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

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

Source: MSSSB, 2006
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 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.”

(Anon)

“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!”

(Jobber & Lancaster, 2000)
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

Nature of Customer Relationship

Level of involvement with customer

Simple  Complex

Transactional  Collaborative

Basic
(Early KAM)

Co-operative
(Mid-KAM)

Interdependent
(Partnership KAM)

Integrated
(Synergistic KAM)

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
    - Board level operators
    - Internal influencers
    - 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 1\textsuperscript{st} May
  - Restructured 1\textsuperscript{st} 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”…
A free quarterly e-zine for Sales Managers – includes news of what’s happening in the Sales Profession + an article of interest / relevance to Professional Sales Managers. For more information…

* 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
References:


