

KEY ACCOUNT MANAGEMENT

A CLEAR PICTURE IS KEY FOR SUCCESS

Working successfully with important accounts depends on good insight into these accounts. Read more about the core fundamentals of understanding your Key Accounts better.

Why do most Key Account concepts fail?

Key Account Management has been a priority issue for many companies for many years and yet many organisations are still dissatisfied with the results. Analysing the reasons for this may identify many pitfalls and causes at the operational level, but we need to look further.

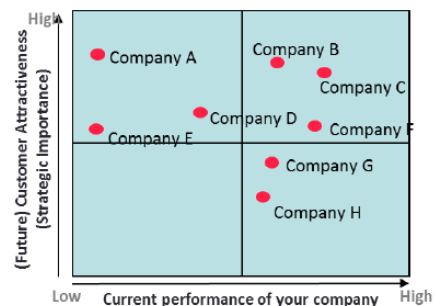
The key strategic levers for more success in Key Account Management

1. Select the right accounts
2. Understand the business & environment of these accounts
3. Get a picture of the accounts' vision, strategy and actions
4. Learn more about your competitors within these accounts
5. Recognise the right people within these accounts
6. Create a SWOT matrix and define the overall strategy

1. Select the right accounts

It may come as a surprise that many organisations still do not take the time to really define who should be their Key Accounts, not just for now but also for the future. Everything is a waste of time, resources and efforts, if you have not clearly defined the accounts to focus on.

It's a management task to create the profile of the strategic accounts. It's like a journey – you have to define clearly where to go before you start to travel.

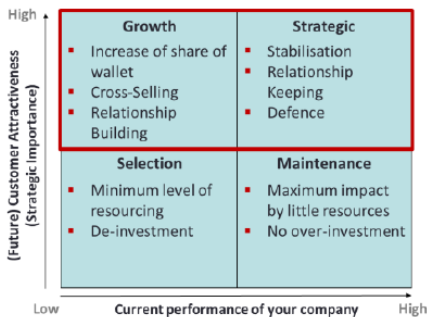


It is essential to do such an evaluation by looking at the attractiveness of the accounts and the performance of your company with these accounts.

Identification of the right accounts

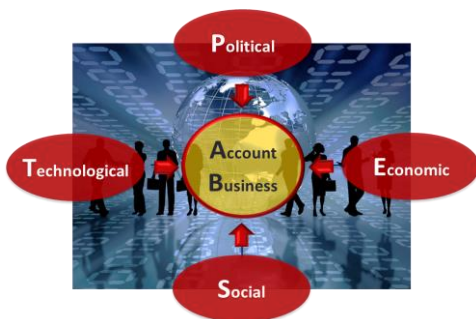
1. What is the strategic importance of these accounts for your company?
 - a. Company & Product Loyalty?
 - b. Business Potential (turnover / profit)?
 - c. Market Image?
 - d. Innovativeness?
2. What is the current performance of your company with these accounts?
 - a. Current Sales
 - b. Share of Wallet / Account Penetration
 - c. Relationship / Satisfaction

This kind of segmentation supports you and your company to cluster the accounts and to define key strategies (products, services, terms & conditions, management involvement & socialising) and how to cooperate with accounts in different clusters.



2. Understand the business & environment of these accounts

A precondition for being selected as a key supplier and possible partner is that you are able to increase the success of your key accounts. Such an approach requires a very good understanding of the account business and the market environment in which they operate. An analysis of the Social, Technological, Economical, Political, Environmental and Legal factors (STEPEL) helps you to understand the challenges (opportunities & threats) of these accounts.



Understand the business & environment of the key account

- S – Social external factors
- T – Technological external factors
- E – Economical external factors
- P – Political external factors
- E – Environmental factors
- L – Legal restrains and opportunities

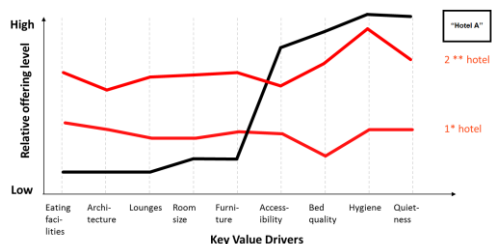
3. Get a picture of these accounts' vision, strategy and actions

The success of every Key Account Management system depends very much on the ability to create more value than competitive suppliers and partners. Therefore you also have to learn more about how these accounts want to handle their external market pressures. Understanding the vision, strategy and actions of the account helps to identify the hurdles of a successful implementation of your strategy with the account. If you, as a provider, can help them overcome these hurdles then the hurdles become opportunities to create real and additional values for them.



4. Learn more about your competitors within these accounts

Unfortunately there are only very few companies which have such a strong USP (Unique Selling Proposition) that they have nearly no or very limited competition. Normally every account has the choice to work with several suppliers. This is also the normal situation with the accounts you want to turn into Key Accounts. Aiming to become the key supplier means to perform better than your competitors. This requires a good understanding of their strengths and weaknesses from your Key Account's perspective. Penetrate your Key Account's key value drivers and the performance of your company and of your competitors.



Learn more about your competitors within these accounts

What are the key value drivers of the account and how do you and your competitors perform?

- a. Products (customisation, quality)
- b. Services (support, hotline)
- c. Financial (payment targets, discount)
- d. Logistics (delivery time)

5. Recognise the right people within these accounts

A typical attribute of Key Accounts is the fact that the decision making unit (DMU) is more complex compared to smaller companies. Normally more people and departments are involved in the decision making process. The handling and management of this complexity is key for being successful with Key Account Management. The biggest challenge is to identify the key stakeholders and to understand their demands and needs. It is also crucial to understand the kind of relationships between and the political power of the people who are involved in the decision making process.



Recognise the right people within the account

1. Who is involved in the buying process?
2. Who is directly or indirectly influencing the buying decision?
3. What is their role in the customer buying decision process?
4. What is their attitude towards your company?
5. What are their emotional needs?
6. What is their informal power?
7. What is the political structure (coalition / conflict?)
8. How is our contact frequency / intensity?

6. Create a SWOT matrix and define the overall strategy

If you have gone through the approach until this level you have invested a lot of work and efforts to make the potential Key Account more transparent. You might also have created a lot of information and data which helps you to understand the account in a better way. The most important issue of this whole approach is not to collect data but to create the right approach how to work with the account.

	OPPORTUNITIES	THREATS
STRENGTHS	Offensive Strategies	Protective Strategies
WEAKNESSES	Improvement Strategies	Defensive Strategies

Summary

Going through the six steps in this process is the biggest challenge for every company and every individual Key Account Manager in charge of the most strategic accounts. With the right selection of accounts and a deep understanding of the pressures, strategy and vision of these accounts you can start to define the hurdles you may be able to help them overcome. By applying the right strategic approach and employing the right people you can start to add value to your account and hence add value to your own organisation too.