

Key Account Management: The role of the Sales Manager

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Purpose of the session...

- ✓ To provoke thought.
- ✓ To reinforce current best practice by reviewing what successful Key Account Management focussed Organisations do in the real world.
- ✓ (Potentially) to provide further ideas about how to enhance the Key Account Management programmes in your Organisation.

What we'll cover...

- ✓ **Some background**
 - **Key Account Management in general**
 - **Some definitions**
 - **Key Account Selling v Key Account Management**
- ✓ **What makes a successful Key Account Manager**
- ✓ **Implementing a Key Account Management Strategy – the key challenges and how to manage them**
- ✓ **Leadership behaviours**
- ✓ **Case Study: IT Services Ltd.**

Numbers of UK Marketing & Sales professionals

<u>Marketing</u>	000s	<u>Sales</u>	000s
Marketing managers	210	Sales representatives	235
Other marketing professionals	130	Key account managers	150
Advertising professionals	90	Other sales occupations	140
Market research managers/ interviewers	45	Sales managers	95
Public relations professionals	45	Telesales	80
Others	25	Round/van salespersons	30
<i>Total</i>	<u>545,000</u>	Direct salespersons	<u>16</u>
		Others	20
		<i>Total</i>	<u>766,000</u>

Key Account Management: Some key drivers...

- ↑ Amount of information (“Superabundance”)
- ↑ Speed of access to information
- ↑ Knowledge of buyers (NB CIPS)
- ↑ Integration to increase buying efficiencies
- ↑ Supply chain management driven efficiencies
- ↓ Margins
- ↑ Cost of sales people
- ↑ Size of accounts
- ↑ Competition (faster, global, more intense)

...all which has led to a fundamental change in the supplier / buyer relationship

Key Account Management: A perspective

Relatively young discipline...

- FMCG providers recognised importance in 1970's
- Strategic Accounts Management Association founded 1964
- Most work / literature 1995 onwards

High relevance today...

- Cost of acquiring new customers
- Increasing professionalism of Buyers
- Expectations of Buyers

Key Account Management: A perspective (contd.)

“An Organization can sink from from having a poor strategy, and also sink if (even with a good strategy) it does not implement strategy effectively”

(Hamlin *et al*, 2001)

Key Account Management is an expensive option...

...and it can take a significant amount of time to recoup the investment.

So what is a 'Key Account'...?

Some key words... “...prestige”

“...reference value”

“...about building loyalty”

“...organising resources”

“In order to receive key account status, a customer must have high sales potential.”

(Jobber & Lancaster, 2000)

“A customer in a business to business market identified by a selling company as being of strategic importance.”

(Millman & Wilson, 1995)

“You always know a Key Account, because it really hurts when you lose it!”

(Anon)

So what is 'Key Account Management'?

“Key Account Management is a management approach adopted by selling companies aimed at building a portfolio of loyal key accounts by offering them, on a continuing basis, a product / service package tailored to their individual needs.”

(McDonald *et al.*, 2000)

“..the process of allocating and organising resources to achieve optimal business with a balanced portfolio of identified accounts whose business contributes or could contribute significantly or critically to the achievement of corporate objectives, present or future.”

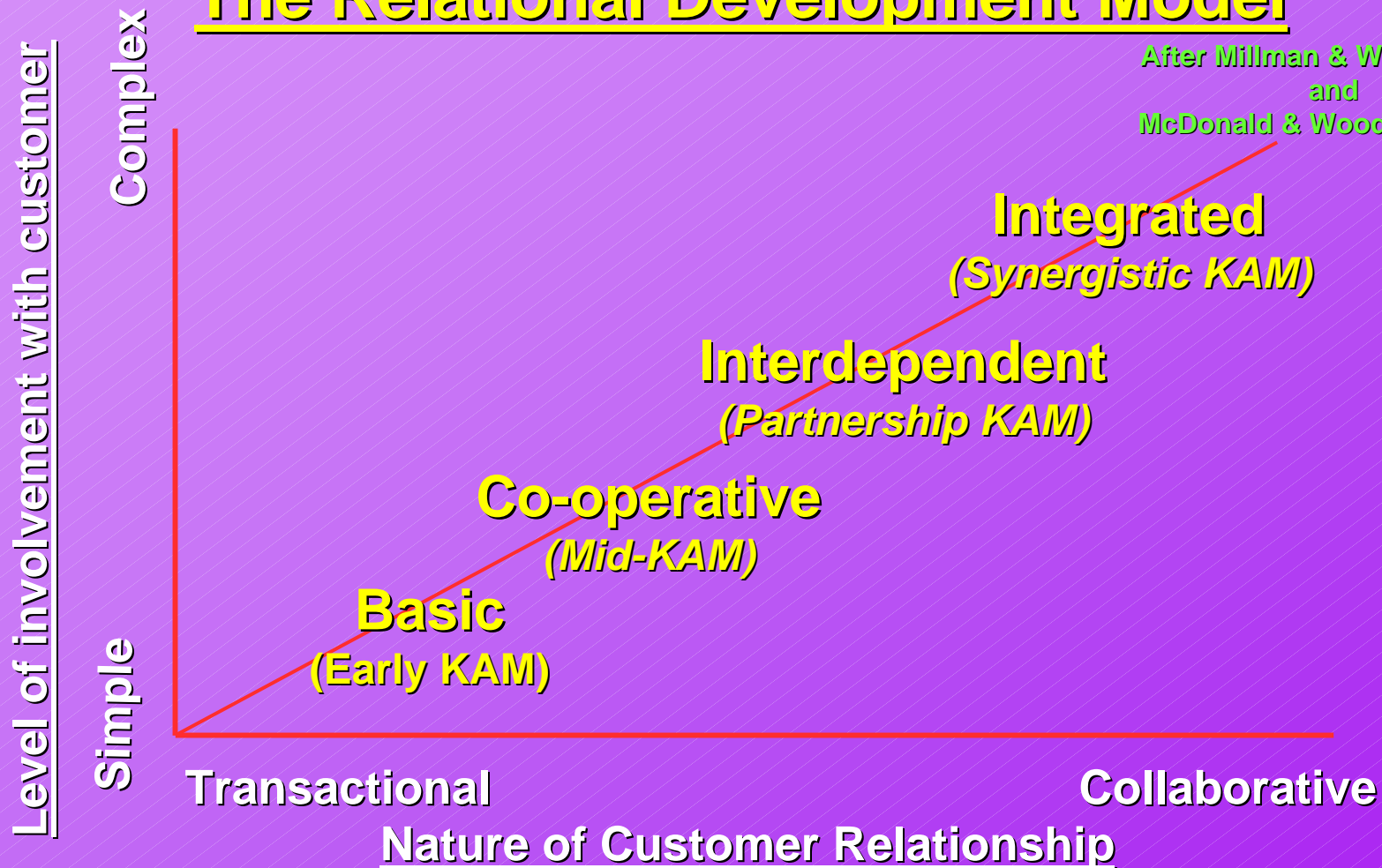
(Burnett, 1992)

“Key Account Management is about managing the future”

(Cheverton, 2001)

The Relational Development Model

After Millman & Wilson, 1995
and
McDonald & Woodburn, 1999



Key Account Manager: The Essential Skills and Qualities

1. **Intrapreneurial ability**
2. **Business Awareness**
3. **Planning & Organisational Skills**
4. **Communication Skills**
5. **Negotiation Skills**
6. **Analytical Skills**
7. **Selling Skills**



The Essential Skills and Qualities - Implications

- * **Selection of Key Account Managers.**
- * **It is not *the* route for career progression; it's one of several.**
- * **Personal Development Plans for those appointed to the role.**
- * **Development of appropriate competencies in advance of acquiring the role.**
- * **Evolving to a KAM focus: “*cut deep, cut clean, cut quickly*”.**

(for detailed breakdown of Sales competencies see www.msssb.org)

Challenges particularly relevant to Key Account Management:

- * **Role Ambiguity and Role Clarity**
- * **Role Conflict and Authority**
- * **Reward Systems**
- * **Performance Management**
- * **Appropriate Leadership Behaviours**

Role Clarity ↑, Role Ambiguity ↓, Role Conflict ↓...

- * Define KAM process and allocate responsibilities**
- * Develop a KAM planning template**
- * Provide the Key Account Manager with appropriate authority and autonomy**
- * Align budgetary controls to the Key Accounts**

Reward and Recognition Systems that complement a Key Account Management Strategy...

- * ***“What gets measured gets done”*** – are you measuring short term sales or long term inputs?
- * **To what degree is teamwork recognised both formally and informally?**
- * **What reward systems are in place?**
- * **Measurement of customer satisfaction**

Appropriate Leadership Behaviours...

* Transformational Leadership

- Foster a team approach – not ‘command and control’
- Communication & demonstration of ‘best practice’

* Direct intervention with the Key Account

- Communicate / reinforce KAM strategy and focus’
- Support implementation of the Key Account Action Plan
- Subtle monitoring of Key Account Manager behaviours

* Winning the support of colleagues internally

- Develop and implement strategies and tactics in order to win support of internal management teams

Case Study: IT Services Ltd.

* Background...

- Global Organisation
- Increasingly competitive operating environment
- New UK MD brought in to accelerate sales growth
- ...who in turn brought in a new UK Sales & Marketing Director

* Investigation...

- Observed team
- Identified skills & competencies required
 - o Board level operators
 - o internal influencers
 - o high ability to achieve emotional buy-in

Key issue: people fit the Organisation - not the other way around

Case Study: IT Services Ltd. (contd.)

- * **Reassigned people to appropriate roles**
 - wrong seat but not the wrong bus
 - intensive training programme in place (“Group University”)
 - some did not fit new Organisation at all
- * **Internal ‘roadshow’**
 - Gained the ‘buy in’ of all
 - demonstrated full support of Senior Management
- * **External ‘roadshow’**
 - ‘Sold’ concept to Key Accounts
 - Key Account Manager leads account – does not sell!

Case Study: IT Services Ltd. (contd.)

* **New Planning System**

- **Key Account Manager** responsible for maximum exploitation of opportunities
- 'Monday huddle' with cascade through the management team Tuesday and Wednesday
- 'clinics' during sales meetings

* **New reward system**

- balance of both rewarding inputs and revenue (charged with responsibility for P&L of Account)

“...it’s a model that works, it’s a model that’s sound logically... it’s not rocket science, it’s a model that stacks up.”

Case Study: IT Services Ltd.

* Timings...

- Sales & Marketing Director appointed 1st May
- Restructured 1st July

* Following below target performance...

- November and December performance 'above target'
- Pipeline increased by 38%
- Deal size approximately doubled

Key Learning Point...

When 'the text books' say it takes approximately 3 years to recoup returns from having implemented a Key Account Management strategy, this could well be true – ON AVERAGE!

However, when Sales Management utilises the tools and approaches we know categorically underpin a successful Key Account Management focus, then the amount of profit and the time to achieve these returns can be impressive.

"21st Century Sales Management" ...

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- * Go to www.highclere-salestraining.com**
- * Follow the link marked '*freebies*'**
- * Example there = interview with John Readman Sales Manager of the Year at the 2005 National Sales Awards**
- * + details re how to subscribe**



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