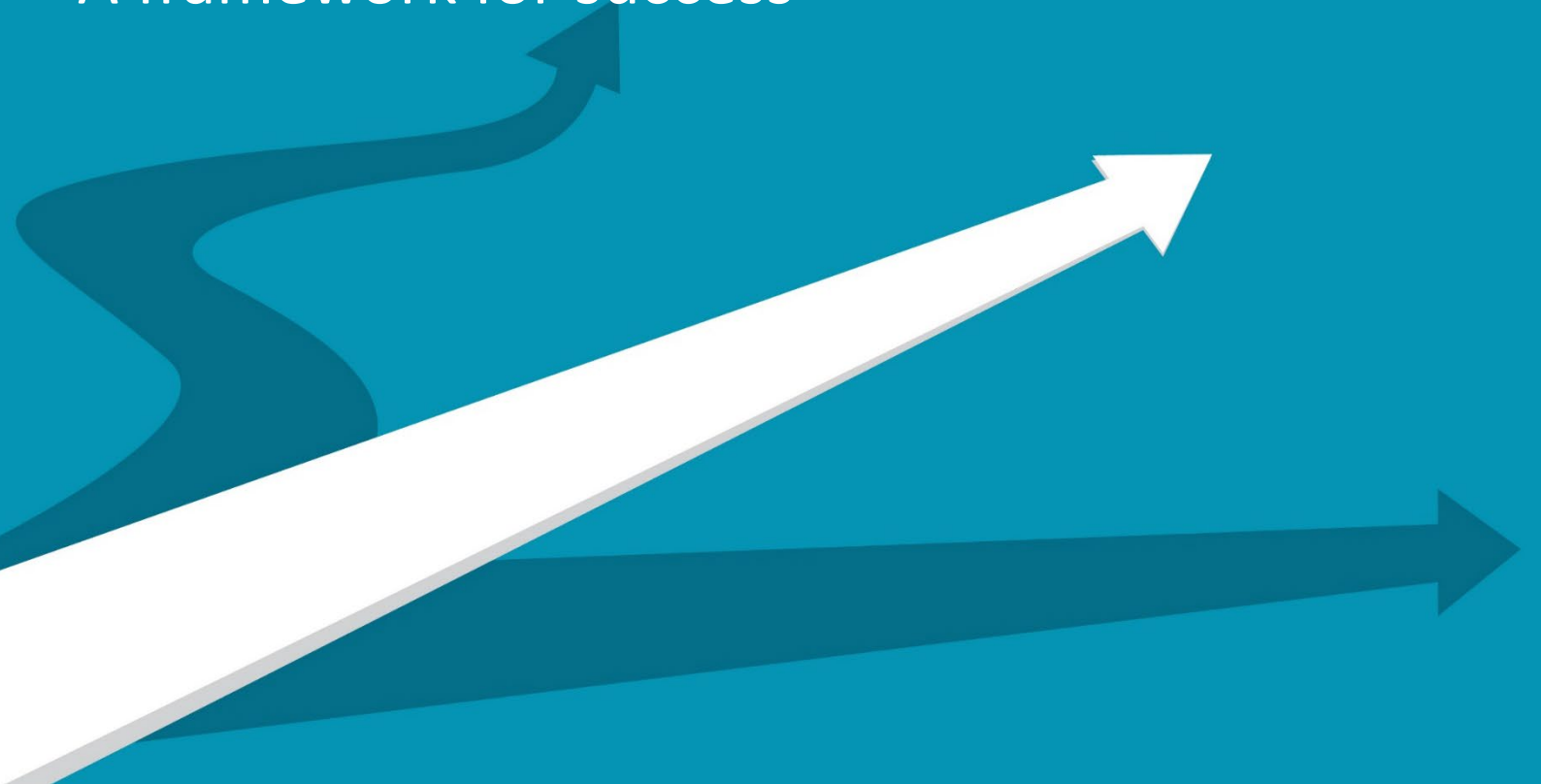


How to Implement Key Account Management

A framework for success





A strong account management solution driven by purpose, supported by process and skilled through practice will accelerate the trajectory of your growth, deliver your objectives and respect your values.

The transformation from supplier to trusted advisor and true partner of your clients begins with a framework and follows through with a strategy to succeed

A handwritten signature in black ink that reads "Warwick" with a stylized flourish underneath.

Warwick Brown

Founder & Consultant at Account Manager Tips

Define Key Account Criteria

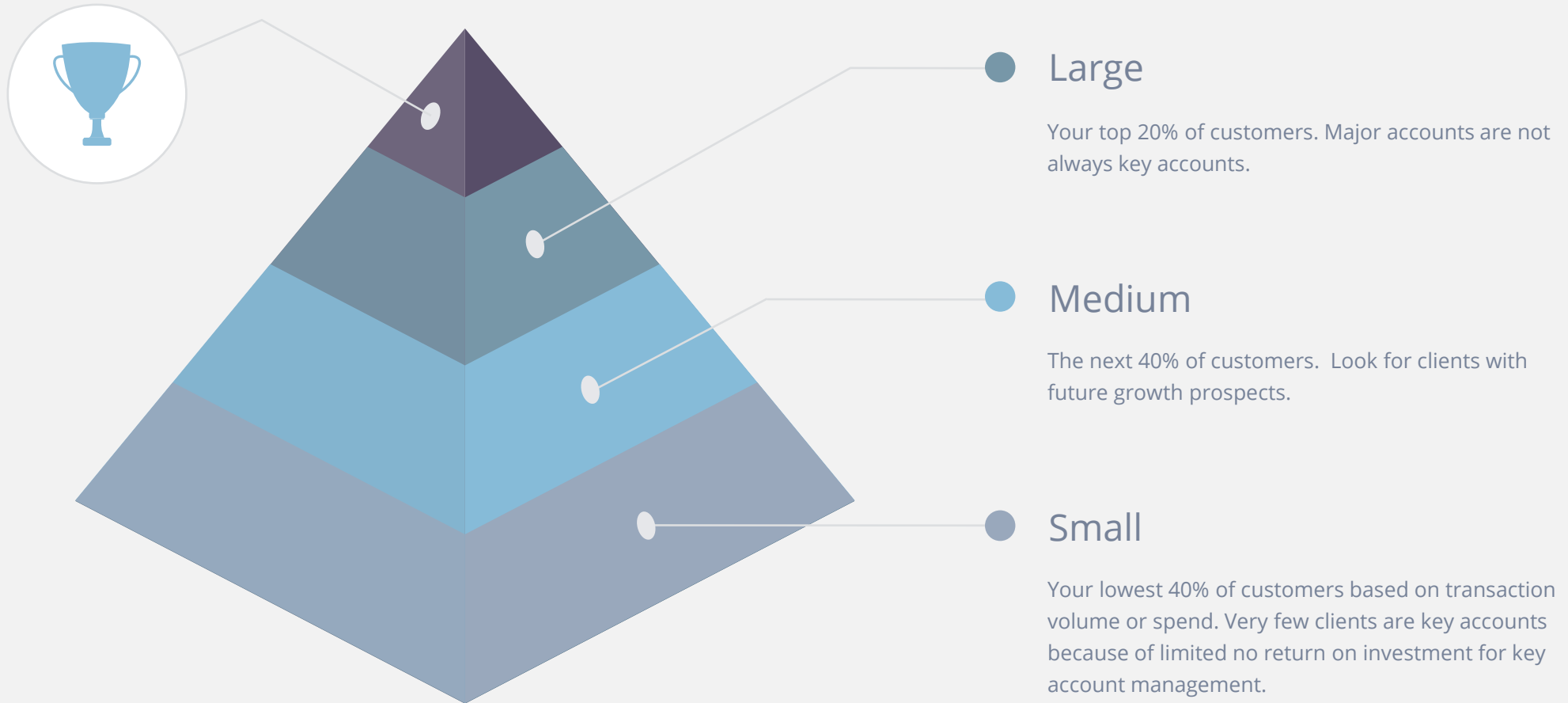
Establish systematic processes for selecting key accounts

Segmenting your customers will help you identify those clients that not only require significant investment to manage, but also offer significant potential rewards.



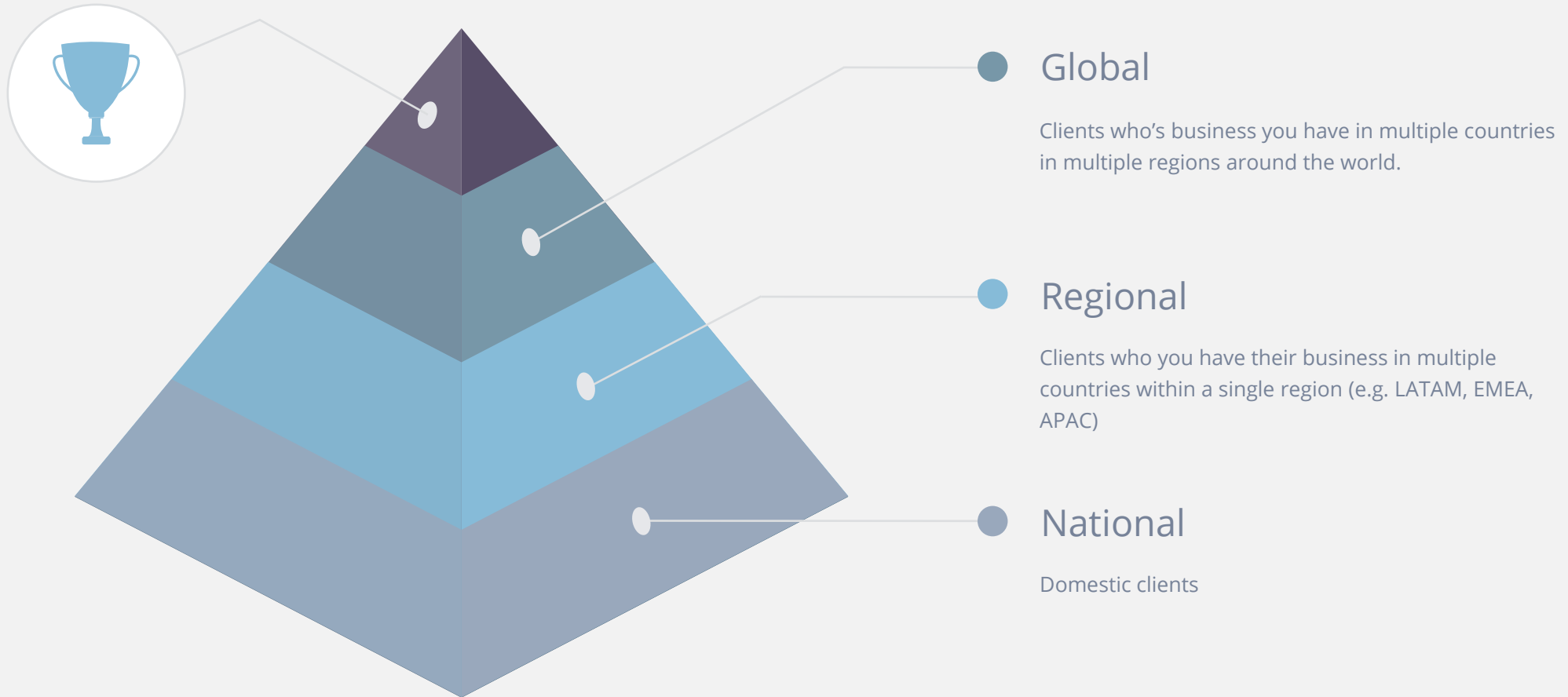
Segmentation by Volume

The simplest segmentation is by client size, based on how much they spend with you.



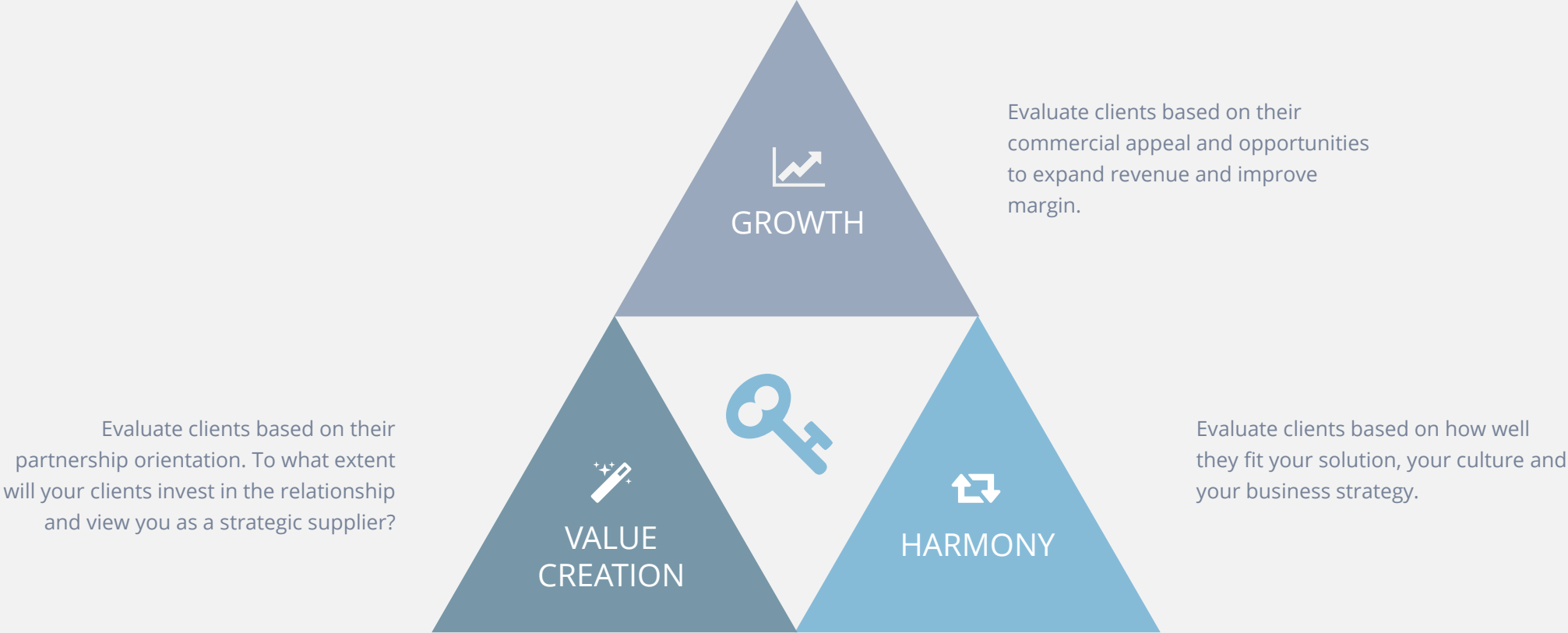
Segmentation by Geography

Geography can bring additional perspectives to your segmentation.



Who Are Your Most Valuable Clients?

Establish selection criteria for key accounts. Look beyond spend to other factors like harmony and value creation. There should be a yearly process for selecting and de-selecting key accounts.





REMEMBER:

Key accounts are your most valuable customers, not always your largest

Organizing for Key Account Management

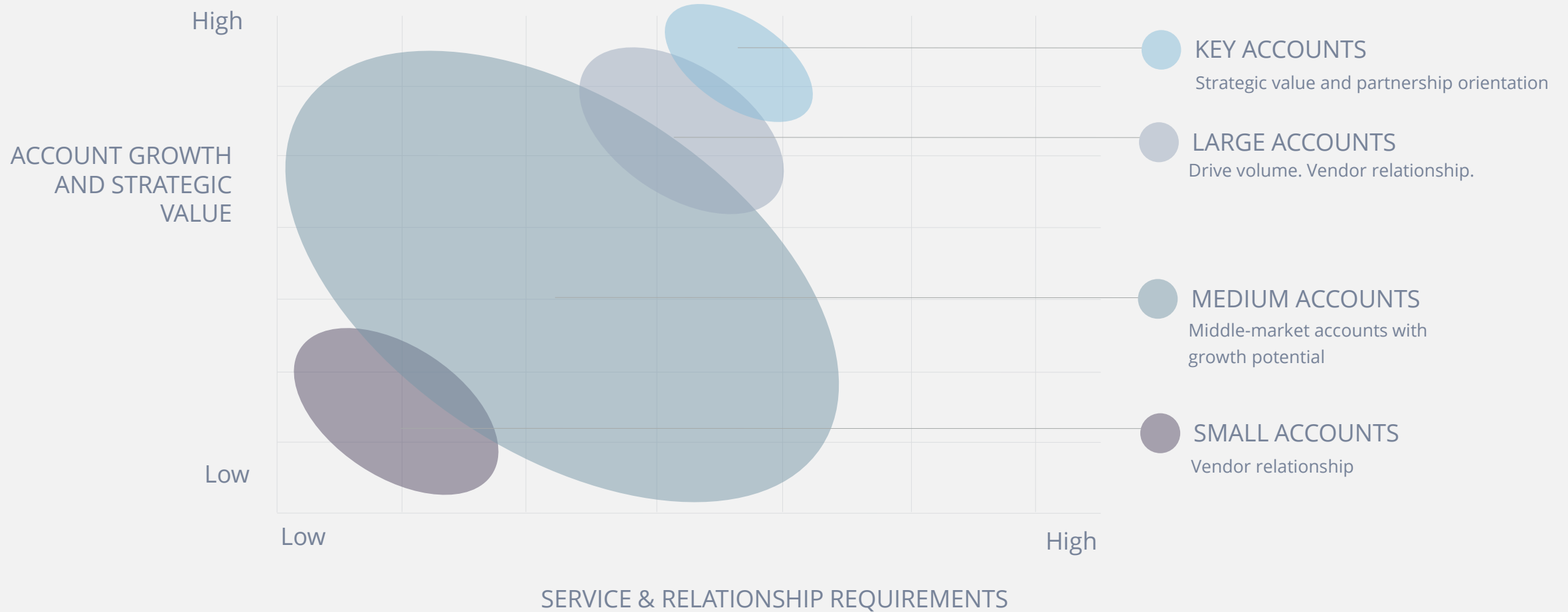
Not all clients are created equal

Design your account management solution and relationship models around client complexity and commitment. Give your most time, attention and resources to your key accounts.

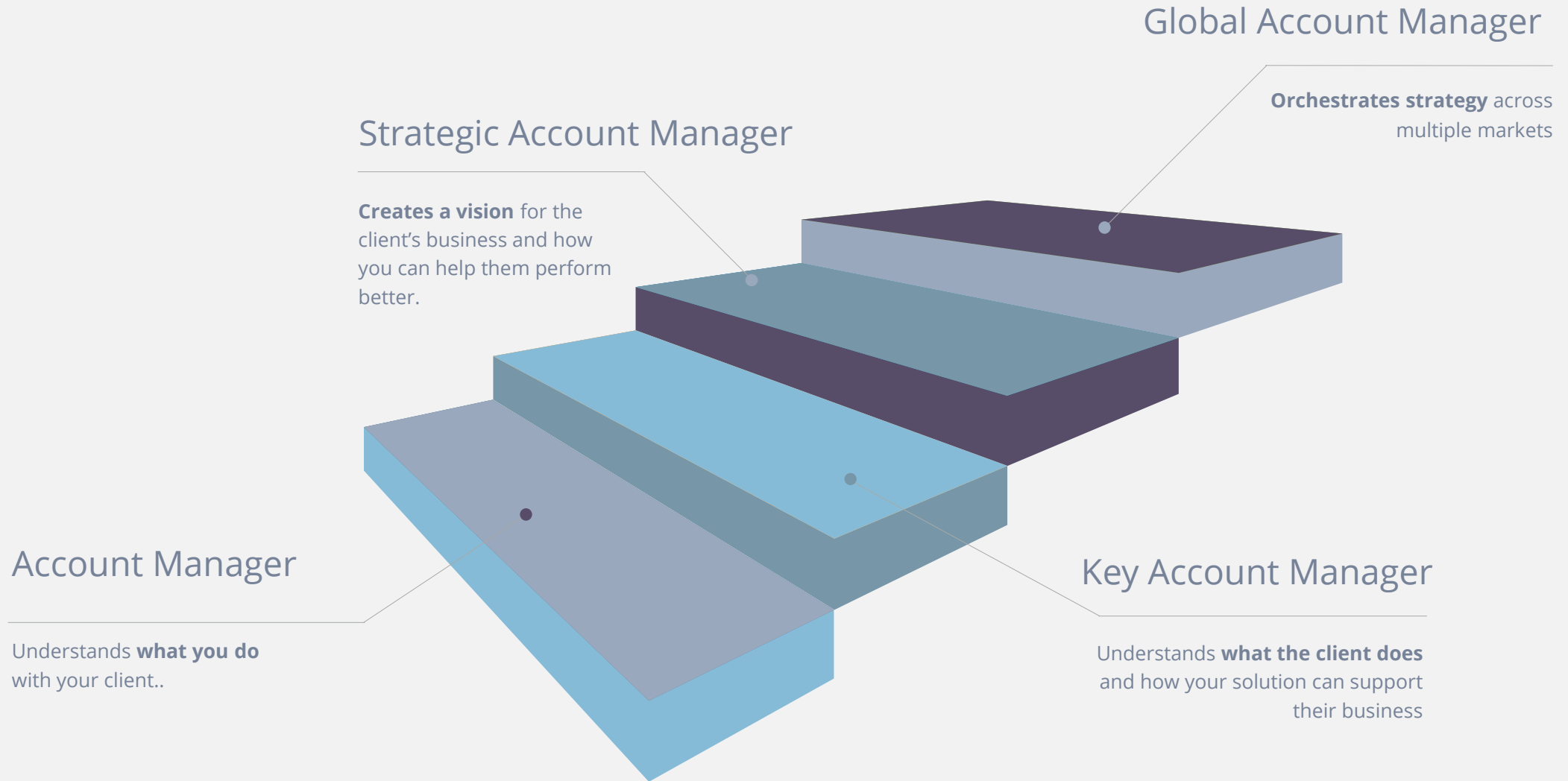


Client Requirements

Let growth and strategic value guide your account management strategy.



Account Management Tiers



Account Management Tiers

Design your account management solution based on customer complexity

Alignment	Tasks	Client Access	Resources	Tier
Vendor	Provides product and/or services	Limited to lower levels and gatekeepers	Product is most important	Account Manager
Preferred Provider	Provides products and/or services	Low and middle levels	Product and some value added services	Account Manager Plus*
Business Consultant	Provides consulting to help customer meet business goals	To all or most levels	Products and services, value added services and consulting beyond products	Key Account Manager
Partner	Provides consulting to help meet mutual business goals	To all or most levels	Products and services, value added services and consulting beyond products	Strategic Account Manager

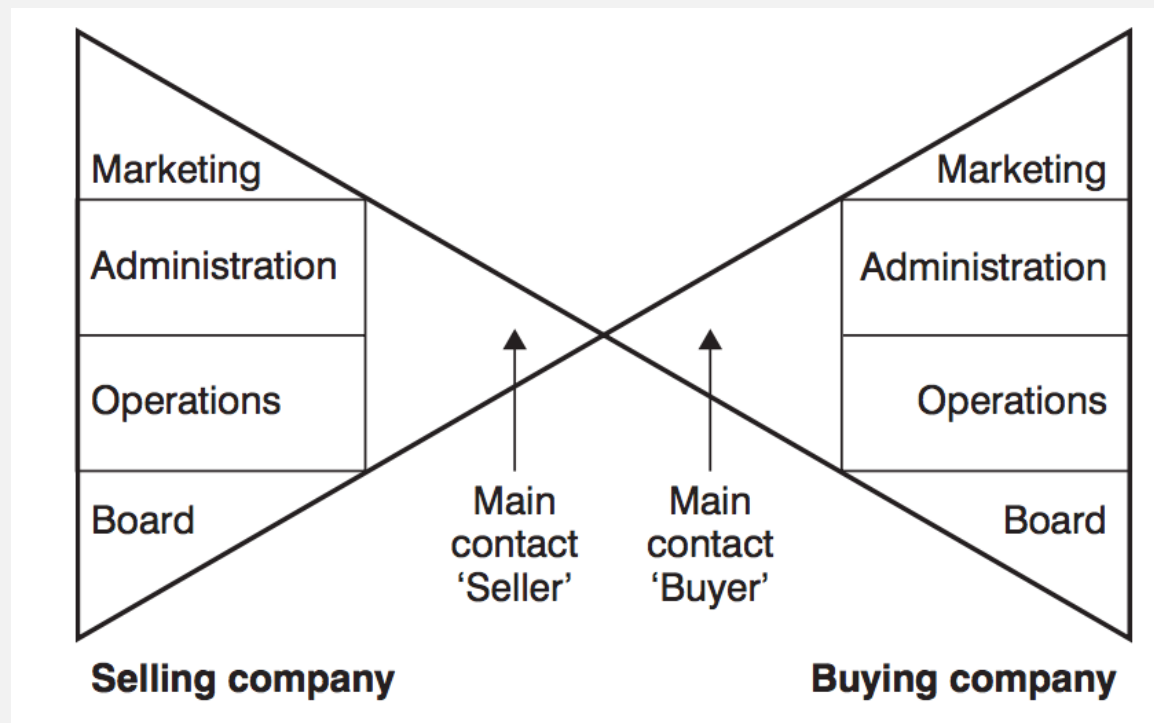
Account Management Perspectives

Business relationships evolve and change, Vary the depth and scope of account management to align with customer needs.

		Depth of client complexity and commitment			
			Preferred Provider (Account Manager)	Business Consultant (KA Manager)	Partner (SA Manager)
Scope of Account Management	Value Creation	Value Focus	Current share-of-wallet and its predicted growth	Future share-of-wallet customer lifetime value	Wallet dynamics of the extended value network
		Value Identification	Account reviews with procurement – quarterly	Consulting probing – ongoing	Joint strategic dialogue across the network – ongoing
		Value Specification	Account plan internally developed and agreed upon	Value proposition crafted for and offered to the customer	Business case jointly developed and validated with the customer
		Value Realization	Hand-off to operations/fulfilment	Value-adding oversight regarding operational execution	Marshalling resources and orchestrating activity internally and externally
	Risk Management	Risk Focus	Current share-of-wallet	Customer relationship and its lifetime value	Total value network dynamics that could affect the business
		Risk Assessment	Anecdotal information on competitive encroachment	Comprehensive analysis of future trends affecting buying behavior	Joint and fully transparent examination of networkwide vulnerabilities
		Risk Reduction	Extended contracts, preferred pricing, executive outreach	Higher switching costs due to higher integration, top-to-top engagement	Shared governance over intervention measures

Customer Relationship Models

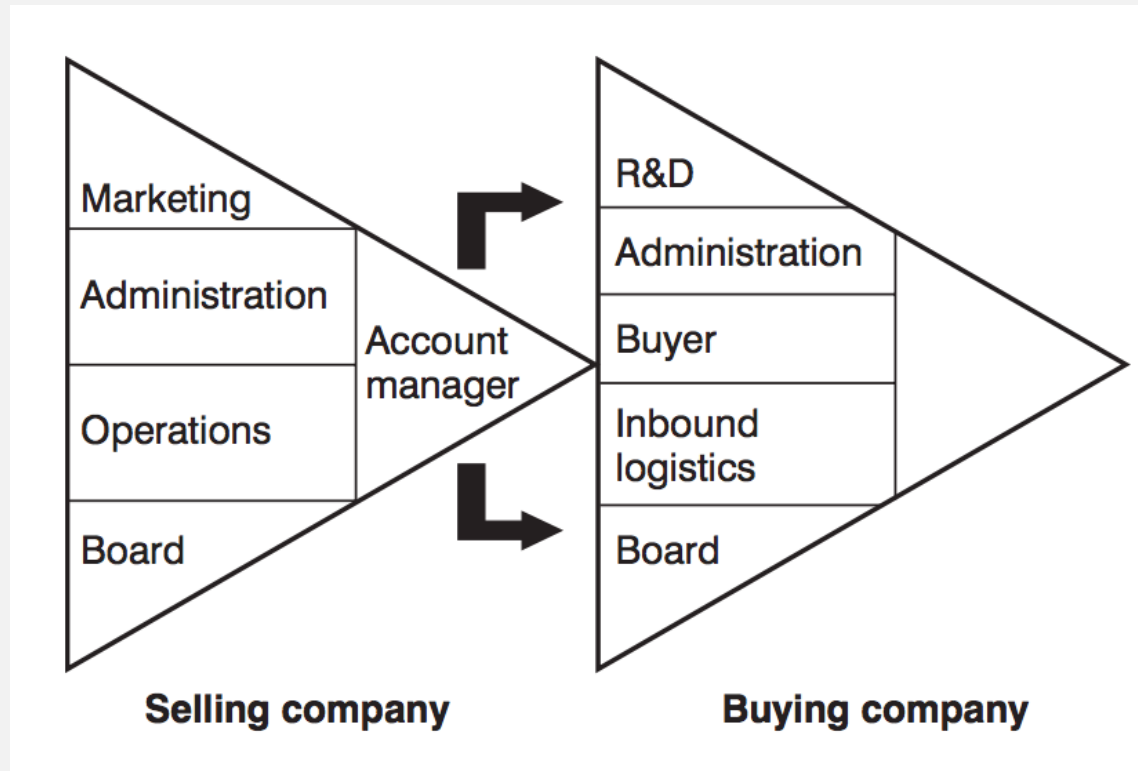
The Bow-tie account management



- Principal contact between two people – the account manager and the buyer.
- Simple, low cost and high degree of control.
- Attempts to gain access to other contacts may be seen as a threat by the buyer.
- Messages from other functions may be misinterpreted.
- Projects and activities held up by account management/purchasing bottlenecks.
- Over-reliance on one relationship. When the account manager moves on, the partnership is at risk.

Customer Relationship Models

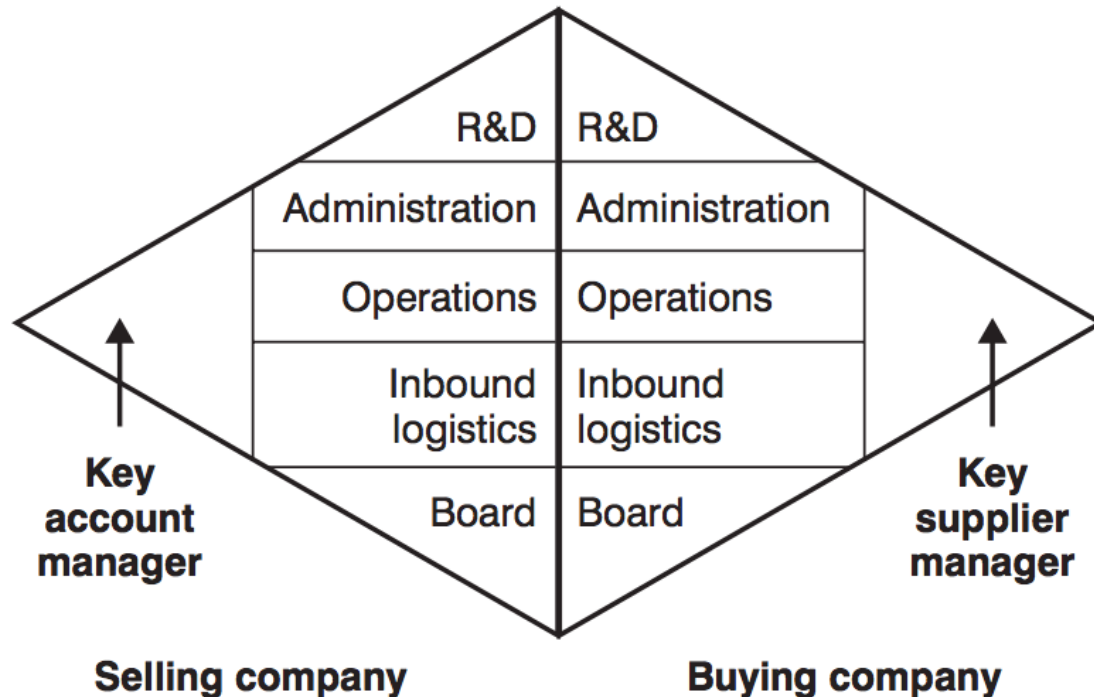
One-on-many account management



- Account manager establishes direct contact with other people within the customer.
- Useful model for the early stages of the relationship to open doors, make first impressions, get noticed and achieve quick wins.
- Interacting with a broader range of functions improves understanding of customer's needs.
- Provides insight into performance criteria beyond the purchasing team.
- Account managers continue to work alone but now represent the organisation across a wide range of functions and issues. Risk of overwhelm.

Customer Relationship Models

Diamond team account management



- Individuals on the supplier side form a team with their counterparts on the client side.
- Contacts are secured at all levels, from operational to senior management.
- Collaboration speeds the pace of joint activities.
- KA manager's role is one of coordination.
- Focus is on nurturing the business, account growth and planning for the future.
- Managing relationships and maintaining communication can be daunting. Risk of functions working to their own agenda.
- Creating a diamond team involves more people, more time and greater cost.

Key Account Management Framework

The essential elements of a successful KAM program

Explain, define and describe your key account management strategy and explore the full scope of KAM.



Implementing Account Management

The essential elements of a successful KAM program.

People Aspects

How will you recruit, train, develop, coach and motivate your team??

Value Based Business

How will you become a trusted partner? What are the sales and account management activities that create value for your client?

Culture and Leadership

How will you communicate the KAM mission to the wider organisation? Can you improve collaboration across business units, help them understand your clients better and develop new ways of working?



Structure and Processes

Define the KAM role and team structure. Identify what needs to be done and how. How does the rest of the organization interact with KAM?

Metrics and Profitability

Decide how you'll measure KAM performance and customer profitability. How will you calculate targets and track progress?

Account Planning

Establish a key account planning system that allows you to develop and implement strategies client by client.

1. Structure and Process

- Industry insights

How do you track and monitor trends in your industry?

- Customer industry insights

How do you track and monitor trends within your customer's industry?

- Service levels

Define the service levels for KAM and how they'll be measured.

- Segmentation and portfolio

management

Have you segmented customers and identified different types of key accounts? How often will you review criteria and evaluate clients?

- KAM resources

What hardware, software and other resources are needed to deliver KAM and grow your client's business?

- KAM Teams/Support

Do you have admin/support teams to help your key account managers operate effectively?

- Policies and procedures

Is there a set of guidelines and procedures that explain how KAM works?

- Alignment with sales

Do the sales teams understand what key account managers do? Are your processes lined up with theirs?

- Alignment with Marketing

How will your team work with marketing? What support do you need to help with customer retention and growth (and how much budget should be allocated).

- Consistency internationally

Are objectives, plans, resources and procedures the same in other countries or markets? How can you align to ensure the client experience is as consistent as possible.

- IT support

Do you have the right data and reporting in place? Are there any enhancements needed to existing tools that may require development?

2. Metrics and Profitability

- **Business case**

How will you develop strong business cases to secure additional resources and investment when you need it?

- **Client feedback**

Are customer feedback loops in place and are they aligned to quantify performance?

- **Client profitability**

Are you able to generate a profit and loss for each key account? How will you calculate profitability?

- **Benchmarking**

How do you benchmark your key account management performance against other industries and organizations?

- **Target and objective setting**

Are key account strategies, objectives and targets clear and aligned across the entire organisation?

- **Share of wallet analysis**

How do you estimate the opportunity to capture more of your client's activity?

- **Business reviews**

How is the client's performance tracked and reviewed (i.e. spend, transactions, service level agreements and key performance indicators).

3. Account Planning

- **Plan template and structure**

Do you have a key account plan template?

- **Client specific value**

Does the template enable customer specific insights, strategy and value proposition development?

- **Client insights**

Does the plan encourage account managers to understand their client's long term strategy and associated analysis (e.g. SWOT, PEST).

- **Plan evaluation**

How regularly are plans reviewed and input sought? Are they internal, external or both?

- **Action plans**

Does the key account plan expect the account manager to outline clear strategies and the actions required to achieve them? How will these be tracked (e.g. project management software?).

- **Progress tracking**

How often do key account managers meet with team members to ensure all strategies and actions are completed? Should senior managers be involved?

4. Culture and Leadership

- Customer centricity

How do you stay focused on your client's needs and develop new ways of working that meets them.

- Commercial leadership

How will you prepare your team to be commercially focused?

- KAM champions

Have you got the buy-in of your senior executives and are they champions of key account management?

- Executive Sponsor Program

Will you invite your top management to be involved with your key accounts? An executive sponsor program assigns members of your leadership team to a key account. They will be involved in developing and implementing strategy as decided by the KA manager.

- Internal communications

Do you have a formal communication strategy to engage with internal stakeholders and keep them informed?

- Account Managers as experts

Are your team highly regarded professionals? How can you elevate their standing? Industry events, associations, courses, mentoring etc.

- Organizational knowledge and understanding of KAM

Does the whole organization understand what key account management is and how each business unit contributes to its success?

5. Value Based Aspects

- **Managing conflict and negotiation**

Do you have risk management models in place? Are your team skilled at dealing with conflict and leading negotiations?

- **Sales processes**

Will you use any methodologies to manage the sales cycle (e.g. BANT, MEDDIC, SPIN). Are your KAM processes aligned with your Sales processes?

- **Value added services and solutions**

Do you offer bespoke offerings? How are these packages developed. Are there any account management activities you could monetize (e.g. additional reporting).

- **Relationship management**

Developing influential relationships with decision makers, budget holders and influencers is vital. Are there processes to identify, connect and engage with key stakeholders and how will you measure the quality of your client networks. Are your account managers competent at relationship management?

- **Value based pricing**

Conversations with clients should always be centred around the value you provide so price becomes relative. Are your teams capable to negotiate value based pricing?

6. People Aspects

- **Personality type**

Will you select key account managers according to their personality type (e.g. Myers-Briggs)?

- **Background and expertise**

What is a ideal candidate profile in terms of employment history and previous experience?

- **Skills and competencies**

What are the skills required to fulfil the different key account manager roles?

- **Reward structure**

Decide target compensation for key account managers including annual salary, incentives and other rewards.

- **Identifying and appointing**

Is there a defined process for selection, recruitment and appointment of key account managers?

- **Training and coaching**

Are there adequate training, coaching and development programs in place for key account managers?

- **Performance monitoring**

How are key account managers measured? How does personal performance link up with the overall KAM strategy?

Key Performance Indicators

How to measure KAM performance

Process Driven



Qualitative insights that measure the interaction between the supplier and the customer. Process quality and efficiency, information sharing, solution development and role performance.

- ✓ Product/service mix optimal
- ✓ Cost to serve
- ✓ Account plans in place and progress made
- ✓ Quality of internal relationships
- ✓ Top management commitment

Results Driven



Quantitative insights that measure financial performance and relationship quality. They should include a blend of short term accomplishments and long term goals.

- ✓ Revenue growth
- ✓ Profitability
- ✓ Customer satisfaction
- ✓ Customer loyalty/retention
- ✓ Relationship quality

Implementation

Change management is the secret to successfully launching key account management.

Key account management is a different way of working. Engagement, communication and senior management support are essential to gain momentum with your KAM program.



KAM Implementation Milestones

Design your strategy, define capabilities and manage change



Conduct an internal/external audit

Why do you need key account management? Be clear about what KAM to achieve, current gaps and potential obstacles.



Training and coaching

Create training programs to develop key account managers.



Form a steering group

Develop a cross-functional team with executive sponsorship to define what is a key account.



Quick wins

Generate account plans that drive growth. Use these as case studies. Seek customer testimonials for evidence of the impact of your KAM solution.



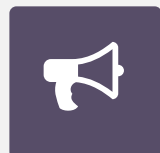
Create a vision

Use the KAM framework to develop a strategy, define actions to build your key account management solution. Pilot with a few selected accounts to test.



Build on success

Engage with more middle/senior management to communicate systems and talk about successes.



Engage and communicate

Connect with the wider business to explain the case for change and seek buy-in from key stakeholders.



Embed

Continue to refine and review your strategy on a regular basis until KAM is understood and embedded across your organisation.

KAM Implementation Checklist

PRE-LAUNCH

- Our senior managers have really bought in to KAM
- We have defined selection criteria for key accounts
- We have clearly identified our key accounts as separate from other accounts
- We have individual account plans
- We have someone who is the KAM champion within our company
- We have appointed specialist key account managers
- We have fully trained key account managers
- We have specific targets for key accounts
- We have KAM teams that deal with individual accounts
- We have developed specific motivation and reward schemes for KAM
- We have well-developed feedback processes with key customers
- The top management in the company have an active involvement in Key Accounts
- We have changed our organization structure to accommodate KAM
- We benchmark against other organizations about KAM
- We have established specialized policies and procedures for handling key accounts
- We have completed a pilot with a few accounts to test the KAM model.
- Our KAM managers have good access to internal resources
- Our key accounts have higher service levels than non-key accounts
- We have joint activities with key accounts (e.g. process improvement)
- We have joint investment in relationship between supplier and key account
- We measure the performance of our KAM program
- We have IT support systems for our KAM program
- Everyone in our organization is educated to understand the KAM program

POST-LAUNCH

- We have increased our share of key customers' spend
- Revenues from key customers have grown faster than revenues from non-key customers
- Costs to serve key customers have grown faster than costs to serve non-key customers
- The profit margins on key customers have increased
- Our relationships with key customers have improved
- Our customer satisfaction ratings with key customers have gone up
- Our retention of key customers has improved
- We have obtained increased advocacy (word of mouth recommendation) from our key accounts
- The amount of shared investment (e.g. joint projects or shared innovation) with key accounts has increased



Lao Tzu

The journey of a thousand miles begins
with one step

Additional Resources

- ✓ Whitepaper: [Which resources and capabilities underpin strategic account management?](#)
- ✓ Research: [Key Account Management Performance, Measurement and Rewards](#)
- ✓ Research: [Customer-Centric Leadership: How to Manage Strategic Customers as Assets in B2B Markets](#)
- ✓ Whitepaper: [Competencies of Strategic Account Managers](#)
- ✓ Case Study: [Implementing KAM at 3M](#)
- ✓ Worksheet: [Key Account Scoring Matrix](#)
- ✓ Framework: [C.A.R.E. Key Account Management Model](#)

