

Operational KAM is easy, alignment is not!

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The Association for
Key Account Management

a4kam.org



Webinar protocols

- Please ask your questions throughout the presentation.
Please ask your questions by typing into the [Q&A](#).
(see bar at bottom of Zoom screen)
- Please email info@a4kam.org if you have questions afterwards.
- The webinar will be recorded and available in member resources.
- There are no participant videos on for this webinar.

AKAM Conference



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Sessions include:

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- **Making Senior Management involvement work**
- **Executive sponsors: what and why?**

An Exploration of Causes of Failure of KSAM Initiatives in the Pharmaceutical Industry

2022-23

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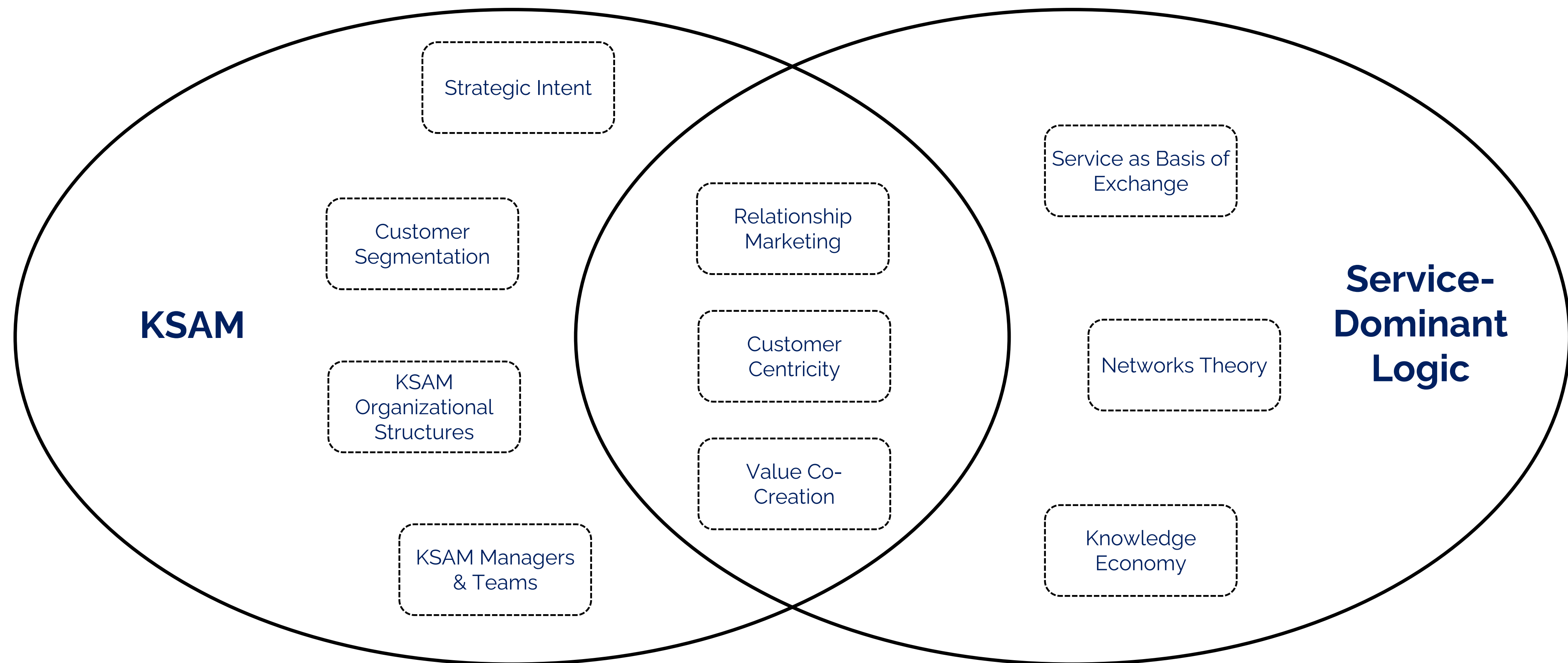
- Introduction
- Theoretical Framework
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- Implications
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Introduction

- Born as a sales discipline, KSAM has transformed into **a long-term management process involving all corporate functions, with far-reaching strategic and organizational effects.**
- Anecdotal evidence shows that **Key / Strategic Account Management (KSAM) initiatives often fail** or don't deliver expected results.
- **Just one paper** exploring the impact of organizational context on the failure of KSAM programs (Wilson & Woodburn, 2014). Some articles on success factors but only from suppliers' perspective.
- **Very few studies on KSAM in the pharmaceutical industry**, where outsourcing process require in-depth collaboration between customers and suppliers, and the involvement of multiple functions.
- **Hence, the purpose of this study is to find out why KSAM initiatives in some pharmaceutical organizations fail to reach their intended potential.**

Theoretical Framework

Theoretical Framework and Constructs



Methodology

- **A qualitative and exploratory multiple-case study:**
 - Exploratory as existing theory is not adequate to explain some phenomena.
 - **Multiple – not single – case study:** Need of more compelling empirical evidence / Search for similarities, differences, and patterns between cases.
- **Eight interviews + observational field notes:**
 - Protocol reviewed by experts
 - Interviews conducted until saturation was reached
- **All justifications of credibility, dependability, confirmability, transferability, and ecological validity presented.**
- **All interviews recorded and thoroughly analyzed with the NVivo 11 software.**

Methodology

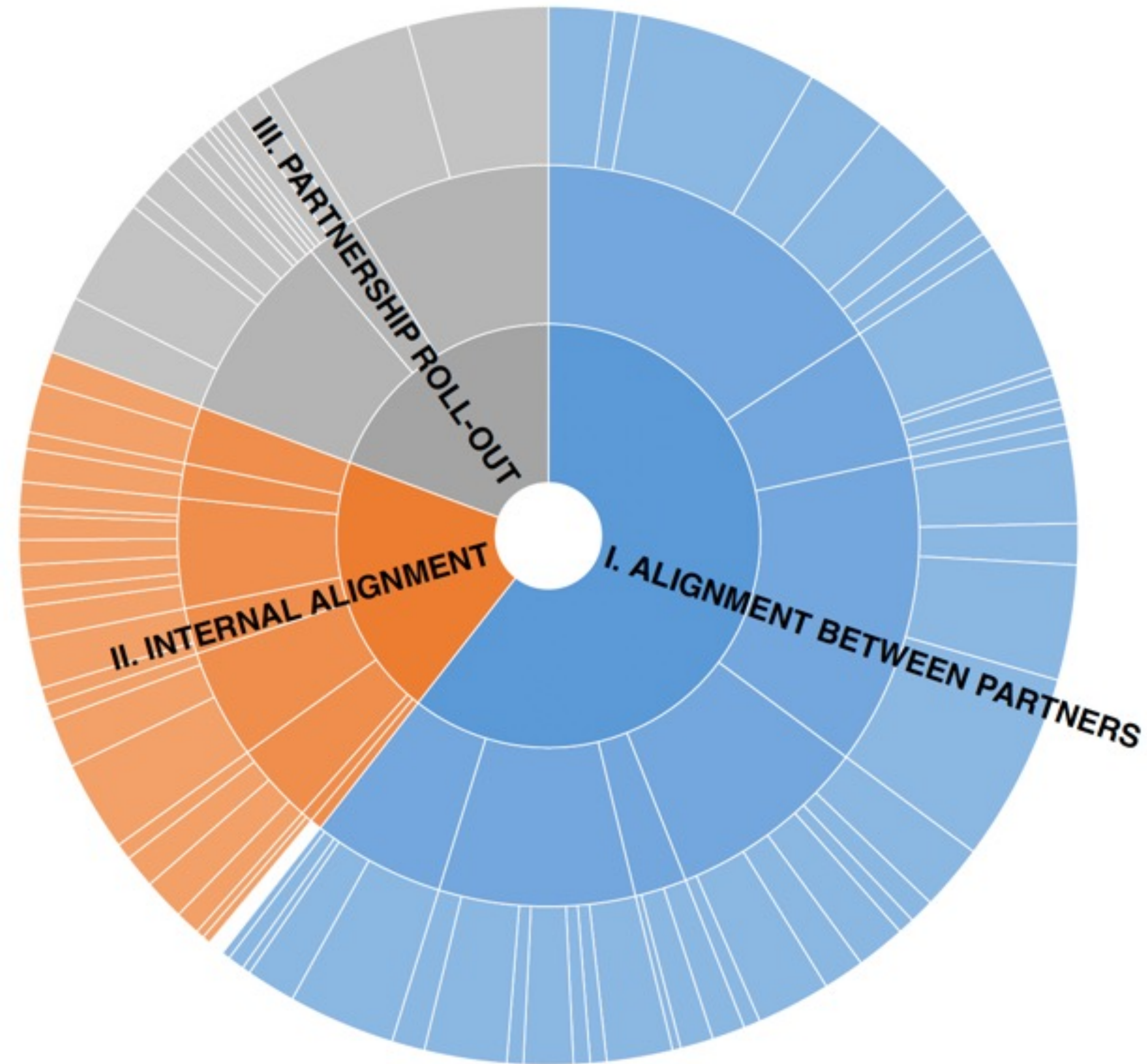
- **Semi-structured interviews of senior managers of both pharmaceutical companies and suppliers to the pharmaceutical industry:**
 - Three large pharmaceutical corporations among the top-25 largest in the world.
 - Two suppliers of active pharmaceutical ingredients (APIs), a CDMO, a supplier of industrial equipment, and a supplier of primary packaging.
- **All had direct experience and/or supervision** of KSAM activities within their corporations.
- **Five different nationalities** (American, Australian, German, British, and French).

| Participant Code | Customer or Supplier | Type of Organization | Position in Organization | Gender | Age Group | Years of Experience in Business |
|------------------|----------------------|---|---|--------|-----------|---------------------------------|
| C1 | Customer | Pharmaceutical company | President (USA Business Unit), and Executive Director, Project and Product Management | Male | 41–50 | 25 |
| C2 | Customer | Pharmaceutical company | Executive Director Global Head of Direct Materials | Male | 41–50 | 23 |
| C3 | Customer | Pharmaceutical company | Executive Director, External Quality –Drug Product & Devices | Male | 51–60 | 30 |
| S1 | Supplier | CDMO | Chief Commercial Officer | Male | 51–60 | 26 |
| S2 | Supplier | CDMO | Associate Director Key Account Management | Female | 31–40 | 10 |
| S3 | Supplier | Pharma packaging/ medical device | Managing Director International Sales Pharma | Male | 51–60 | 26 |
| S4 | Supplier | CMO | Global Vice President of Sales | Male | 61–70 | 36 |
| S5 | Supplier | Equipment supplier for the food & pharmaceutical industries | Strategic Business Director | Male | 61–70 | 31 |

Findings

- **Three Overarching themes:**

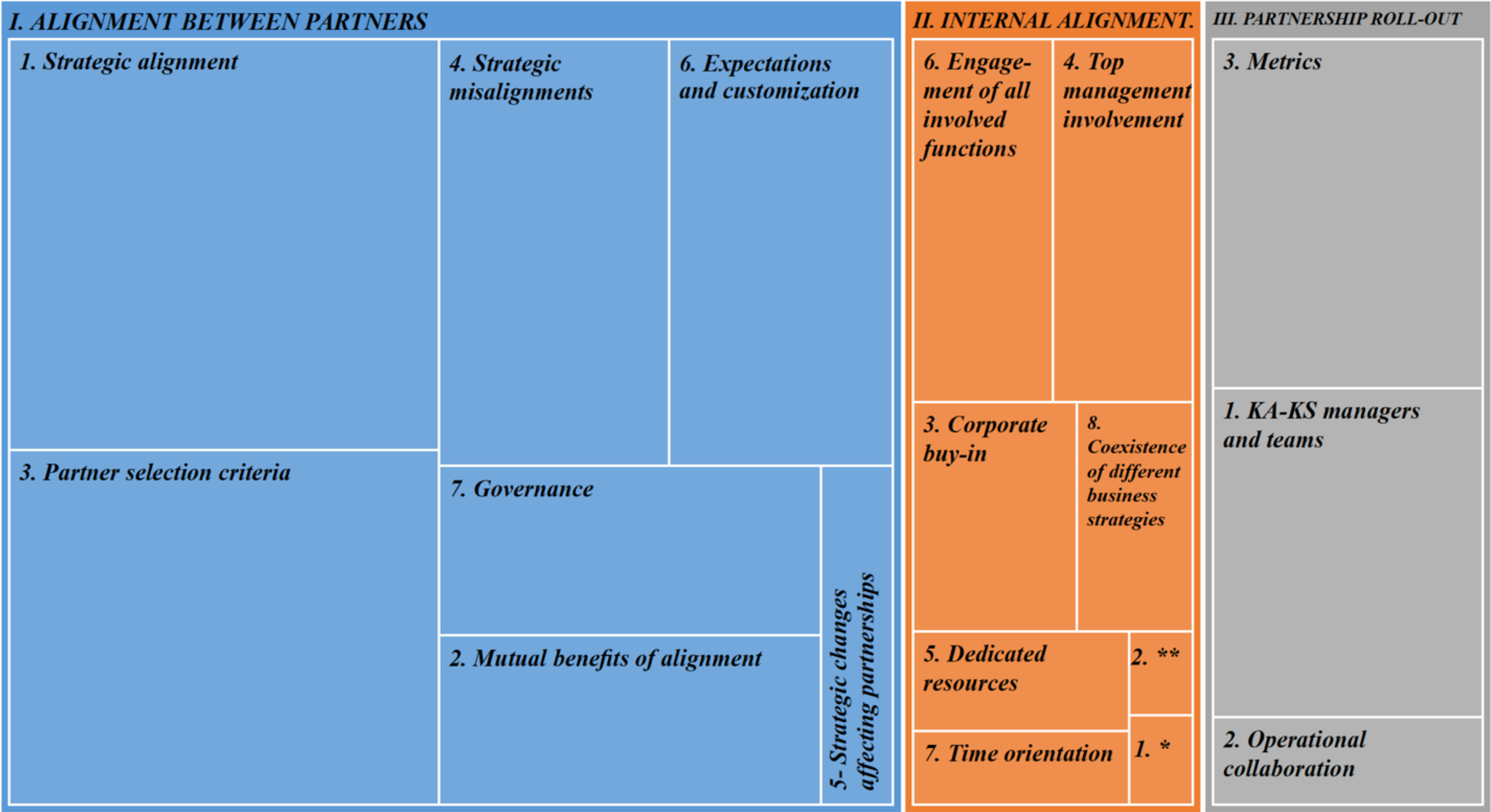
- Alignment between partners
- Internal alignment
- Partnership roll-out



Findings

Hierarchy Chart: Codes Compared by Number of References

- Three Overarching themes:
 - Alignment between partners
 - Internal alignment
 - Partnership roll-out



Note. * Importance of alignment; ** KSAM as an element of strategy

Findings

Uneven distribution
between suppliers and
customers

| Numbers of Subthemes With References | Only from Suppliers | | Only from Customers | | From Both Suppliers and Customers | | Total | |
|---|---------------------|-----|------------------------|-----|--------------------------------------|-----|----------------|------|
| | | | | | | | | |
| | Number of Ref. | % | Number of Ref. | % | Number of Ref. | % | Number of Ref. | % |
| Theme I: Alignment Between Partners | 91 | 37% | 80 | 33% | 72 | 30% | 243 | 100% |
| Theme II: Internal Alignment | 54 | 69% | 15 | 19% | 9 | 12% | 78 | 100% |
| Theme III: Partnership Roll-Out | 30 | 39% | 20 | 26% | 27 | 35% | 77 | 100% |

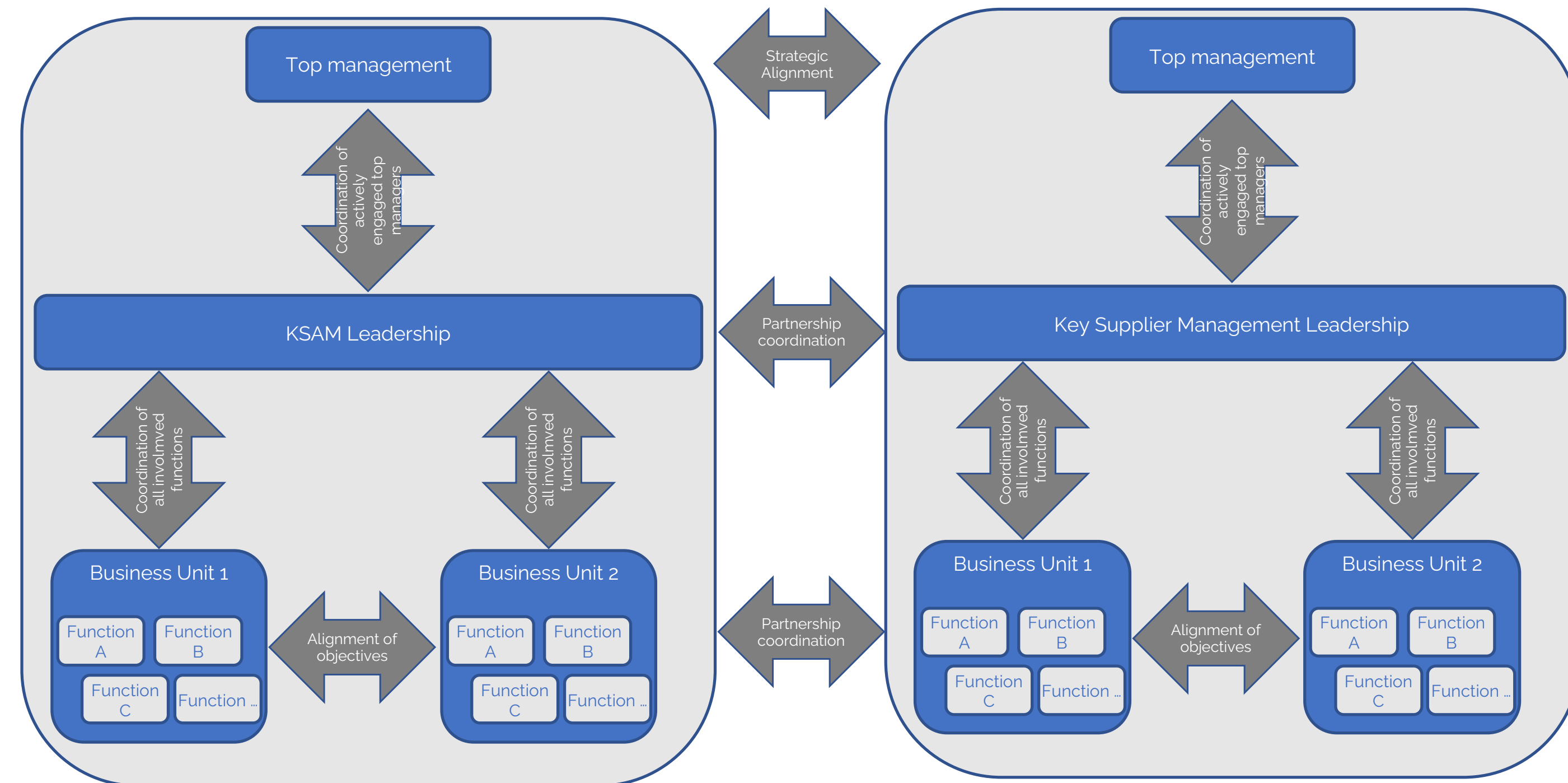
Findings

- **1. Two factors—internal alignment and alignment between partners—account for almost all causes of failures of KSAM initiatives.**
 - Operational Partnership roll-out is not a significant source of failure.
- **2. New causes of failure pertaining to internal alignment:**
 - **Confirmation of causes** of failure identified in previous studies (e.g., lack of involvement of all involved functions, importance of corporate buy-in and top management involvement...)
 - **Identification of new failure factors:** instability of KSAM organizations and reporting lines, lack of recognition of key account managers, lack of operational transparency, coexistence of different business models within the suppliers' or customers' organizations.
- **3. Alignment between partners is a cornerstone of KSAM partnership**
 - Previous papers highlighted its importance of this alignment, yet none of them showed that the absence of strategic alignment between partners was **a major cause of failure**.
 - This finding is **coherent with SD-Logic** in which customers are “active participants in relational exchanges and in coproduction” with suppliers (Vargo & Lusch, 2004, p. 7).

Implications

- **Operational implementation** of KSAM partnerships is not a major issue within the pharmaceutical sector.
- **Internal alignment needs to be regularly assessed and monitored.**
- **KSAM ought to be a truly transversal initiative** to ensure internal alignment.
- **Alignment between partners is a cornerstone of KSAM and not a long-term outcome.**
- **Careful monitoring of both internal alignment within partners' organizations and alignment between partners** is likely to prevent KSAM partnership failures.

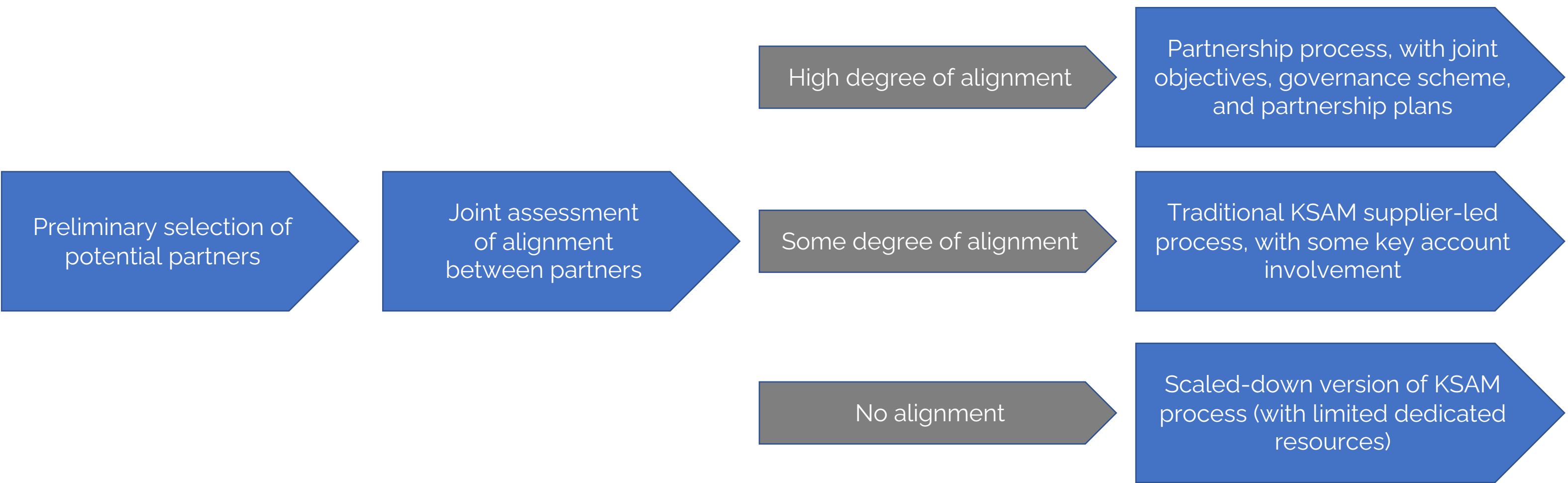
Internal Alignment Within Partners' Organizations and External Alignment Between Partners



Recommendations for Practice

- **KSAM initiatives should always be under the authority of the CEO** or of the executive committee.
- Objectives of all involved managers should include the **improvement of internal alignment**.
- **An assessment of external partners' degree of alignment** should be conducted in the selection phase.
- Setting up a jointly defined assessment grid to **regularly monitor partners' alignment** during their collaboration.
- Companies should **proactively involve their potential partners and jointly manage their partnerships**.
- **A gradation between several types of key accounts, based on their degree of alignment**, should be established, with distinct business processes to manage them.

Selection, Assessment of Degree of Alignment, and Management Processes



Thank you!

Discussion