



Key Account Management – Critical Competencies

It's heard so often that it has become a business mantra: the 80/20 rule - eighty percent of our revenue comes from twenty percent of our customers. Inevitably the stakes and the expectations facing the people who manage those accounts are incredibly high.

What makes some of these people successful while others struggle? On a day to day basis what are the most important things that Key Account Managers (KAM's) do? Do they have the skills to handle the most significant aspects of their jobs? In a world where more and more resources are being poured into a smaller number of large accounts these questions are critical.

Often KAMs who are promoted from field sales positions find that the skills that they depended on are insufficient in their new role. The traditional salesperson typically deals with customers on a transactional level - customers make decisions not out of loyalty, but give their business to the supplier that offers the best deal. The salesperson's focus is short term and depends on quick, low risk sales. He or she often has an entrepreneurial bent; an independent, "I can do it alone" spirit.

By contrast, the KAM needs a long term horizon and a focus on creating high loyalty customers through development of committed relationships. KAMs no longer have the ability to take on everything alone, and need the leadership to create an internal team to support their accounts. When so much revenue depends on a single customer, KAMs can't afford to take a transactional approach - success lies in their ability to shift the focus and their actions.

From my experience over the past 11 years, I have identified 6 major competencies that a KAM needs to develop in order to succeed.

1. management of account relationships;
2. in depth understanding of the account's business;
3. effective strategic planning;
4. ensuring prompt action and responsiveness to the customer;
5. involving others within own organisation with the account;
6. ensuring commitment to the account management process.



These depict the strategic role of the KAM and point to two most critical aspects of the role:- continuous development of more and deeper relationships not only with customers but with people internal to the account managers organization (No's 1 & 5).

A KAM's relationship with his or her customer's can ensure future loyalty by connecting the customer's organisation with the KAMs into a shared destiny. In effect the KAM takes on the role of "trusted advisor" and the KAM's organisation becomes a "solution provider" rather than merely a product vendor.

A KAM can also facilitate a good relationship with his or her customers through developing and maintaining good internal relationships within the KAM's own organisation. Customers often demand unique, one of a kind, customised solutions, special agreements and other specific solutions which can force the KAM's organisation into new and complex situations. Without a KAM who can manage the chaos and keep the customer's concerns at the forefront, different parts of the organisation can become disconnected, canceling gains in other areas and making it almost impossible to meet the needs of the customer.

In addition, the KAM must rely on his or her internal support to take on the responsibility of transactional tasks, freeing the KAM to focus on the more critical job of understanding the customer's business and developing relationships.

Given that these are the most critical aspects of a KAM's job, this is where they should be spending their time. But are they? My experience is that they aren't. While most KAM's spend lots of time on No 4 - ensuring prompt action and responsiveness to the customer, they are spending far less time than is necessary to be successful on understanding their customer's business or involving others with accounts. Despite the fact that KAM's recognise the importance of a deep understanding of their customers, they are not spending as much time doing this as they should. Why?

The standard reason that KAM's give is - not enough time. This complaint is most often heard from KAM's who find themselves locked into a field sales mentality - who believe that the focus of their job is on transactions, not on relationships. Transactions (No 4) are critical for today's sales but understanding the customers business (No 2) and strategic planning (No 3) are the essence of sales tomorrow.



Only through understanding the customer's business and effective planning will KAM's be able to exceed their customer's expectations, anticipate their future needs and build committed relationships and future loyalty. And only through enlisting the help of others within their own organization (No 5) and delegating some of the transactional tasks, will KAM's have the extra time to do this.



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