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WHITEPAPER

Planning is everything

Why KAM goes wrong

PLANNING IS EVERYTHING

Key account management is a complex task. Doing it right requires commitment and, above, all, preparation. Here, we outline 20 ways to get the most out of relationships with your top customers.

“Effective key account management starts at senior management level ”

KEY POINTS

1. What are your “key accounts”?
2. Focus on your most important clients
3. Do less, better
4. Decide how to manage non-key

1

IDENTIFY YOUR KEY ACCOUNTS

Ask your employees who your ten most important customers are and you can be sure to receive countless, often-contrasting replies. One leading chemical company Mercuri International works with received 56 different answers from 10 senior managers to that same question.

Consider which of your customers you could not afford to lose and what makes them invaluable to your company. Effective key account management starts at senior management level so avoid leaving strategic decisions to operational sales people as those that manage such relationships are often too close to their customers to assess their value objectively.

Initiate high-level agreement on your selection criteria and make sure everyone at your company knows who the key accounts are and why. Top performing organisations consistently recognise their key accounts.

Once you have identified and nominated a select number of top customers, don't forget you'll also need to manage all those “non-key” accounts. The long tail of smaller companies you work with cannot be ignored. This may even require a complete review of your distribution strategy for services and products.

A leading US technology corporation started its key account programme with 200 nominated global accounts. They soon realised they had far too many and cut that number down to a handful before building it back up again when they had the resources in place. Reviews were done regularly to make sure key accounts were properly identified and communicated properly throughout the company.

2

PLAN EFFECTIVELY

When you plan a key account management process, it is important you include information about the culture and aims of your top customers. The process should also contain specific sales and business objectives for the coming year together with stage goals against which the account manager can gauge progress.

A key account management plan is typically written early in the year. The sales director then signs it off and it is shelved until appraisal time. A dynamic plan, however, is reviewed and examined on a regular basis.

Mercuri International advocates a 90-30 plan. Plan your actions for the next 90 days and decide what point you want to reach in your relationships with key accounts. Every 30 days, review your progress. Account management is not the sole responsibility of your account managers. It is imperative they talk to all the stakeholders in the supplier-buyer business relationship. Ideally, your plan will be co-authored with your customers and they will have a mirror-image supplier plan.

A large European life insurer Mercuri International works with runs a 'STRAT for NAT' day once a year, where the key accounts team gets together to review the previous year's activities and plan what they want to achieve internally. The customer is then brought in after lunch to give insight and the morning's plan is reviewed and refined later the same day.

“A dynamic plan is reviewed and examined regularly ”

KEY POINTS

1. Sell your relationship
2. Sell higher and wider
3. Team sell, involve others
4. Sell more, not less

3

CHANGE THE WAY YOU SELL

Aim to move away from transactional selling and product pushing to focus more on what you could be offering to strengthen a long-term relationship with your key accounts. You will only be considered a key supplier if the customer understands why your solutions will have a strategic impact on their business. Include a broad group of stakeholders in your relationship with the customer. The C Suite must be engaged in these conversations.

Key account managers essentially become CEOs of large virtual teams of people that can number anywhere from 20-200. There are plans to be implemented, queries answered, complaints resolved, contacts maintained, business trends monitored and orders fulfilled. Sales management authority Andrew Sobell has written extensively on this subject. In his latest book "All For One", he explains how account managers should lead "many to many" relationships.

There's a risk of forgetting a vital part of the relationship: selling. No key account management process can be successful without an important selling component. New contacts should be developed, spending on supplied products increased, complementary products sold and value services added.

4

BE STRATEGICALLY SERIOUS

Key account management needs to become a board-level concern. Your top customers are likely to have made a strategic decision to enter into a significant relationship with your organisation and high levels of spend will often need board level sign off. All the effective programs Mercuri International runs have a head of key accounts at senior executive level or at least have a voice (or direct contact) at board level. In order to truly deliver an outstanding experience for your most important customers, strategic decisions need to be taken that give clear direction on customer retention, service provision, special terms and conditions, tailor-made logistics and delivery packages. Everything listed here needs to be given strategic-level authorisation and sponsorship.

Whenever Mercuri International runs a kick off workshop, we always insist that the sales director, head of manufacturing, COO, and ideally the CEO, be engaged. Key account management will have an impact on the business at all levels so senior stakeholders need to be implicated from the start.

“Annual reviews must be done at a senior level on both sides ”

KEY POINTS

1. High level engagement from the start
2. Have a champion with access to the board
3. Use executive sponsors
4. Maintain strategic momentum

Each of your key accounts should have an executive committee or board-level sponsor for the account as point of escalation rather than day-to-day operations. A head of department cannot provide a key account management plan with the support it needs. Annual reviews with client must be done at senior level on both sides. This is the only way to make a difference.

Once your key account management process is up and running, there's a temptation to let it slip down the priority list. An effective account management program must move to the top of your long-term agenda and may require a rethink of strategic governance.

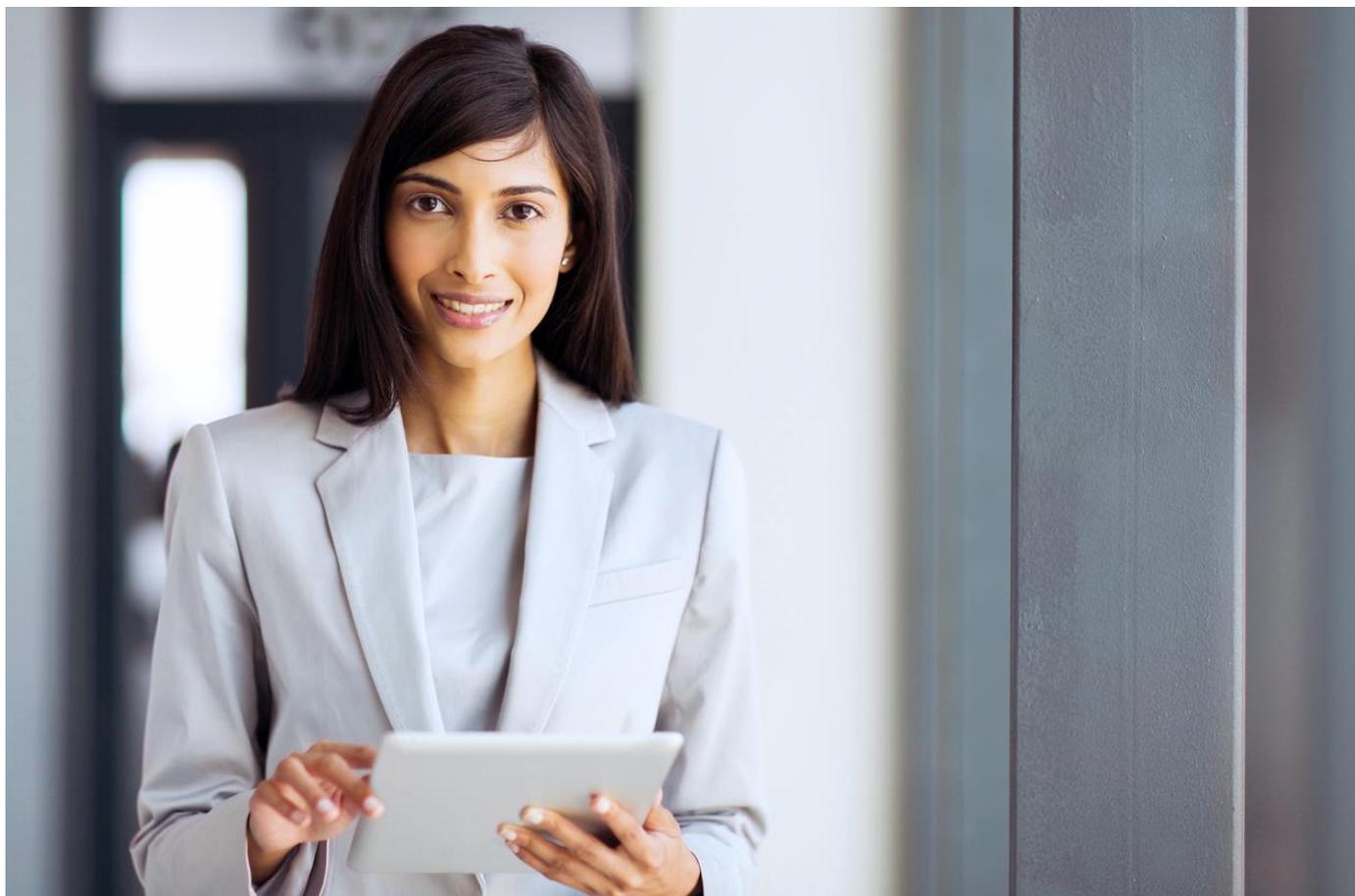
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INVEST IN YOUR TEAM

The demanding skillset required to perform key account management is not typically acquired in other positions and not learned at a college or academy. The position requires a deep understanding of the objectives of your customer, not solely the capacity to sell.

Key account management is not limited to selling and requires long-term vision and strong teamwork. Key account managers effectively become the CEO of a horizontal business. Key account managers need support from all areas of the company in order to deepen their understanding of the needs of the customer. Review and recognition of a key account manager's successes will encourage them to perform better next time.

Don't rely on hiring in key account managers. Grow your own. People with a sales background people require broader commercial and business management competence and technocrats need to be equipped with more relationship and leadership skills.



“Key account management is more than just selling”

KEY POINTS

1. Special skills needed
2. Key account managers are CEO's
3. Reward key account managers
4. Appoint from within rather than externally