Developing Key Account Managers

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Competitive Paper


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Abstract

Key account management (KAM) in industrial and business-to-business markets has its roots in sales management where it has long been recognised that customers of strategic importance require special treatment.

More recently, growing interest among academics and practitioners in relationship marketing has forced KAM centre stage as one of the few seemingly tried/tested approaches to customer retention and development. This trend, however, has exposed three inter-related problems for the adoption of KAM systems: first, many companies have merely extended their traditional approaches to major account selling, rather then transforming their internal processes to accommodate the wider relational aspects of KAM; second, there has been a rush to define managerial competencies and best practice, with little theoretical/empirical underpinning; and third, despite parallel developments in purchasing and supply chain management, there has been a tendency for the sellers' perspective to dominate implementation issues.

This paper addresses the above problems by operationalising the relational development model we outlined in our 1994 IMP paper entitled, From Key Account Selling to Key Account Management. We draw on the findings from ongoing empirical research which takes the buyer/seller dyadic relationship as the unit of analysis to provide a critique of the relative neglect of KAM processes in preference to outputs in the form of managerial competencies.
Introduction

In an earlier IMP paper, entitled: *From Key Account Selling to Key Account Management* (Millman and Wilson, 1994), we proposed a relational model for the development of key account management (KAM) over time. This model was based on exploratory research and identified six stages of development as follows:

- **Pre-KAM**
- **Early-KAM**
- **Mid-KAM**
- **Partnership KAM**
- **Synergistic KAM**
- **Uncoupling KAM**

Our title was chosen to capture the essence of relational development after noting a discernable shift from the relatively narrow focus of key account selling to the broader, complex and more demanding requirements of key account management. Further, we associated this shift with a process of strategic realignment, expressed as a requirement on the part of the selling company to address three orders of customer need - *product need*, *process need*, and *facilitation need* (Wilson and Croom-Morgan, 1993). Facilitation need was described as "the way in which business is done", rooted in joint problem resolution and mutual adaptation.

That we observed seller companies finding this shift problematic is hardly surprising, though we did identify some of the critical issues arising in selling companies setting their sights on the moving target of KAM best-practice. Prominent among these issues were: the definition of key accounts; the receptivity of both buyers and sellers to KAM and their differing perceptions of what partnership entails; buyer/seller strategic and operational fit; and the implications for management practice. Subsequent research and observations have reinforced the importance of these issues and have enabled us to refocus our work towards organisational and managerial competencies.

Our paper, therefore, addresses the development of key account managers and is based on our combined experience in three inter-related areas: first, empirical research in the field of
industrial sales management in twelve selling companies (sales turnover below £100 million); second, a subset of ten buyer/seller dyads, which form part of a larger ongoing empirical study of KAM systems in multinational companies; and finally, "action research" involving over 130 account managers participating in a series of in-company management development programmes. Empirical research primarily involved conducting in-depth interviews with senior managers in a judgmental sample of companies in which managers in the selling companies believed that they had reached a mature stage of KAM systems development.

What is a Key Account?

Our definition of a key account is that of a customer deemed to be of strategic importance by the selling company (Millman and Wilson, 1994).

We offer this simple definition in the knowledge that it is gaining wider currency, though often qualified by managers in ways that suggest inconsistency and question their meaning. When eliciting manager's definitions, many described key accounts as: 'customers that represent large volume business', 'customers that fit the 80/20 rule', 'any customer with whom we have a close long-term relationship', 'any customer where an opportunity or a threat (from the competition) exists becomes a key account', and so on. These kinds of responses tend to suggest that while individual managers view some customers as "key", their importance could be transient and tied to tactical rather than strategic considerations.

Literature Review

There is no established body of literature covering the training and development of key account managers. The vast number of text books on marketing and sales management invariably refer to KAM activities under the guise of national account management; but this is often rather fleeting coverage in view of its critical importance to company performance, and the approach has tended to be largely descriptive (eg Hutt and Speh, 1985; Gross et al, 1993; Dalrymple and Cron, 1995).
Literature relating specifically to KAM is fragmented, ranging from surveys carried out by the US National Account Management Association, to prescriptive books of the "How to do it" variety (eg Burnett, 1992), and more thoughtful process-based approaches with conceptual, analytical and empirical underpinning (eg Pardo et al, 1993; Pardo, 1994; Millman and Wilson, 1994; Araujo and Muzas, 1994). For linkages with management development, it is necessary to turn to burgeoning literature in the field of management/organisational learning and development (eg Garratt, 1990; Senge, 1990; Gouillart and Kelly, 1995).

In the literature on sales management and selling, KAM has its origins in consultative selling to major accounts in industrial and business-to-business markets (Shapiro and Posner, 1967; Melkman, 1979; Miller et al 1988; Rackham, 1991). Adversarial approaches to negotiation and "winning the sale" pervade much of the early writing and this continues to be reflected in the course offerings of some sales training organisations. There are signs that training providers are introducing relational approaches, especially in the areas of sales development and systems selling; but most management development programmes in the sales area await a catalyst to shift thinking and behaviour from transactional to more collaborative forms of exchange.

Convergence of three perspectives may already be providing the catalyst for change:

0 **Relationship Marketing**: The concept of relationship marketing has found a receptive audience among marketing academics and practitioners because it appeals to their intuitive feeling that long-term relationships are an integral part of the product/service offering and presents an opportunity to improve customer retention rates (Jackson, 1985; Christopher et al, 1991; McKenna, 1991; Millman, 1993; Payne, 1995). Emphasis in relationship marketing is now switching from conceptualisation to operationalisation, with KAM likely to play an increasingly important role in customer retention and development strategies in the latter half of the 1990s (Millman, 1995).
Supply Partnerships: The trend towards supply chain integration and lean supply/manufacturing has forced buying companies to examine their cost-effectiveness, reduce lead times and find ways of continuously improving efficiency and productivity (Lamming, 1993; Kearney, 1994). Supply partnerships have emerged as a means of stabilising operations and there is increasing interest in supplier evaluation, choice and development (Spekman, 1987; Carlisle and Parker, 1989; Sako, 1992; Cousins, 1992; Macbeth, 1994; Rajagopal et al, 1995).

Competence: The so-called "competence movement" is a resource-based approach alluded to in the early work of Ansoff (1965, 1984) and more recently associated with the work of Prahalad and Hamel (1990), and Hamel (1994). This aims to define "core" organisational competencies underlying competitive advantage, and is complemented by attempts to define managerial competencies (Boyatzis, 1982; Burgoyne, 1989; Silver, 1991) and continuing professional development programmes (eg Engineering Council, 1994, 1995; Chartered Institute of Marketing, 1995). As will be seen later, standards of key account management competence are currently being pioneered in the UK in the form of national vocational qualifications (see Management Charter Initiative, 1991; Marketing Standards Board, 1994; Sales Qualification Board, 1995).

From the foregoing it is clear that key account management and partnership sourcing can be seen as two sides of the same coin, ie the buyer/seller dyad, embedded in a network of cooperative and competitive relationships that form the immediate business environment. Understanding the nature of the buyer/seller relationship and its setting, therefore, becomes as important as understanding the characteristics of each participant. This has significant implications for the development of key account managers. Simultaneously, it raises hopes of a more balanced and integrated view of KAM systems which increasingly mirrors the principles long advocated by the IMP Group.
Key Account Management Competencies

Competence is a construct finding application at several levels of aggregation. The bulk of our research has focused on the organisational (macro) level, at which we have identified five core KAM competencies for elaboration in this paper. We will then provide a critique of current attempts in the UK to identify KAM competencies at the managerial/occupational (micro) level and their incorporation into a national framework of vocational qualifications.

Organisational Competencies

o Strategy Formulation/Implementation

KAM must be driven strategically and collectively by the top team in the selling company. This means developing competence in three main areas: (a) evaluation of the strategic importance of a portfolio of current and potential key accounts; (b) formulation/implementation of strategies for each key account which are consistent with those of the many other customers which are not designated key accounts and consistent with achieving overall business objectives; and (c) allocation of resources to the relational mix appropriate to the stage in the relational development cycle outlined earlier.

Most selling companies have a good feel for what constitutes a key account. As one chief executive in a microelectronics component company put it: 'To lose customer x (one of the top five computer systems companies), permanently or temporarily, would be unthinkable. We become hysterical if our share of their purchases falls below 40 per cent'. Surprisingly, his account review procedures involved little more than a conventional sales analysis and business planning systems were, at best, rudimentary.

Key account planning competencies were not well developed in most companies in our sample, irrespective of size. Account plans often resembled sales plans which target account sales and share in the short term; together with indicative cost estimates, profit projections, and a statement of priorities. Among these items, customer account profitability analysis and activity-based costing offers considerable scope for enhancing the planning process. Alas,
it must be noted that most company's internal accounting systems are unsophisticated and the use of computer-based diagnostic support tools is in its infancy. Overall, however, the weakness of these companies would seem to lie less in their inability to treat key accounts as a segment of one and in tailoring their approach accordingly; and mainly in their lack of a systematic proactive approach to medium/long term key account growth and development.

0 Systems and Process Design

When a selling company has decided to adopt KAM it must evolve the appropriate internal systems and processes. This goes beyond exhortations by senior managers to become more customer focused and the appointment of key account managers. Companies can migrate some way along the key account relational development cycle by making only minor adaptations to their organisational infrastructure, but eventually a point is reached when internal processes, even with the support of information technology and an enormous amount of goodwill on the part of staff, become strained and external customer relationships are threatened.

To facilitate relational development from thereon, companies must take the kind of multi-level multi-functional approaches which transform rather than merely extend traditional organisation structures/processes. This places a high premium on coordination skills and teamwork.

Such changes must encompass the sales function, which has long been regarded as the "natural home" of major accounts, and the customer service/support and distribution functions which often need to take a more prominent and proactive role in achieving customer satisfaction. Indeed, we observe that once it has been recognised that the last two functions perform an important boundary-spanning role, they can provide the catalyst for greater customer accessibility through end-to-end customer service process re-design.

The tricky question of how far should selling companies "match" their internal structures, systems and processes with those of their key accounts has proved to be the most difficult to answer and almost defies generalisation. Our research suggests that the answer probably
lies in the trade-off between "core" processes and achieving flexibility to satisfy bespoke demands of individual key accounts. This may not seem a startling observation; but it is grounded in our experience of selling companies exposed to a range of disparate customers, each with their own idea of what processes underpin a successful supply relationship. Asymmetry of power between buyer and seller in some industries, for example, often results in the imposition of procedures which the weaker party ignores at their peril. In other industries, closely matching processes with those of individual key accounts may be neither possible, nor desirable, given the latter's inefficiency or their high propensity to reorganise.

o Communication

When key account status has been conferred on a customer there is an implied promise, and an expectation, of special treatment. The precise nature of this treatment must be communicated and promoted throughout the selling company so as to ensure an integrated response. Simultaneously, there is a much-forgotten requirement for external communication - namely that the adoption of KAM is a signal of strategic intent to both competitors and customers that an elite band of customers has been targeted and ground is being staked out.

Key accounts require a clear picture of which communication channels in the selling company are open to them, the access points, and for what purpose. While the key account manager is a major player at the buyer/seller interface, it must also be recognised that the presence of a human element presents the opportunity for significant funnelling and filtering of information as well as vulnerability to relational breakdown (Millman, 1993). Building a web of formal and informal communication channels, as might be found in the mature stages of KAM, enhances interaction and reduces the risk of breakdown. Not surprisingly, we have also found that formal communication via joint planning exercises, performance review meetings, joint product development, and regular exchanges of commercial/technical information can greatly strengthen the bond between buying and selling company.

An interesting inhibitor to inter and intraorganisational relationships was noted early on in our research in the devastating impact of downsizing and delayering on middle management. Given that these managers occupy the role of "information broker" in their respective
companies and their departure or relocation creates potential voids in the communication network, it would be useful to hypothesise a range of detrimental effects on those who survive the upheaval of lean supply/manufacturing.

*o Building Trust and Commitment*

There is widespread belief among academics and practising managers that cooperative behaviour is predicated on trust. Nevertheless, as a construct, trust remains ill-defined and under-researched - probably due to its dynamic nature, its tendency to be surrounded by emotional connotations and its apparent dependence on critical events rooted in antecedents (see Young, 1993; Huemer, 1994; Morgan and Hunt, 1994).

In the context of buyer/seller relations, trust is often portrayed as the seller *earning* the trust of the buyer, along the road to the kind of mutual accommodation and commitment normally associated with the mature stages of our model. This one-sided process emerged as a salient feature of the KAM research on buyer/seller dyads. Although our research to-date has been limited to only ten dyads, trust received the highest number of citations of all relational dimensions among buying company managers and has been conspicuously absent from the citations of selling company managers.

Trust, often expressed as honesty, open-ness and integrity, is typically associated with particular events stretching back over many years. Buyers have long memories and can often recall individuals and companies who were sympathetic and sensitive to their predicament when times were tough. We have uncovered many events of this kind, such as when one buying company was under intense pressure on cash flow during economic recession and outstanding payments were rescheduled; and in another buying company which had a production line down and their supplier of machinery pulled out all the stops to assist them to outsource manufacture in support of a crucial order. These events over the duration of a relationship reinforce perceptions of trust/commitment and form strong relational barriers to entry. The opposite is also true. There is, for example, tentative evidence of a "negativity bias" in buyer/seller interaction whereby greater weight is given to a few bad experiences which work against trust/commitment beyond their economic impact. Cases 1
and 2 are pertinent examples.

Understanding the Customer's Purchasing Context

Four levels of core competence are relevant to understanding and characterising the customer’s purchasing context: (a) identifying the composition and dynamics of the decision-making unit in the immediate purchase situation and tracking these over time; (b) defining the purchase situation (eg routine, low involvement; extended problem-solving, high involvement), together with any special procurement procedures; (c) assessing the degree of centralisation of strategic purchasing decisions within large groups of customer companies and the extent of integration across decision-making units, divisions and countries; and (d) monitoring trends towards globalisation of customer industries.

Despite the first two levels being widely acknowledged as important in business-to-business and industrial marketing, it is clear from our research that a much deeper knowledge of customer’s value-adding and decision-making processes is required in order to achieve strategic advantage (Wilson, 1993). The last two levels introduce the international dimension, which requires urgent attention in companies operating in rapidly globalising industries (eg motor vehicles, computer systems, pharmaceuticals). Managers in several multinational key accounts in these industries said that they were seeking suppliers who can provide access to commercial/technical know-how beyond the immediate supply situation and wished to be plugged in to a regional/global network.

The main benefit of building competencies at all four levels is to prevent surprises and allow discretion in decision making. Complacency or failure to recognise the importance of this competence may be to invite competitors to gain a foothold when there is a potential discontinuity in the KAM relationship or change in the external environment. Anecdotal evidence of discontinuities emerging from our research are not hard to find, and include: new product/process introductions, technical breakthroughs, price changes, specification changes, appointments/departures of senior executives, and a host of uncontrollable events further up/down the supply chain. Each of these events raises the spectre of opportunistic behaviour and tests the robustness of the KAM relationship. Case 3 illustrates the precarious position
in which some selling companies find themselves through neglect of customer industry intelligence and delaying adaptation to external change.

**Key Account Managerial/Occupational Competencies**

Over the past decade, various publications have examined the type of marketing education, training and development underpinning effective managerial performance (Foxall and Driver, 1982; Thomas, 1986; Pickton, 1994; Marketing Standards Board, 1994). Recommendations have ranged from comprehensive "wish lists" of traits and attributes required of "supermanagers"; to genuine attempts to balance transferability against the mix of knowledge, skills, experience and personal qualities appropriate for particular jobs in particular organisational/functional contexts. Unfortunately, despite good intentions initially, the UK managerial competence movement is cocooning itself in new jargon and administrative bureaucracy, and may be losing credibility as it struggles with the detail of setting occupational standards and implementing assessment procedures for national vocational qualifications.

The Lead Body for developing the KAM national vocational qualification is the Sales Qualification Board, which has already introduced sales qualifications in *selling* and *telephone selling* at Level 2, *selling* and *sales supervision* at Level 3, and *field sales management* at Level 4. The KAM qualification, therefore, is firmly in the Sales camp and will be pitched at Level 4 alongside field sales management when it is piloted at the end of 1995.

A further qualification, entitled *management of sales* at Level 5, is under development at the time of writing. Level 4, it should be noted, is touted as 'a junior management qualification' (Bryan, 1995) and 'just below the equivalent of a university degree qualification' (Sales Qualification Board, 1994). Level 5 is rated as a middle management qualification which, controversially, has been equated with the status of membership of chartered professional institutions, thereby resurrecting the acrimonious debate on "profession versus occupation".

The Sales Qualification Board (1995) defined the purpose of KAM as: 'The Management
process to achieve optimal business from a selected group of identified accounts whose
business contributes, or could contribute, significantly to the achievement of your corporate
objectives, present or future'.

The Sales Qualification Board (1994) had previously noted the following nature of national
vocational qualification standards: 'Unlike academic qualifications, vocational qualifications
are not based on theoretical knowledge or the possession of skills or even the ability to
undertake a range of different activities. A vocational standard is a Unit of Competence,
which describes the required "outcome" of a particular occupational activity and is a rounded
achievement worthy of public recognition...'

From the above, it may be observed that while the Sales Qualification Board has defined
KAM in process terms, national vocational qualifications continue to be couched in terms of
outcome.

National vocational qualifications also place a heavy burden on both the individual's and
employer's ability to articulate the competencies they need and to put in place the required
procedures. The award of these qualifications typically involves presenting an individual
development plan; collecting evidence to demonstrate competence, together with witness
reports; a reflective statement, and submission to an assessment centre. Monitoring
attainment under these circumstances is a minefield.

The lingering impression gained from the Sales Qualification Board’s draft functional analysis
of KAM (as at May 1995) is of having merely replaced the name of sales manager and sales
plan with terms such as key account manager and account plan respectively. Of the 61
elements in the draft, there is heavy emphasis on implementation tasks, such as negotiation,
presentations, work allocation, monitoring customer service, etc. The critical competence
of identifying/evaluating key accounts and characterising purchasing situation appears to be
subsumed under 'identify potential customers and decision makers' and 'pursue selling
opportunities' Similarly, relationship management is presumably lost under 'create a
positive relationship with the customer'. No elements refer to internal marketing of the
KAM concept or to the international dimension.
In summary, the Sales Qualification Board’s approach resembles some of the mechanistic approaches to job analysis and sales training reminiscent of the 1960s and 70s. Do we detect the invisible hand of vested interests in sales training organisations here? At best, the draft is a highly codified partial view, which leaves a large residual of “soft” competence issues, such as creativity, entrepreneurialism, learning style, cultural awareness, etc., with little recognition that beliefs about managerial competence within companies are conditioned by perceptions of self image, career prospects, reward structures, political behaviour, etc.

An Agenda for Future Research

The following selected topics offer scope for research in the field of key account management:

- Developing KAM organisational processes, techniques and skills in support of strategy development (e.g. strategic account planning, account portfolio diagnosis, service/support benchmarking).

- Assessing the implications for traditional KAM coordination skills of team-based approaches and greater use of information technology.

- Mapping the frequency/quality of interorganisational communication between buyer and seller companies as one or both parties move towards “lean supply/manufacturing”.

- In-depth longitudinal study of "trust" as the basis of KAM and supply partnerships.

- Comparative study of KAM competency profiles in different industrial/commercial contexts.
Conclusion

The approach to KAM organisational competencies outlined in this paper is unashamedly process-based and places emphasis on the organisational/customer context in which KAM processes are embedded. Case 4, Marriott Hotels, exemplifies an attempt to build organisational competencies and to adopt a total customer focus in KAM. In the Marriott approach, the KAM team goes to work for the customer!

Each of the five core competencies we have identified require further attention to capture the proprietary nature of "distinctive competence" underlying competitive advantage and to inform/direct the process of human resource development. The challenge lies in the need to maintain an holistic view of KAM competence and in knowing the limits of disaggregation beyond which there are diminishing returns. We would not pretend that translation of core competencies into transferable managerial/occupational competencies and measurable outcomes is anything other than an onerous task.

Our concern is that the UK occupational competence movement is ploughing ahead with insufficient thought to: (a) higher orders of KAM competence at the team, organisational and professional levels; (b) elements of KAM competence influenced by the general state of maturity of the industry and the position of selling companies on the relational development cycle; and (c) the danger that the contribution of KAM activities may be grossly undervalued.

Our scathing criticism of the draft national vocational qualification should not be regarded as denigrating the role of sales management and selling skills in KAM. Many selling companies continue to rate these highly in their recruitment criteria and much of the content of the draft vocational qualification reflects industry thinking. Take, for example, the case of Sony, who recently advertised for a National Accounts Manager, requesting applicants possessing the following personal qualities: "You'll be a tough, assertive negotiator with the persuasive skills to bring customers round to your way of thinking, and at the same time be able to build strong, long-term business relationships". The extent to which these qualities are appropriate outside Sony’s customer base and can be reconciled in the new age of partnership, is a moot point.
Nevertheless, our stance on KAM in this paper is clear. We have argued that KAM should be regarded as an activity carrying responsibilities and requiring competencies closer to the general management function or senior marketing function, in preference to its current location in sales. Consequently, we recommend that the draft national vocational qualification in Key Account Management should be re-named *Key Accounting Selling* or *Sales to Major Customers* at Level 4, and a new Marketing Management national vocational qualification in Key Account Management aimed at Level 5. Even if this recommendation were to be accepted, it is envisaged that Key Account Management would still require a complementary programme of continuing professional development to ensure best-practice.
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Mini Case Studies

Case 1

A major customer placed a large order for specialised cartons with a small packaging manufacturer. The agreement was that an order would be completed over twelve months with deliveries in equal instalments on the first day of each month. Despite the fact that the sales person had impressed upon manufacturing the importance of the order and its cumulative effect on turnover, in the first three months of the contract deliveries were consistent only to the extent that they were always three weeks late.

On investigation it was found that production planning had repeatedly moved the monthly factory order to the bottom of the pile. Judged on its own, the monthly order was considered "small" and set aside to make way for "bigger" orders which they deemed more important. This had been the traditional way of prioritising orders. No account was taken of the potential importance of the customer or the long term impact their actions would have on the business. The order was cancelled in month four and the customer went elsewhere.
**Case 2**

The same small packaging supply company as in Case 1 had been doing business with a major UK manufacturer of hand tools for over nine years and enjoyed all that customers' business.

The sales engineer had worked hard to build the relationship and had enjoyed considerable success. The buyer was so pleased with the service that when he was approached by a competing packaging firm he even refused their offer of an alternative quotation.

"I've been doing business with company x for nine years now. They give me excellent service, good prices and above all I can trust them not to let me down. I see no reason to even consider changing supplier".

The sales person from the competing supplier, however, ignored what the buyer said and sent in a quotation anyway. The price quoted was 40 per cent cheaper than the existing supplier. The buyer investigated the reason for such a large difference and found that in the past year there had been a near halving in the price of a raw material, corrugated card. Company x had, in his view, been overcharging him.

"Why didn't they tell me? We've been doing business regularly for nine years and I thought I could trust them. I wouldn't have expected them to lower the price we had agreed for this year, but if the cost of raw materials had stayed low I would have expected to share the savings with them on the next contract. As it is they've lost all my business. I felt as though I'd gone home and found my wife in bed with the milkman! I felt that let down about it".

On investigation, it was found that the buying department in company x had not informed the sales person of the new cost savings on raw materials. Their attitude was that it was the sales person's job to sell, their job to secure raw materials at the lowest possible cost, and customers certainly had no right to be informed of any changes.
Case 3

The machine tool industry exhibits a high degree of internationalisation, with approximately 40-45 per cent of world production entering the export market. It is also a highly cyclical industry. Although overall concentration is increasing globally, its products are diverse and there is extensive specialisation among companies and countries.

Company y is a multinational manufacturer of machine tools and automated assembly equipment, traditionally supplying a wide range of customers in the engineering and manufacturing industries. It has built an international reputation for high quality standard machines and customised flexible manufacturing/assembly systems. Though it has felt extreme competitive pressures on price/delivery of standard machines for over a decade, particularly from the Far East, it has only recently become worried about price sensitivity in customised systems.

Since the onset of economic recession in 1990, the company's order mix has shifted dramatically towards supplying customised versions of standard machines and sophisticated high value flexible manufacturing/assembly systems to a smaller number of large multinational customers. During this period, the composition of the technical team has changed to reflect the emphasis on systems design and software, whereas the direct sales force and service/support activities continue to operate in roughly the same way as they did pre-recession.

The Commercial Director's anxiety about future orders is captured in the following comment in the context of a major customer:

"Motor vehicle component manufacturer z take a long time to decide what they want and they buy sporadically. But when they do buy, the order is usually large and could represent up to 20 or 30 per cent of our sales for the year... The trouble is, it's difficult to keep up with their investment programme and specifications, and I'm never certain precisely when an order will be placed".

The Commercial Director, somewhat belatedly, is considering setting up a key account management system.
Case 4

Marriott International is an $8 billion multinational company operating hotels, golf courses, contract catering services, business travel services, the Marriott Vacation Club and senior citizen housing in 22 countries.

Key account management initiatives in Marriott began five years ago when the company noticed the growth in buyer/supplier partnerships in the US and recognised that travel and entertainment was the third largest element of corporate expense and subject to increasing levels of management attention.

Marriott base their KAM process on five guiding principles:

- Choose key account customers wisely.
- Build customised research into the value proposition.
- Lead with learning.
- Invest in the customer’s goal setting process, not yours.
- Develop a relationship strategy with high performance values.

Target Key Accounts are chosen on the basis of profit potential and cultural synergy, and allocated to a Key Account Manager on the basis of who is closest to the account.

A joint research process is established with the customer which aims at learning about the customer’s business, gaining customer commitment to the research and problem resolution process.

Investing in the customer’s goal setting process adopts a true customer orientation and requires not only complete understanding of the customer’s value creation process, but also demands the realignment of systems.

The Marriott relationship strategy is based upon teamwork with the customer in order to develop trust, a sense of purpose through joint leadership and effective processes in a continuous learning environment.

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