

MAKING SENSE OF KEY ACCOUNT MANAGEMENT (KAM)

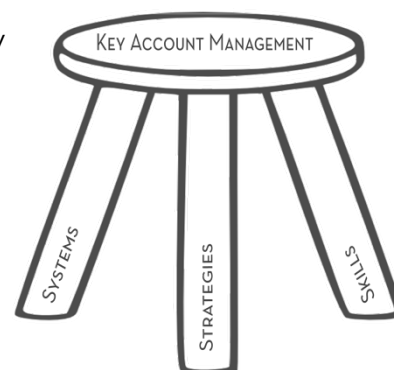
For businesses today, **key account management (KAM)** has never been more relevant or important.

More and more revenue is coming from a smaller % of customers. Many SME's will find that 4% of their customers provide 64% of their revenue.

The reality is that the customer base is changing. Those at the smaller end are now managed on a transactional model (often via technology and telephone), the middle-ground has disappeared (along with the legions of field-based sales executives that used to manage them) and key accounts at the top-end are now looking for a consultative partnership that will add value and help them transform their businesses.

The traditional gaps that used to exist between products, packaging, pricing and distribution etc. have narrowed and can be easily copied by competitors. Today, in the eyes of the customer, "everyone is selling the same sort of thing." However, the one thing that cannot be copied is your people and the way that they build relationships and interact with your customers. Often, 'customer intimacy' is the **ONLY** differentiator.

Our experience suggests that the success of KAM is centred around three key areas; Systems, Strategies and Skills. All three areas have to be working effectively at the same time.....rather like a three-legged stool. i.e. you can't get a three-legged stool to stand up on one or two of its legs.....you need all three!



With the 1st rule of business being to '**LOOK AFTER YOUR MOST IMPORTANT CUSTOMERS, BEFORE SOMEONE ELSE DOES**', this document takes a high level look at the 'top 10 tips for managing your top 10 customers' that would feature during one of our workshops. On a workshop, each of the tips is brought to life with a variety of stories and practical tools for implementing back 'in the field'.

TIP 1: ESTABLISH KAM CLARITY AND FOCUS



Be clear about your motives. Key account management is not a bag of manipulative tricks designed to secure a better result. It is about **influencing with integrity**. It is about securing a better result for the customer and for your business.

It is about **standing out from competitors** (not standing up to them) by working as an **effective business partner** (not as an ordinary supplier).

Be clear about your definitions. What is the definition of a Key Account in your business? What are the criteria? Do people know who these accounts are and why? What is the difference between a key account and a "typical customer?" How profitable are the relationships?

TIP 2: WORK AS A PARTNER, NOT A SUPPLIER

As a “partner,” your business would look at the world through the customer’s eyes and help them achieve **their** goals and targets. The organisation would become an expert in solving problems but also in finding them i.e. finding solutions to problems the customer does not yet know they have.

Partner companies see themselves as equals, comfortable with everyone, including those around the boardroom table. They “play it long” and work with goals that might be years away. They are not pushovers. They take control in a friendly, confident and assertive manner.

So how would you know that you have achieved “partner” status? You would need to measure the **“Partnership Indicators”**things that you could either see, feel or hear that would confirm that your business is going in the right direction.

Examples of partnership indicators might be:-



1. Customers give you confidential information from time to time
2. Good multi-level relationships
3. They share their objectives and strategies with you
4. No nasty surprises in the relationship
5. Price resistance drops
6. Etc.
7. Etc.
8. Etc.

TIP 3: ADD VALUE ABOVE , NOT COST

If you are only talking to “Operations” or “Procurement” the chances are that the company will be perceived as a supplier, the discussion will revolve around price and current day-to-day operations and there will be a master/slave relationship, predominantly at middle-rank level.

We work with our clients to get them “higher up the tree” where they are known and respected in the Boardroom. They then become partners, discussions revolve around value and future strategy and people work hand in hand at a senior level as well as operational level.

We believe that organisations that are adding real value sit at the top of the “Value Staircase” and are regarded as **priceless**, **essential** and **trusted partners**. The proactive pursuit of compelling, no-brainer, “wow” testimonials makes marketing so much easier when these are included on the company website, proposals and presentations.

Who are future prospects going to believe? An ‘account manager’ telling a prospect how wonderful you are or happy customers telling a prospect how wonderful you are? Sales and marketing is so much easier when you delegate it to happy customers!



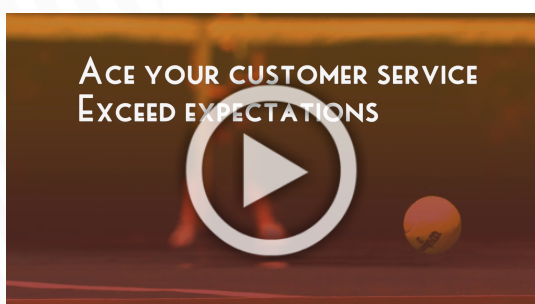
TIP 4: BUILD YOUR BUSINESS FROM THE “OUTSIDE-IN.”

It is very difficult to make improvements unless you know where you are starting from.

We therefore recommend that all of our clients have a process to audit the perceptions and feelings of their key accounts.....we call this a “**Key Account Audit**”.....an annual face-to-face interview, carried out by CEOs and Directors with key decision makers and influencers. The purpose of a key account audit is do the obvious thing (i.e. say “thank you for your business”) but also to ask a series of questions to establish satisfaction levels, issues and opportunities.



TIP 5: EXCEED THE CUSTOMER’S EXPECTATIONS AT ALL STAGES. CREATE THE XX FACTOR



Meeting customer expectations is simply not enough in today’s world. Loyalty comes from exceeding customer expectations. Our **XX Factor** approach helps clients break the customer’s experience down into bite-size pieces and then explore ways of delivering **Service Plus+**the delivery of positive, lasting, unexpected strokes.

Sometimes our clients do too much in this area and hand people a manual (which is filed and never seen again). We believe that this stage of the KAM journey is best achieved if people are actively involved in the ideas that are going to affect them. To put it another way, if the people help plan the battle, they won’t battle the plan.

TIP 6: BECOME AN EXPERT IN THE KEY ACCOUNT’S WORLD

We believe that by becoming an expert in the customer’s world, you will never have to sell again! Therefore a one-page summary of where the customer is today, where they want to be in the future, how they intend to get there and how you can add value along that journey, directly and indirectly, is essential.

We call this template ‘Strategic Bridges’. Regular updates of the diagram would then be shared with relevant colleagues.

A good time of the year to complete the Strategic Bridges diagram is at the start of the key account’s business year. We recommend that ‘Annual Strategic Reviews’ are carried out to help build understanding of the key account’s future. Key decision makers often avoid “quarterly review meetings” as they sound dull and “not for them”. However, they would turn out for an annual strategic review with their “opposite numbers” from your business.

TIP 7 FIND THE RIGHT ROUND PEGS:

One of our CEO clients, Hannah, says that account management is “too important to be left to the sales team!”.

She was trying to draw the distinction between an average salesperson and an exceptional key account manager.

The ability of a team member boils down to 4 things; Knowledge, Attitude, Skills and Habits. By establishing what the ‘benchmark’ looks like you will be able to identify any gaps and plan development activity to close them.

When looking for new account managers, recruit for attitude and train for skills (not the other way round)

The person managing the account should be the person who is best qualified to achieve the objectives you have for the customer and the person best qualified to achieve the objectives you have for your company.

TIP 8 LEAD KAM AS A TEAM SPORT

Key account management is a team sport. It is about “our customer” not “my customer.” It is not about account managers acting alone, going in pursuit of commercial glory. It is about a well-planned, well-coordinated and well-executed team approach. KAM needs to be led by the CEO and Directors – it starts at the top or it will not start. Team diaries would need to be organised so that team members can mobilise colleagues as and when needed.

There is a very simple definition of the word “profitability”.....it is the downstream consequence of exceptional people delivering exceptional service!



TIP 9: BUILD KAMPLANS

The customer should be ‘owned’ by the organisation, not the account manager. The account plan should be on the system and viewed by all those involved in delivering and supporting customer excellence. These “KAMPLANS” should tell a three-part story.....

INTELLIGENCE	INTENTIONS	IMPLEMENTATION
What is the current SWOT situation?	How do you intend to: <ol style="list-style-type: none"> 1. Add value to the key account 2. Improve its own business 3. Develop relationships? 	Who is now going to do what, by when?

The intelligence gathering box requires a number of tools to help build the SWOT summary. The following tools have already been mentioned:-

1. Partnership Indicators
2. Key Account Audit
3. Strategic Bridges

....and additional tools, which would also be explored on a workshop, might include:-

1. Allies and Enemies Matrix
2. Key Personnel
3. Favours Log
4. Supplier Split

The KAMPlans should be reviewed regularly with relevant team members. Typically, the person managing the account might deliver a short ten minute presentation, then the team would discuss the situation and amend the KAMplan.

TIP 10: MOVE FROM THE OLD ABC TO THE NEW ABC

The old ABC ("always be closing") has been replaced by the new ABC (analyse how the customer thinks and works, build a bridge to their world and communicate in their language not yours).

To really succeed in today's world, we must learn to adjust, adapt and flex our approach and communication to the preferences of the customer.

TEN KEY THEMES:

1. Improve your profitability... by improving the customer's profitability
2. Use KAM to stand out from your competitors rather than stand up to them
3. Work as an exceptional business partner not as an ordinary supplier
 4. Are you a cost-creator or a value-creator?
5. To avoid Procurement people you need to be adding value in the boardroom
6. The only safe customer is one where you are exceeding their expectations
7. They don't care how much you know as long as they know how much you care
8. If you are an expert in the customer's world you never have to sell again
 9. Key account management starts at the top or it does not start
10. KAM is a team sport - it is not about "my customer" - it is about "our customer"