



# KEY ACCOUNT MANAGEMENT IS (ALSO) A TOP MANAGEMENT ISSUE

A Mercuri International White Paper

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## Conclusion

- Real Key Account Management is about connecting the strategies of two (or more) companies, not about one-way selling.
- Succeeding with Key Accounts has to become one of the highest priority issues.
- Key Account Management needs to be dealt with on two levels, at corporate level dealing with company-wide decisions and at operational level dealing with the issues of specific chosen Key Accounts.

Interviews with customers show that companies often face internal conflicts, especially when it comes to the expectations on Key Account Management and on Key Account Managers. Consistently a major topic seems to be how to balance long term investment in customer care with the need for meeting quarterly objectives?

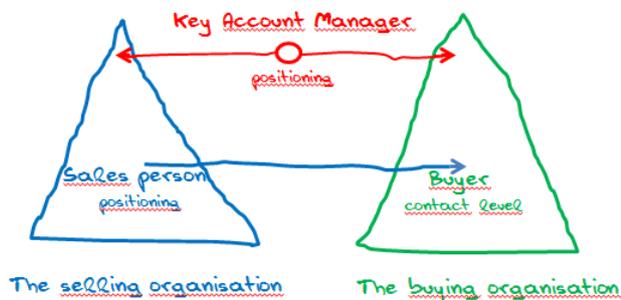
Key Account Managers are often some of the most competent customer facing people in the organisation – should these be used for securing short term revenue and results (sometimes even survival) or for developing long-term customer relationships? And are these two in conflict with each other? One executive said: “I can see

the opportunities... my colleagues seem to see costs and risks”.

Many Key Account Managers tell us that their companies offer at best a neutral environment for Key Account Management and they often express frustration because of the fact that they are “expected to deliver exceptional results (increases in revenue) without having the resources or mandate needed to succeed”.

The key question is: do companies look at Key Account Management differently compared to how they view or treat “normal sales”? Are Key Accounts of strategic importance to the companies? If yes, they must be given the proper attention. If an account is so important that failure with this account leads to the company not reaching its revenue or results targets, Top Management (C level) cannot afford not to be involved. Key Account Management must be a Top Management issue - it is too important to be delegated to the sales organisation!

## Key Account Management is (also) a Top Management issue. *CONT.*



The picture shows two organisations. Both have less people at the top and more people on levels further down. Traditionally the sellers and the buyers are “somewhere in the middle” of the pyramids. Key Account Management should ideally be something entirely different.

The competent Key Account Manager is a kind of mediator, whose task is to combine the strategic interests of both organisations (and sometimes a number of third parties as well). Thus the Key Account Manager should have access to Top Management and to C level executives within both companies. This is compounded by the recent economic environment that has, in many companies, pushed decision making upwards, towards C-level.

### How do you see this in your company?

This thinking also illustrates why, for any company and Key Account Manager, the number of Key Account must be restricted. “I have 50 Key Accounts to take care of” simply doesn’t work.

Another important aspect is that there needs to be two levels of Key Account Management within a company. Key Account Management on a corporate level includes e.g. the company’s attitude towards customer work in general. The question may be: “Do we, in the next years, want to serve some chosen customers in a very exclusive way” or do we want to “serve a thousand customers well enough to penetrate a wide market”? Both may be right, but the decision is not for sales to make, it is a top level decision. On an operational level

the question is rather: “How do we deal with this specific account?”

Are Key Accounts of strategic importance to the companies? If yes, they must be given the proper attention.

### Some issues concerning Key Account Management that companies must deal with:

#### 1. Strategies

- a. *Corporate level:*  
What part should Key Accounts play in our overall strategy? What makes a customer a Key Account?
- b. *Operational level:*  
Understand a specific customer’s business and set multi-level objectives and an overall strategy.

#### 2. Solutions / offering

- a. *Corporate level:*  
How do we integrate the unique products and services solutions we make to our Key Accounts into our standard product development? To what extent are we ready to adjust and widen our offerings and solutions to Key Accounts?
- b. *Operational level:*  
Understand a specific customer’s current and potential usage of our products and services, and what the competitive situation looks like. Design and deliver the right solutions in the right way.

#### 3. People / HR

- a. *Corporate level:*  
How can we ensure that we are giving our Key Account Managers the development they need? What are the

## Key Account Management is (also) a Top Management issue. *CONT.*

broader HR issues related to KAM?  
(such as recruitment, rewards, career planning etc.)

- b. *Operational level:*  
Understand what competence and structure of the team that will be needed for a specific account. Bring the team together and ensure they have the right resources.

### 4. Account Management

- a. *Corporate level:*  
What is the best way for us to manage our Key Account Managers? What are the organisational implications of KAM and what should processes look like?
- b. *Operational level:*  
Understand how we are working with a specific account today. Agree how the team should be organised, sell and communicate. Establish clear processes, protocols and guidelines.

### 5. Measurement

- a. *Corporate level:*  
How do we gather our Key Account Management information efficiently and usefully? What does Top Management need to know in order to achieve excellence in Key Account Management?
- b. *Operational level:*  
Understand the Key Performance Indicators for a specific account. Ensure they are measured and the results used to strengthen the relationship.

### To conclude our message:

- Real Key Account Management is about connecting the strategies of two (or more) companies, not about one-way selling. In order to succeed in this task, the Key Account Manager needs to have direct access to his/her own company Management. The company Management cannot therefore sit back and “delegate” Key Account Management down some levels in the organisation.
- Real Key Accounts are vital for the overall success of the company. They represent a large enough part of the company’s business that they automatically must be on the agenda of Top Management. Succeeding with the Key Accounts has to become one of the highest priority issues.
- Key Account Management needs to be managed on two levels, a corporate level dealing with company-wide decisions and an operational level dealing with the issues of specific chosen Key Accounts.

Key Account Management is (also) a Top management =C level issue!