

Key Account Managers or Key Account Sellers?

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We've all heard the mantra "nothing happens until someone sells something". It seems to be one of those sayings that is intuitively correct, when actually there's less truth in it than you think. The world of business and more specifically, account management, does not revolve around selling and until we understand that we're going to get it wrong.

Account management revolves around problem solving and co-creating value (profit) with strategic customers, not selling to customers.

In account management selling doesn't start anything, it is in the middle of an iterative process that involves someone recognizing the need for change and making decisions that ultimately contribute to the bottom line. Organizations only buy under the stimulus of dissatisfaction and before you can sell anything to anyone they have got to recognize that they have a problem. OK, so effective selling influences the customer's perception, it may make them more aware of problems and the value of the solution you propose but be honest, when was the last time you addressed a problem your strategic account wasn't aware of, hadn't already done considerable research into and was not approaching at least some of the potential vendors? Initiating the sale only happens with small ticket sales where the risk of purchasing is low and the dmU is small. It doesn't happen in strategic account relationships very often.

The sales function is focused upon transactions and is inherently short term. When account management programs first started to appear in North America and Europe in the early 60s and 70s, they were essentially a sales strategy targeted at those customers who offered the greatest volume of business. Trouble is, they still are. Account management programs have been slow to shake off their association with sales and the people who are enlisted as account managers still come primarily from the sales force. Many companies seem to view the role of account manager as being primarily associated with sales and the increase in business volume won from major customers, using key or strategic account sales people who operate in much the same way as traditional territory based sales.

The drivers that have led to more use of key account programs (i.e. market saturation and uncertainty; increased demand for cost reduction and avoidance; ongoing pressure for quality and service improvement; reduced customer/supplier bases; increasing sophistication of buyers and, more recently, increasing levels of globalization) are also the drivers that suggest that the role of the account manager is much more than that of a sales person and should be recognized as such by senior management.

In the early 90s Tony Millman and I were the first researchers to suggest that the emphasis in account management should be on management not on selling. Later we were engaged with colleagues in researching global account management sponsored by SAMA and evolved a model we called the Political-Entrepreneur (P-E) to describe the roles performed by many of the extra-ordinary people we had observed as pioneers of global account management.

They operated in highly complex international/inter-organizational environments and were concerned with problem resolution and value creation 'beyond sales'. That's not to say that they weren't concerned with meeting sales targets. We identified four rolls performed under the P-E mantle. The first was that of analyst. Playing this roll the P-E was like an international sales manager focusing on global sales targets aimed at increasing share of wallet. As politicians they understood how organizations work, knew how to influence at all levels both in their own and their customer organization, engaged the attention of senior managers and achieved their objectives through influence and persuasion. As entrepreneurial strategists they sought opportunities to create value within the context of the relationship and as coordinators they orchestrated the interaction between the two organizations whilst aligning internal resources and processes. In this last role they were perceived to be close to performing a general management role albeit often with limited vested authority.

At the time, some 12 years ago, we thought that you only found P-Es in the most complex organizational contexts like global relationships but my view now is that the model applies to many strategic account managers. You only need to think of a few of the changes that have occurred since the 60s to realize that there needs to be a real refocusing of the role of account manager. In the 60s market power lay largely with manufacturers, today power is with customers, then markets were transactional, today long-term relationships are important and the norm, then competition was the catchphrase, today collaboration. However, despite there being no shortage of rhetoric about customer centricity, mutual interdependence, and co-value creation, there appears to be very little substance, so far as I can see.

Yet the reality is that customers are ever more demanding. They seek suppliers who deliver real value beyond product: co-ordination and alignment, value chain management, constant cost savings and innovation in the way value is created and shared, yet there is little reference found in the literature, academic or practitioner, to the roles performed by account managers or other players in the account management process.

There are some fundamental differences between traditional account management and account management practiced at the level of the P-E. In order to differentiate these approaches I use the term key-strategic account manager (ksam) to identify those sams who I perceive perform roles much nearer to those of the political-entrepreneur.

Firstly many sams are rarely true boundary 'spanners', they are better likened to boundary 'connectors' in that they tend to have limited contact networks within the) organization may also be shallow, limited to colleagues in similar roles and line management relationships. Contrast this with the true boundary-spanning role of the key strategic account manager (ksam) who is expected to have multiple contacts within the client organization, spanning function (broad) and hierarchy (deep). Ksams must also reach back into their own organizations, not just to manage multi-functional 'virtual' teams but also to access resources and influence decisions impacting on client relationships. As boundary spanner the ksam performs multiple and highly complex roles; internally within the supplier organization, orchestrating, coordinating and communicating; within the context of the account management process, goal setting and planning; within the customer organization, seeking new opportunities, and building strategic relationships; and between organizations, communicating, coordinating and reconciling ambiguity and difference. I suggest that it is this boundary 'spanning' role, as opposed to the boundary 'connecting' role performed by traditional kams, that is the key differentiators of ksams.

Ksams often manage without line authority, not only by influencing customer decision-making but also resource allocation and the activity of support processes and personnel within their own organizations. They are rarely granted ownership of the resources they manage and need to reach deep into customer and their own organizations to acquire them. Their role is essentially entrepreneurial in that they use these resources to create new orders of value beyond product. Share of wallet is only one measure of their success, their real focus is on profitability created and shared within the context of the relationship.

Thus, a major difference between key strategic account management and most other traditional managerial roles is that normally managers are charged with managing people and resources that are allocated to them. There are clear reporting structures and delineated responsibilities, which does not seem to be the case, certainly with ksams and, I believe, increasingly with other ksams. They must manage people and resources over which they have no direct authority in conditions often redolent with ambiguity, and are charged with the realization of entrepreneurial value not often demanded of others. This I believe suggests the emergence of a new managerial role embodied in the concept of the boundary spanning Political Entrepreneur and in adopting the title ksam proposed by Woodburn and Wilson (2014).

The role of ksam is subject to ambiguity. A number of interwoven factors influence the skills needs of ksams. The relational context, the degree of relational intensity, organisational complexity and cultural diversity, and the demands customers place on their strategic suppliers, all shape the nature of the multiple roles played by account managers and determine the competency requirements of both organizations and individual account managers. Ksams must play different roles depending upon the demands placed on them by individual relationships and be adept at reconciling inter and intra-organizational tensions. They operate in a highly politicized environment, particularly where the account management program threatens the status quo and traditional power bases.

Organizational complexity can also cause difficulty as there may be vast differences, for example, in the state of readiness to accept Key Account Management (KAM) where organizations have many different divisions, countries and cultures. Even where the KAM relationship seems to have reached a stable state and is developing to mutual advantage, this can be adversely affected by such dynamics as acquisitions, mergers, strategic alliances, changing top-down edicts, imposition of systems, changes in personal/corporate alignments and changes in key personnel.

Many of these role requirements are recognized by organizations like SAMA (the Strategic Account Management Association) and they have identified five core skill sets required by ksams: the need to understand organizational priorities; strategic account opportunity planning; joint solution development; multi-functional team development; and, overall relationship and outcome management. I'm pretty sure that most readers will agree that these SAMA identified competencies, as well as the observations I have made about the ksam role are valid. In that sense I'm preaching to the converted. That isn't really the issue, the issue is whether they are allowed to play that role.

Strategic account management programs are high risk, they demand resources, they challenge existing power bases and their results are difficult to measure. One very simple litmus test for your company is to ask the CEO if he knows the profitability of each of your key strategic relationships. If he doesn't, then the chances are that your company is not doing strategic account management, it's doing strategic account selling and the role of the account manager is not that of the P-E ksam.

A number of issues arise from this discussion for senior managers: the realization of the strategic nature of both KAM programs and the role performed by Ksams; the recruitment of people to fulfill the role; provision for the development of the necessary skill sets, and; how best to deploy them to meet the strategic needs of the firm.

Strategic positioning: Where does the account manager sit in the hierarchy of the firm? How consistent is senior management support? These both impact on the ability of the Ksam to perform their role effectively. Whatever discomfort is felt in realigning the firm around customers whatever entrenched political interests are threatened it is increasingly important that the structures, systems and processes are implemented to support the KAM strategy. Senior managers also need to recognize that this is a fundamentally different role from that of a traditional senior salesperson, and that this has implications for the levels of authority and scope that is given to Ksams.

Boundary and scope: By its nature the role of the Ksam stretches far beyond the sales function where it has traditionally been seen as residing. As we have explained, the Ksam generally needs to lead and manage supply chain teams internally, the members of which do not report to them and who may be geographically dispersed. This has implications for internal relationships and organization that cut across traditional boundaries and effectively change the whole way of working across the company.

Recruitment: The role of the account manager is not that of a salesperson, neither is it that of a general manager. Recruitment should be for the skills that we have discussed here, and the role should be perceived as a career path to senior managerial status, just as country or divisional management has been perceived traditionally. Human Resource (HR) departments have a role to play in developing job specifications and recruitment programs that reflect the complexity and importance of the role.

Development: Clearly the skills required to perform this role are complex. The higher levels of KSAM require Ksams to develop meta-skills and competencies, which HR departments need to recognize. Development programmes should acknowledge that a new managerial role is emerging which will have significant impact within the firm and within the market place. The task is to develop managers who can manage the complexity and ambiguity of the future, not just of today. For both recruitment and development, Ksams need to be tested not only for their competency as traditional managers, but also for their political and entrepreneurial capabilities.

Deployment: The ideal may be one account manager for one strategic customer. The reality reflects pragmatic necessity, so account managers are often responsible for managing the relationships their company enjoys with multiple customers. This emphasizes the need to choose people who can reconcile the demands of customers at different relational stages and manage for profit, whatever the nature of the relationship. Senior managers and HR need to appoint Ksams to different types of customer relationship depending on their competences.

Compensation and rewards: Reward everyone involved in SAM programs for the outcomes that customers value and for increases in relational profitability, not for increases in sales volume. Anecdotal evidence suggests that many Ksams are still rewarded through totally inappropriate mechanisms that work against much of what needs to happen.

Conclusion

The message is clear for senior managers. If your account management program is viewed as a sales strategy you are in danger of weakening the ties with your most important asset, your strategic customers. Other research I did some years ago showed that where a company's primary focus was product sales, then their products became easily commoditized in the mind of the customer and subject to enormous price pressure. The reason is simple, companies don't buy products, they buy what the product or service can do to create value, within their own processes, for their own markets, so that should be the main focus of account management programs and the role of the ksam, creating value with and for the customer that goes beyond product.

Senior managers need to recognize the real strategic importance of the ksam role and provide consistent support. They need to be entangled with the program. Support is easy to remove when the going gets tough unless you demonstrate that this is the single most important strategic initiative that your company has.

Let's not lay all the responsibility at the door of the CEO. Ksams too need to do their bit. Using your political and entrepreneurial capabilities you need to be making the case for KSAM as opposed to SAS (strategic account selling), spreading the word about what customers want from you, their potential for increased profitability not just sales and share of wallet. You need to engage senior management in your own organization with the same degree of professionalism that you network with and influence senior customer personnel. Sounds a bit like selling to me so perhaps after all, nothing happens until the Ksam sells an idea!

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