

**“The role of Strategic Orchestrator:
the Key Account Manager and senior
management”**

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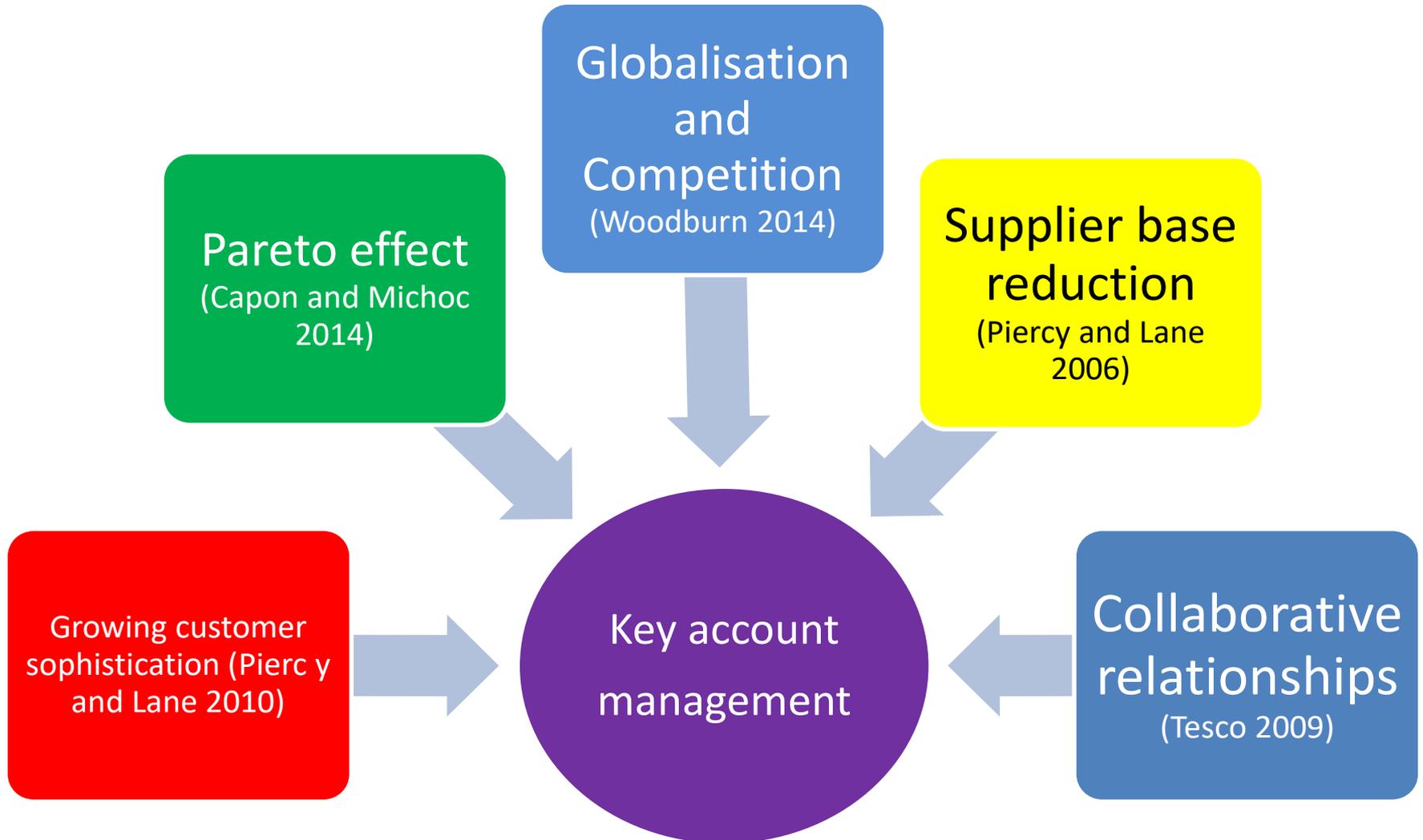
DIT, School of Marketing

My background



- Key Account Manager: 2003-2007
- PhD in Key Account Management: 2014
- Research interest in the area
- Lecture in the area of sales

Context of KAM



Key Account Management

“Customers in a business to business market identified by selling companies as of strategic importance”

(McDonald, Millman and Rogers, 1996).

Key Account Management



- Special treatment for these customers
- Dedicated Key Account Managers who serve key accounts.
- Must interact with a range of interfaces (customer, internal functions and partners) to deliver value seamlessly to customers.
- Implications for recruitment: conductor v second fiddle

Research in Key Account Management

A 'one size' fits all approach to managing customers (e.g. Tarasi et al 2011)

However, Key Accounts are small in number but need to be treated differently given their importance to the future of the organisation.



Senior management commitment and active involvement in KAM is critical



- 10 empirical studies have this as a finding!
 - Relationship quality
 - Financial performance
- Top management tends to step back once a key account programme is in place – but shouldn't!
- Importance of support and active involvement

What does senior management “active involvement” in KAM mean?



- **Involved in decision-making**
- **Monitoring**
- **Coaching**
- **Rewarding**



However, the KAM needs to hold onto the conductor baton

There might be artistic differences!

Active involvement - Decision making: Identifying key accounts

Volume

Customer profitability

Potential growth

+ Reference / testimonial accounts

(Ryals et al. 2007)

Active involvement - Monitoring:

Ensuring Key Account Planning happens

(Byals et al. 2007)

- Better customer understanding
- New thinking
- Customer involvement and buy-in
- Sharing of information
- Formulation of strategy
- Better management overview

Table 2. Contents of a key account plan

	Section	Subsections/detailed content
1.	Relationship overview/Executive summary	Current performance analysis Current initiatives with the key account Financial targets Planning assumptions
2.	Key account overview	Key account's business environment (sector analysis, competitive situation, major challenges, key account's SWOT analysis)
3.	Objectives and strategy	Identify and prioritise the key opportunities with the key account Its position on the customer portfolio matrix Top-level strategy
4.	Customer alignment	Customer's critical success factors and supplier relative performance Strategies to manage the relationship
5.	Relationship management	Customer's decision-making unit Contact mapping (who talks to whom; warmth of the relationship)
6.	Implementation plan	Detailed tactics Budget Risks and contingencies

Active involvement - monitoring: the dangers of KAM

1. Supplier runs risk of dependency on a small number of customers
2. **Pressure on profit margins**
3. Customers demand ever-increasing levels of service.
4. **Seller may neglect smaller accounts.**
5. Increasing organizational bureaucracy, which may in the long-run hinder effectiveness

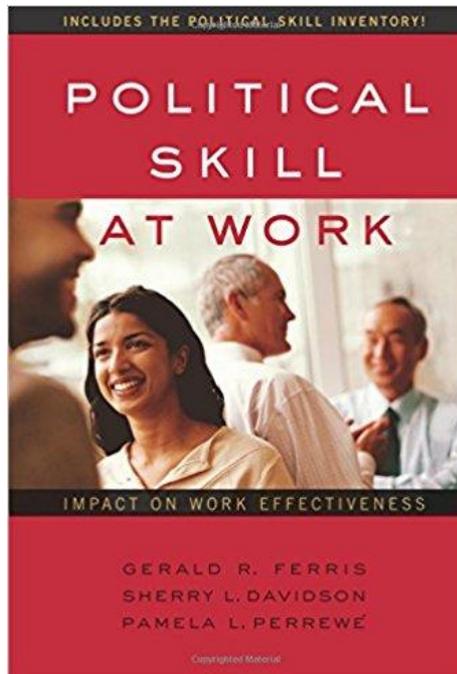
Active involvement - Coaching: Encourage and develop political skill

Political skill is “influencing others to act in ways that enhance one’s personal and/or organisational objectives”

- Traditionally seen as quite negative – but it is a lubricant which oils an organisation’s internal gears (Sonaike 2013)
- Individuals have to exert more influence (Pfeffer 2010).
- An individual who is politically skilled can bypass formal structural constraints to advance their interests through informal social networks in the organisation.

Political Skill

Political skill is *“influencing others to act in ways that enhance one’s personal and/or organisational objectives”*



Political Skill comprises of:

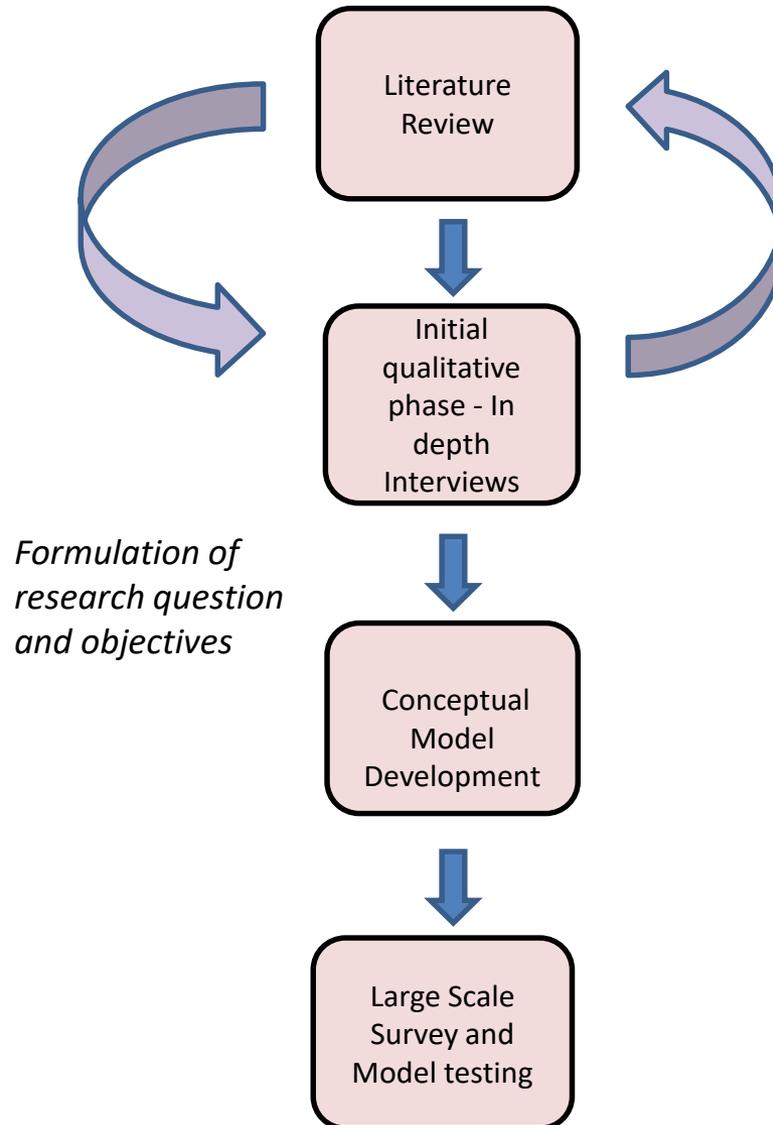
- Social astuteness: reading and understanding people
- Interpersonal influence: can adapt behaviour
- Networking ability: the little black book
- Apparent sincerity: appear to be sincere

(Ferris et al. 2005)

Active involvement - Coaching: Encourage and develop political skill



Multi-Stage Research Design Process



Outcomes of qualitative research phase

- Nomenclature issues
- Importance of internal collaboration and communication as well as collaborating with the customer
- Importance of Political skill and internal drive
- No consensus on Intraversion / Extraversion

Data Collection and Analysis

- Large Scale Survey
 - Postal and online survey collection
 - 1246 key account managers
 - 18.6% response rate
 - 161 total usable responses after data cleaning (13%)
- Structural Equation Modelling (LISREL 9.1)
 - Two Step Approach (Anderson & Gerbing, 1988)

Political skill and the key account manager

Political skill is important for the three Cs of Key Account Management

- Credibility: with the customer
- Collaboration: Internal and External
- Customer Commitment to the relationship

Active Involvement: encourage internal collaboration/coordination

- Must interact with a range of interfaces (customer, internal functions and partners) to deliver value seamlessly to customers
- Therefore – what about rewarding these “softer skills” rather than just on sales targets?

Summary

Top management commitment and active involvement in KAM is critical

- Participate in decision-making
- Monitor
- Coach
- Reward

Questions for discussion

- How might senior management monitor the dangers of KAM?
- To what extent is senior management in your organisation involved in monitoring, decision making and coaching?
- Where might there be fruitful areas for future research?

Appendices

Empirical Research:

Importance of Senior Management involvement

Napolitano (1997)	Identifies top management involvement as the most critical indicator of success of KAM
Homburg et al. (2002)	Explores the influence of top management involvement in explaining differences in performance outcomes from KAM programs
Workman et al. (2003)	Finds that top management involvement is positively related to KAM effectiveness
Brady (2004)	Proposes that top management commitment is needed to further develop KAM relationships
Zupancic (2008)	Considers the support from top management as a dimension of KAM process at the corporate level
Davies and Ryals (2009)	Considers top management involvement as an element of KAM implementation
Salojärvi et al. (2010)	Investigates top management involvement as an antecedent of customer knowledge utilization
Guesalaga and Johnston (2010)	Identifies the role of top management as one of the two most important opportunities for future research in KAM
Gounaris and Tzempelikos (2012)	Identifies top management commitment and top management involvement as dimensions of key account management orientation
Tzempelikos (2015)	Provides an integrative empirical examination of the influence of top management in KAM and offer insights on which ways top management determines KAM success.

Internal collaboration

Label	Item	Source
INC1	Informally working together	Adapted from Ellinger (2000)
INC2	Sharing ideas, information and/or resources	
INC3	Working together as a team	
INC4	Conducting joint planning to anticipate and resolve operational problems	
INC5	Achieving goals collectively	
INC6	Developing a mutual understanding of responsibilities	
INC7	Making joint decisions about ways to improve overall cost efficiency	
INC8	Co-develop systems to evaluate and publicise each other's performance (e.g. key performance index and scorecard)	

Internal communication

Label	Item	Source
ICOM1	Have frequent contacts on a regular basis	Adapted from Cao (2011)
ICOM2	Have open and two-way communication	
ICOM3	Have informal communication	
ICOM4	Have many different channels to communicate	
ICOM5	Influence each other's decision through discussion rather than request	

Political Skill (Ferris et al. 2005)

Item	Subdimension
I spend a lot of time and effort at work networking with others	Networking Ability
I am good at building relationships with influential people at work	
At work, I know a lot of important people and am well connected	
I spend a lot of time at work developing connecting with others	
I am good at using my connections and network to make things happen at work	
I am able to make most people feel comfortable and at ease around me	Interpersonal Influence
I am able to communicate easily and effectively with others	
It is easy for me to develop good rapport with most people	
I am good at getting people to like me	Social Astuteness
I understand people very well	
I am particularly good at sensing the motivations and hidden agendas of others	
I have good intuition or savvy about how to present myself to others	
I always seems to instinctively know the rights things to say or do to influence others	
I pay close attention to people's facial expressions	Apparent Sincerity
When communicating with others, I try to be genuine in what I say and do	
It is important that people believe I am sincere in what I say and do	
I try to show a genuine interest in other people	