# KAM ACADEMY KEY ACCOUNT FOUNDATIONS MODULE ACCOUNT MANAGER'S WORKBOOK



#### Introduction to module

Welcome to this **Key Account Foundations Module**.

This self-study Module will help you prepare for the Elite 24 month Account Manager's Program

Whether you call it Key Account, Strategic Account, Global Account, National Account or any other designation, success in Account Management demands that you grow share <u>and</u> margin with a relatively few strategically important customers.

This means that, as an Account Manager, you must present a Business Growth Plan to show exactly how and why you will grow the business with the Key Account over the coming 24 months

Your Growth Plan will be underpinned by defining the current and future unique and measurable value that you will deliver to the customer – without this, you will be unable to grow both share <u>and</u> margin

Equipping you with the skills, tools and knowledge to grow your share and margin is the aim of the Elite Account Manager's Program



#### Introduction to module

Welcome to this **Key Account Foundations Module**.

In order to be successful over the long term, you must be familiar with the core fundamentals of Account Management

This self-study Module will help you to prepare by reminding or introducing you to some of these core fundamental ideas

The Module uses a blended format which means you will be using a workbook to guide your thinking and the material is supported with audio pod casts and online self-coaching

You can move through the module in your own time – most Managers find they get more from the material by devoting time to think about the issues and you will have the opportunity to make your own notes throughout



#### **Contents**

How to use the Module

**Unit 1 – Introduction to Key Account Management** 

Unit 2 – Characteristics of highly successful Account Managers

Unit 3 – The different levels of engagement we can have with the client

Unit 4 – Introduction to the concept of value

Unit 5 – The critical importance of depth client knowledge

**Module Assignment** 



#### How to use the module

The Module is divided into a series of Units. Each Unit focuses on one core theme. Within each unit you may see slides to highlight key points, text, audio and video to develop ideas and a set of prompt questions to help you think about the issues and how they apply to you and your business.

As you work through the modules, it is important to remember that we want to consider these ideas not in isolation or as academic theory but specifically in relation to your current business.

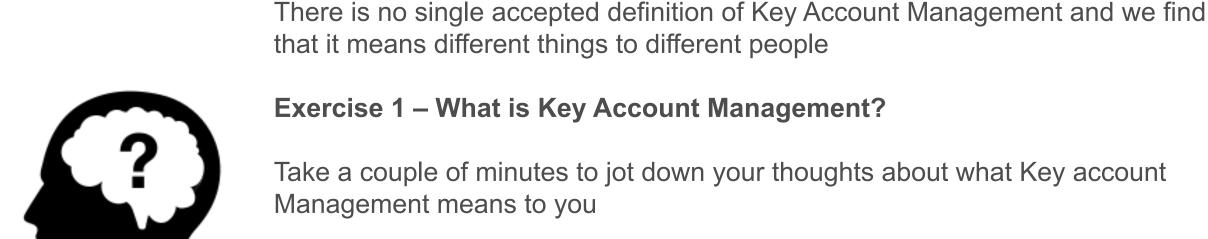
You will find prompt questions and exercises to support your thinking and at the end of the Module a short assignment to complete.



# UNIT 1 WHAT IS KEY ACCOUNT MANAGEMENT?



# Unit 1 – what is key account management?





### What is key account management?



#### **Exercise 2**

| Listen to the Pod Cast audio What is Key Account Management? At the end of the audio you will have two minutes to summarise any ideas and thoughts which have occurred to you on this sheet |
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Pod Cast link here



### What is key account management?



This is how we define Key Account Management for the Elite AM Program

Achievement of commercial objectives is inextricably tied to Key Account performance

Key Account Management is concerned with the achievement of long term profitable business growth

By:

identifying and building long term profitable business relationships with your most important current and potential customers

These are your

Key Accounts

This is the only way you can command a price premium – without it you must focus on price

By:

Identifying and delivering against the **real needs** and added value opportunities for these customers over the long term while ensuring we have the right knowledge, processes, tools and skills



## Why is KAM important? - failure case histories



#### **Exercise 3**

Listen to the Pod Cast audio *Key Account Failures* – at the end you will have a couple of minutes to summarise your thoughts

Case Study 1
Marks & Spencer &
Richard Roberts







Case Study 2 BT & Marconi





Case Study 3
Tesco & Carlsberg



the decision to discontinue a number of Carlsberg products'



Pod Cast link here



### Why is KAM important? SUCCESS case histories



#### **Exercise 4**

Listen to the Pod Cast audio *Key Account Successes* – at the end you will have a couple of minutes to summarise your thoughts

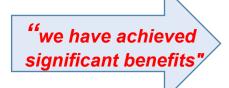
Case Study 1
P&G & WalMart

Case Study 2
Lily Cups & McDonalds













"completely changed the relationship"



#### Failure and success case histories

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#### **Exercise 5**

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Summarise your thoughts here. Now that you have heard a number of case

histories, have you had any similar experiences? What are the lessons for



#### What the success stories tell us



Note that in each case the supplier <u>started by gaining an in-depth</u> <u>understanding of the customer...</u>

...NOT what we want to sell but rather what is the customer trying to achieve

And then – how can we support them with our products/services and knowledge?

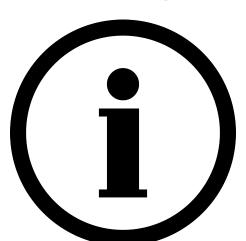
In doing so, the <u>supplier was partnering with its customer</u> with the aim of becoming <u>part of the customer's strategic plan</u>



The supplier was able to define and measure the value it was bringing

And as a result they both advanced the business rapidly

# Learning from the case histories - Value creation through customer knowledge and value definition



#### From

Reactive – waiting to respond to customer 'needs' Customer 'needs' short term (often produce/price related) Focus on RFP/RFQ sent by purchasing to potential suppliers

Respond to request

No depth client knowledge or senior relationship

#### Via

Clarity about the total available business and potential growth Strong focus on customer knowledge building Map the customer organisation – map the decision making process Identify likely interest of key people

Engineer meetings to understand more about the customer's objectives, needs, plans and concerns – start to investigate and define value

Understand more about the individual's interests and measures

Identify and test possible value creating ideas



#### To

Much greater customer engagement across and up the organsiation
Focus on customer corporate goals and strategy
Proactive identification of defined growth opportunities
Clarity about measurable value as a customer business case
Establish joint value co-creation working groups
Focus on growth of share and margin

## The three core measures of successful Account Management

The Virtuous Circle of Key Account Management





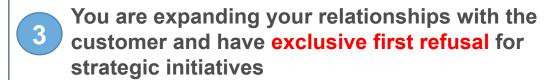
But you are not buying the volume with price/discounts because...



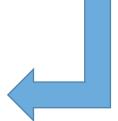


Your customer margin is higher than your industry average – your margin is growing

Your margin is growing because your are focusing on value/ costs not products/price/discounts and so...







So you are increasing your opportunities and winning more share so that...



If your share, margin and strategic initiatives are growing – then you have got it right with the customer – if not you have got it wrong – these should be your simple measures of success

#### What does it mean for me?

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#### **Exercise**

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Note down anything you want to do or think about based on this Unit

# UNIT 2

# CHARACTERISTICS OF HIGHLY EFFECTIVE ACCOUNT MANAGERS



#### **Unit 2 – Core characteristics of success?**



The 80/20 concepts applies to Key Account Managers – in other words a few Managers seem to be consistently more successful than the average – why is this?

Exercise 1 – What are the core characteristics of the highly successful Key Account Management?

Take a couple of minutes to jot down your thoughts about what traits or

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### The highly successful account manager



#### **Exercise 2**

Listen to the Pod Cast audio *The Highly Successful Account Managers – what do they do? Parts 1 & 2 and view the Dance video discussed in the second audio.* At the end of each of the two audios you will have two minutes to summarise any ideas and thoughts which have occurred to you.

Pod Cast link here



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## **Success characteristics summary**



Think about how these characteristics apply to you

Not just knowledge

– you have to
identify the few
most important
things and know
what they mean for
you – ask yourself –
so what?

Know what is going on – have depth customer knowledge

Convert knowledge and data to insight – know what is means

Seek and welcome change

Take responsibility – drive the business do not be driven by it

Lead the "dance"



The willingness and ability to influence without authority is critical to success ability to

Source: KAM Group model for successful AM

Key account management

is a long term

change

#### What does it mean for me?

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#### **Exercise**

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Note down anything you want to do or think about based on this Unit

# UNIT 3

# DIFFERENT LEVELS OF KEY ACCOUNT MANAGEMENT



## Unit 3 – my current level of key account engagement



Before we discuss the different levels of key account engagement, it is useful to think about what you are doing right now.

#### Exercise 1 – How are you currently engaging with the key account?

| Take a couple of minutes to note down with whom you talk, how they might perceive the relationship and your company compared with your competitors – do they see you as distinct from your competitors or fairly similar? |
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# Five levels of key account engagement



Pod Cast link here

#### **Exercise 2**

| Listen to the Pod Cast audio <i>The different types of customer relationship</i> . At the end of each of the audio you will have two minutes to summarise any idea and thoughts which have occurred to you. |
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# What is the nature of your relationship today?

**Transactional** "I try to sell my products/services" on selling selling relationship Relationship Maturity Very many **Consultative selling** "I try to understand and sell to the buyer's needs" relationship **Effort int** Value creating "I focus on value creating customer value initiatives" value relationship delivering **Preferred partner** "I am actively supporting the customer's growth" relationship Very few Strategic partner Focus "I have become part of the customer's strategic plan" relationship





## The differences between KAM and selling – they are not the same



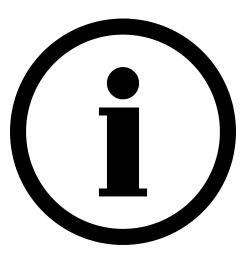
Pod Cast link here

#### **Exercise 3**

Listen to the Pod Cast audio *The differences between KAM and selling.* At the end of each of the audio you will have two minutes to summarise any ideas and thoughts which have occurred to you.



## KAM vs. selling



#### **Summary of the main differences**

We are interested in supporting the customer to achieve its own goals over the long term – so we must understand the customer's strategic objectives and plans

Selling focuses on our revenue target and on what we want and how we should get it KAM focuses on what both sides want and how they should get it

Selling focuses on products/services and prices KAM focuses on mutual value

Sales "needs" are short term and tactical from the buyer

KAM "needs" are long term and strategic from the senior management team

Selling exchanges margin for volume KAM increases revenue and margin simultaneously

Selling is short term – we don't need to change KAM is long term – we always need to change

We can't offer volume or other discounts without demonstrating a clear cost saving through efficiency



If you are aggressively challenged on price it is because the customer does not see any differentiating value from you – price becomes the differentiator

#### What does it mean for me?

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#### **Exercise**

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Note down anything you want to do or think about based on this Unit

# UNIT 4 THE CONCEPT OF VALUE



### Unit 4 – the concept of value



Value is an idea that everyone talks about and we all agree is important – but it is less easy to define just what we mean and even less easy to measure.

#### Exercise 1 – what does value mean for you?

Take a couple of minutes to note down how you could define value – what exactly is it?

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#### How could we define value?



Pod Cast link here

#### **Exercise 2**

each of the audio you will have two minutes to summarise any ideas and thoughts which have occurred to you.

Listen to the Pod Cast audio Differentiation by Adding Value. At the end of



#### Different strokes for different folks

Value is not a constant - situations change

Value is defined by the customer - the supplier can't specify it

Value perception is different for different companies

Value perception is different for different people in different roles



## What value do you currently deliver?



Consider one key account and the individuals within it.

Exercise 3 – what value are you currently delivering - what does value mean for the different individuals?

Take a couple of minutes to note down what value you deliver to whom – is it unique?

What value might the individuals seek?



#### What does it mean for me?

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#### **Exercise**

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Note down anything you want to do or think about based on this Unit

# UNIT 5

# THE IMPORTANCE OF DEPTH CLIENT KNOWLEDGE



## Unit 5 – the importance of depth customer knowledge

Identifying, creating and delivering value all starts with depth customer knowledge.

Take a couple of minutes to note down what you believe the Key Account



#### Exercise 1 – what do you need to know?

Manager should know about the key account

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#### What do we need to know?



Pod Cast link here

#### **Exercise 2**

Listen to the Pod Cast audio getting inside the mind of the customer. At the end of each of the audio you will have two minutes to summarise any ideas and thoughts which have occurred to you.



### What else do you need to know?

What



Consider one key account and the individuals within it.

#### Exercise 3 – what additional information would you like to know?

Take a couple of minutes to note down what additional knowledge or information you believe you should have and then consider how best to get it

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#### What does it mean for me?

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#### **Exercise**

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Note down anything you want to do or think about based on this Unit

# **Review with my Line Manager**



It is very useful to review your learning and progress and to identify additional resources and support you may need going forward

Think about these prompt questions before you meet with your Line Manager

What does Key Account Management mean to you? Do you have an example of success or failure?

Can you provide examples when you demonstrated the any of the characteristics of the highly successful Account Manager?

How would you classify your current level of client engagement? Why?

Can you define what value means for your client?

What do you need to learn about your client?



#### Additional material

If you would like to continue your study of Account Management with some reading then here is the first of a series of articles which should interest you – you will find the series on the web site www.KeyAccountManagement.org

IMPLEMENTATION:
WHAT IT IS & HOW IT SHOULD WORK

PART ONE

Key Account Management – Beyond Product

and Price

"Delivering customer value"

September 2016

Richard Ilsley, Managing Partner, KAM Group

This paper is one of two which consider the issue of Key and Strategic Account Management. The second paper goes beyond key account management to discuss recent learning concerned with strategic customer partnerships.

This paper introduces some of the main aspects of KAM with a focus on the achievement of your commercial objectives by focussing on customer value

We see account management as the process by which you create value for the customer



# LOOKING FORWARD

# THE NEXT SELF STUDY MODULE IN THE SERIES LOOKS AT KEY ACCOUNT KNOWLEDGE

