



KEY ACCOUNT MANAGEMENT






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- **Key account management** is a strategy used by suppliers to target and serve high-potential customers with complex needs by providing them with special treatment in the areas of marketing, administration and service.

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- For getting key account status a customer must have few characteristics i) high sales potential ii) complex buying behaviour (decision-making unit may be located in different functional areas and varying operating units) iii) key account status is more likely to be given to customers willing to enter into a long-term alliance or partnership.

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- These relationships have many benefits to buyer including reliability of supply, risk reduction, easier problem-solving, better communications and high levels of service.



Key account management features:

- Special treatment of major customers that is not offered to other accounts in the form of special pricing , customization of products and provision of special services etc.
- Cross functional selling activities.
- Dedicated managers for key accounts



Differences between transactional selling and key account management

	Transactional selling	Key account management
Overall objective	Sales	Preferred supplier status
Sales skills	Asking questions, handling objections, closing	Building trust, providing excellent service, negotiation
Nature of relationship	Short, intermittent	Long, more intense interaction
Salesperson goal	Closed sale	Relationship management
Nature of salesforce	One or two salespeople per customer	Many salespeople, often involving multifunctional teams

(source: Jobber and Lancaster, 2009)



ADVANTAGES AND DISADVANTAGES OF KEY ACCOUNT MANAGEMENT TO SELLERS

- **1.** Close working relationships with the customer
- **2.** Better follow-up on sales and service
- **3.** More in-depth penetration of the decision making unit
- **4.** Higher sales
- **5.** The provision of an opportunity for advancement for career salespeople –
- **6.** Lower costs
- **7.** Co-operation
- **8.** Integrated systems



- However key account management is not without its potential dangers. For example:
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- 1. Relatively few customers
- 2. Demands for higher level of service
- 3. Focusing resources on a few key accounts may lead to neglect of smaller accounts
- 4. The team approach required by key account management may be at odds with the career aspirations of certain high achievers who prefer a more individualistic approach.



Tasks performed and skills required by key account management

Tasks

1. Develop long-term relationships
2. Engage in direct contact with key customers
3. Maintain key account records and background information
4. Identify selling opportunities and sales potential of existing key accounts
5. Monitor competitive developments affecting key accounts
6. Report results to upper management
7. Monitor and/or control key account contracts
8. Make high-level presentations to key accounts
9. Co-ordinate and expedite service to key accounts
10. Co-ordinate communications among company units servicing key accounts

Skills

Relationship building
Co-ordination
Negotiation
Human relations
Focus on specific objectives
Diagnosing customer problems
Presentation skills
Generating visibility, reputation
Communication
Working in a team

(source: Jobber and Lancaster,2009)



BUILDING RELATIONSHIPS WITH KEY ACCOUNTS

- There are certain ways in which suppliers can build relationships with key accounts. Five ways of building strong customer relationships will now be described.
1. **Personal trust-** The objective is build confidence and reassurance.
 2. **Technical support-** The objective is to provide know-how and improve the productivity of the key account.
 3. **Resource support-**The objective is to reduce the key account's financial burden.
 4. **Service levels-**The objective is to improve the quality of service provision.
 5. **Risk reduction-**The objective is to lower uncertainty in the customer's mind regarding the supplier and the products/services provided.



Key Account Management (KAM) ***key success factors***

- **Suitable key account manager**
- **Knowledge of customer's business**
- **Commitment and delivering value**
- **Trust**



Thank you