*, Igor Ansoff, p13, 1987

Are you a TCM Company? A Total KAM Checklist

The following are a set of key questions that you might like to ask of your organisation. In the margin, score 1 for "Not at All/Don't Know" and 5 for "Totally" :

1 How consistent is my company's marketing strategy with its key account strategies?

2 How effectively has my company identified which accounts should be owned by different channels (telesales / sales force / account managers) internationally?

3 How effectively has it selected its key accounts?

4 To what extent are Key Account Managers and their Teams selected on role, personality, knowledge and competence defined properly by the customer and us?

5 How much of the total customer information located in my company can the Key Account Managers interrogate quickly?

6 How well does our current organisation structure reflect the key account's future purchasing behaviour?

7 How well defined is the customer management process in my company?

8 How well do our Key Account Plans communicate a business case for change?

9 Over the next three years, how effectively will our company exploit the potential profitability of its Key Accounts?

10 How effective is my company at managing change?

Score 10 – 20: There are major problems throughout the building blocks of Total KAM. Use the 6-Step Approach to map out the total journey you need to make

Score 21 – 30: Although some Total KAM building blocks are OK you have major problems in other areas. Look at your weakest areas and see if you can thread a priority route through the 6-Step Approach – but you should consider improvement in all areas.

Score 31 – 40: Generally in good shape but there are a few weak areas. Identify and fix them quickly – they are probably major constraints to you getting greater value from your Key Accounts.

Score 41 – 50: Great! You appear to be practising Total KAM. Look at Step 6 to see what improvements you can make to ensure you stay ahead of the competition.

Biographical Details

Edmund Bradford
BA (Hons) DipM MBA MCIM

Edmund is co-founder and Managing Director of Msrket2win Ltd, a specialist consultancy focused on strategic marketing and account management.

At the time of writing this article Edmund was Managing Consultant at Marketing Improvements Group plc, one of the largest UK-based specialised marketing consultancies. Edmund was the Group's "Knowledge Champion" for Key Account Management and was involved in a variety of activities in this area. His clients included a global property management business and a European IT solutions business.

Before joining Marketing Improvements, Edmund worked as a Senior Consultant in a global IT consultancy with particular emphasis on IT-enabled sales and marketing change projects. Prior to this he was a Project Manager in a multinational aerospace business. There he had specific responsibility for developing and implementing global key account management and was also the Global Key Account Manager for the British Airways business. He also has many years consulting experience working in Europe, the USA and Asia Pacific in account management, strategic marketing, strategic sourcing, BPR and other change projects. Clients have included both leading multi-nationals and small enterprises in a variety of industries.

Prior to becoming a consultant Edmund spent two years lecturing in Economics and English at FuDan University, Jiao Tong University, The Shanghai Finance & Economics University and the Shanghai Institute of Commerce. .

Edmund has been both a keynote speaker at Cranfield University and been invited to write articles on Key Account Management on both sides of the Atlantic. He has an MBA from Warwick University.

For further information please contact him on:
e.bradford@market2win.com
Tel +44 (0)1527 542530

