

What is the value of trust in Key Account relationships?

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Key Account Management

Professionalising Key Account Management | a4kam.org



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Sharing his experience today

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The key questions to answer

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In relationships with Key Accounts:

- Is trust value itself?
- What is the value of trust?
- How the trust can be built?



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Cambridge Dictionary definition of trust

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To TRUST:

to believe that someone is good and honest and will not harm you

or that something is safe and reliable.



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Trust is way forward!

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None of us knows what might happen even the next minute, yet still we go forward. Because we trust. Because we have Faith.

Paulo Coelho



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Trust is someone's faith about another person!

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1st condition – there are at least two parties involved

2nd condition – honesty, safety and reliability

TRUST is about the feelings!

**Our actions are driven by our beliefs, and our beliefs are driven by
our values or principles!**



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Is it the same for business? YES!

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You need to agree on guiding principles and core values with your counterpart:

- **Equality** starts from respect for the other person/company.
- **Integrity** starts from openness and honesty.
- **Collaboration** starts from a common goal and everybody's active engagement.
- **Joy** starts from recognition of success and making the process joyful.



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What does TRUST give you/your business?

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- Helps to **overcome obstacles**, gives the **feeling of safety**.
- Helps to **control emotions** and **avoid conflicts**.
- Helps to **restore relationship** even if it cracks.
- Gives a **power to solve arguments** in sake of **strategic cooperation**.
- Helps to **save the time!** No need for justification and long sessions of persuading.



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Scenario with mutual TRUST

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If you gain TRUST and can TRUST your counterpart:

- you have a mutually confirmed **long term goal**
- you cooperate to achieve it, so you have an **action plan**
- you save time on arguments and conflicts, so you **move fast**
- you are a **preferred partner** v those that are not trustworthy
- you make business on **fair terms**.

Does that have value?



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Scenario without TRUST

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- **NO** mutually confirmed **long term goal**, just short-term tactical activities
- **NO cooperation, NO plan**, just chaotic transactions
- Plenty of **arguments** and **conflicts**, so you **move very slowly**
- You are **NOT a preferred partner** v those that are not trustworthy
- You make do **not** achieve business on **fair terms**.



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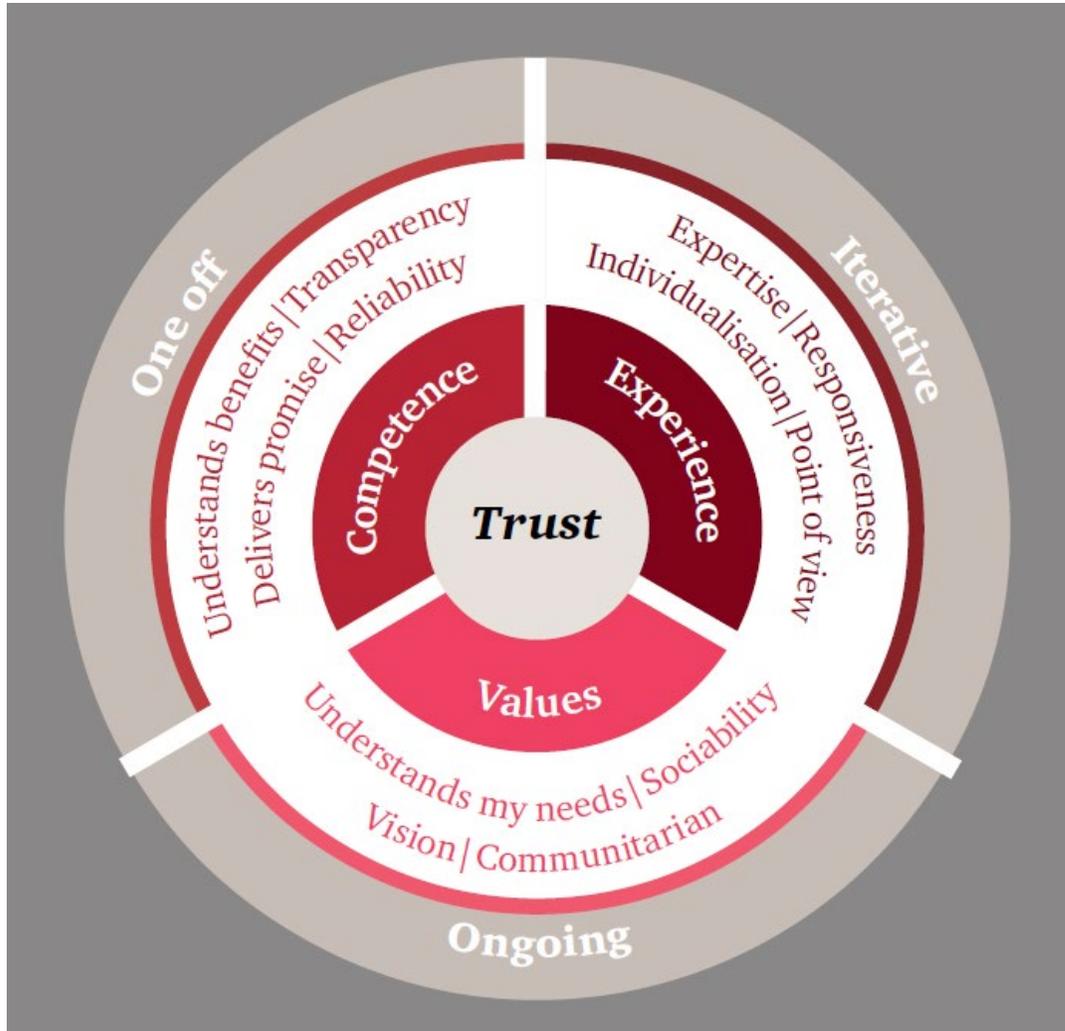
Value of TRUST

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TRUST is a personal and social VALUE accepted by society.

TRUST is business VALUE too.

It is not simple to monetise it, but you can define the VALUE of TRUST in business as the difference between business results when there is TRUST in the relationship and when there is no TRUST.



- When considering if a company should be called trustworthy, people are looking for:
- **Competence** - People expect companies to be reliable and transparent.
 - **Experience** - Companies are expected to be responsive, to listen to public feedback, to make the necessary improvements and treat customers as individuals.
 - **Values** - People want brands to understand their needs, to hold the right sort of principles and to care about their impact on society.



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TRUST could be built (PWC model)

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In order to build trust we have:

- to behave in a trustworthy manner, consistently;
- to hear (and not just say that we “listen” to) our stakeholders;
- to be clear about the sorts of values our organisation espouses.



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Value of TRUST - evidence (PWC model)

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The first is customer loyalty. To quote the World Economic Forum's Leadership, Trust and Performance Equation Project, trust drives 22% to 44% of overall customer loyalty. Research shows that organizations with loyal customers are twice as likely to exceed the forecasts of financial analysts.

Then there are your employees, often your most prized asset. In Fortune's 100 Best Places to Work study, they found that top-ranked companies who were better trusted by their people, experience up to 50% less staff turnover than their competitors. Looking at the results over the past 10 years, higher trust scores and profits are actually correlated.

[This article is part of the World Economic Forum on ASEAN](#)



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What could be other signs of evidence?

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- Long term contracts
- Recommendation to other businesses
- Fair trading terms
- Sharing sensitive information
- Acting responsibly and informing if something is wrong/unlawful in your company
- Celebrating success together



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Building TRUST is a process

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Building trust is a process. Trust results from consistent and predictable interaction over time.

Prof. Barbara M. White



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Trust is imperative for success!

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Getting customers, clients and employees to [trust](#) you can be complicated, but it is imperative for success -perhaps more important than sales.

1. Demonstrate that you trust others.
2. Create relationships that are mutually beneficial.
3. Directly address issues.
4. Tell the [truth](#).
5. Be flexible and patient.
6. [Respect](#) their time.
7. Deliver the unexpected

Chelsea Berler, *Entrepreneur*, Author and CEO of Solamar (hotels).
Entrepreneur.com



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Core Trust models

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The level of trust in business relationships—whether external, e.g. in sales or advisory roles, or internal, e.g. in a services function—is a greater determinant of success than anything else, including content excellence.

Trust models:

1. The [Trust Equation](#): a deconstructive, analytical model of the components of trustworthiness;
2. The [Trust Creation Process](#): a process model of trust creation through personal interaction—mainly conversations;
3. The [Trust Principles](#): four principles, or values, which serve as guides to decision-making and conduct to increase trust.

1. Trust Equation by David Maister



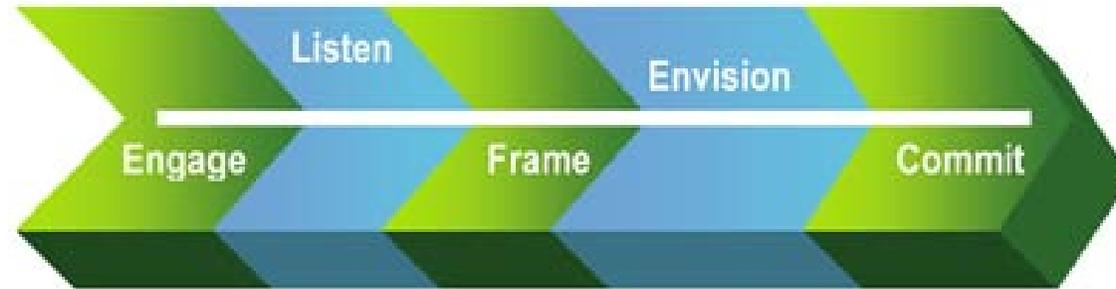
The diagram shows the Trust Equation as a fraction. The numerator consists of three terms: 'Credibility' (in red), '+ Reliability' (in green), and '+ Intimacy' (in orange). The denominator is 'Self-Orientation' (in blue). The entire equation is enclosed in a black rectangular border. Below the 'T' on the left side, the word 'Trustworthiness' is written in a smaller blue font.

$$T = \frac{C_{redibility} + R_{eliability} + I_{ntimacy}}{S_{elf-Orientation}}$$

Trustworthiness

- **Credibility** is simply ‘do they know what they are talking about?’
- **Reliability** is about delivering on their promises. Does this person deliver on their commitments or do they consistently fail in this regard?
- **Intimacy** is about whether you can trust someone to keep something confidential. Do you trust them with information or have they let you down in this regard?
- **Self-Orientation** is the only denominator in the equation. It asks – where does this persons focus lie? Do they have my best interests at heart or are they doing this for themselves?

2. Trust Creation Process ELFEC



- **Engage** the client in an open discussion about issues that are key to the client;
- **Listen** to what is important and real to the client; earn the right to offer solutions;
- **Frame** the true root issue, without the language of blame, via caveats, problem statements and hypotheses; take personal risks to explore sensitive issues—articulate a point of view; create by giving away;
- **Envision** an alternate reality, including win-win specific descriptions of outcomes and results, including emotional and political states; clarify benefits—make clear what's at stake; be tangible about future states;
- **Commit** to actionable next steps that imply significant commitment and movement on the part of each party.



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3. Trust Principles

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- A ***focus on the Other*** (client, customer, internal co-worker, boss, partner, subordinate) for the Other's sake, not just as a means to one's own ends. We often hear "client-focus," or "customer-centric." But these are terms all-too-often framed in terms of economic benefit to the person trying to be trusted.
- A ***collaborative*** approach to relationships. Collaboration here means a willingness to work together, creating both joint goals and joint approaches to getting there.
- A ***medium to long term*** relationship perspective, not a short-term transactional focus. Focus on relationships nurtures transactions; but focus on transactions chokes off relationships. The most profitable relationships for both parties are those where multiple transactions over time are assumed in the approach to each transaction.
- A habit of being ***transparent*** in all one's dealings.

- **Contractual Trust** - keeping promises (written and oral) and abiding by the accepted rules of business practice and behavior as a whole.
- **Competence Trust** - an expectation that the partner will perform competently (technical, managerial etc), and in accordance with professional standards.
- **Goodwill Trust** - involves 'open' commitment - a willingness to do more than is formally required and being prepared to accede to a request from the partner or to any observed opportunity that would improve performance. It is implicit that partners refrain from opportunistic behavior.

**Expected by
key accounts**



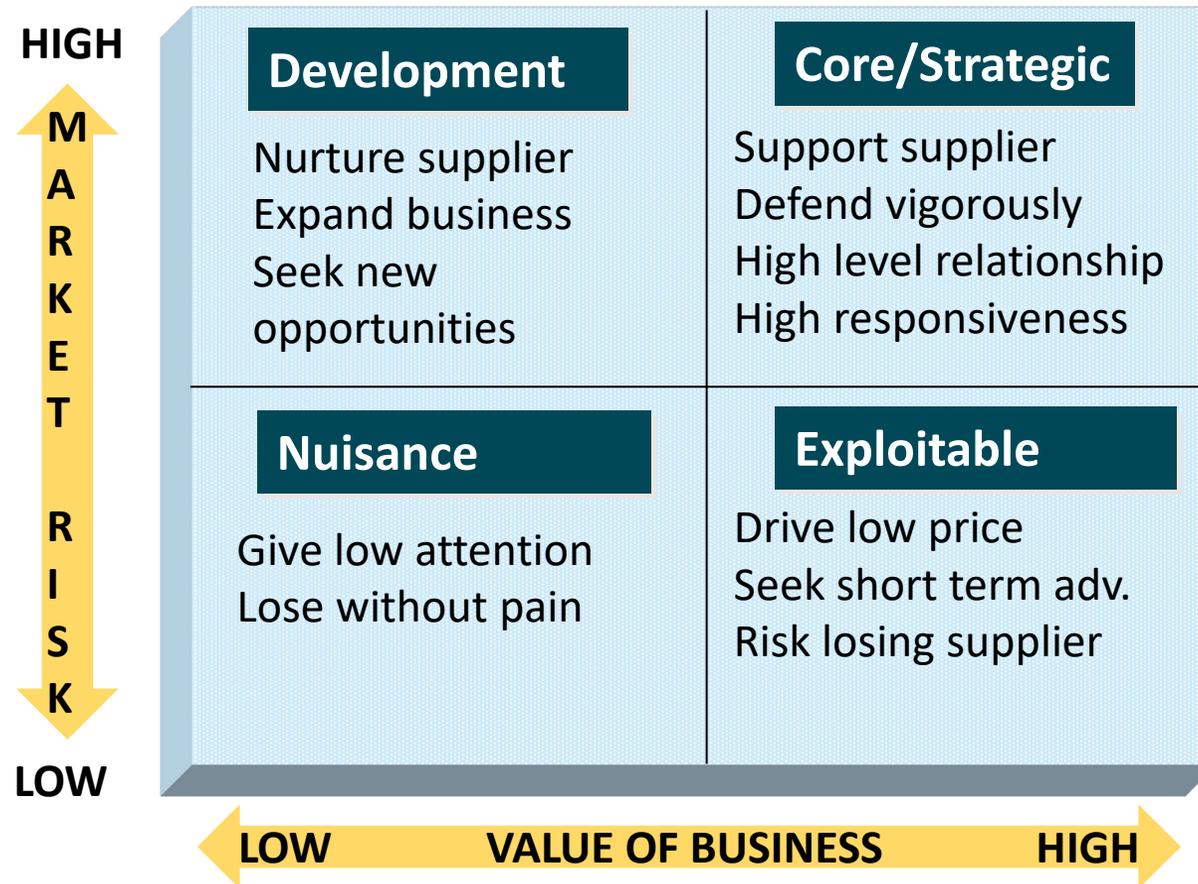
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How do you gain trust in a KA relationship?

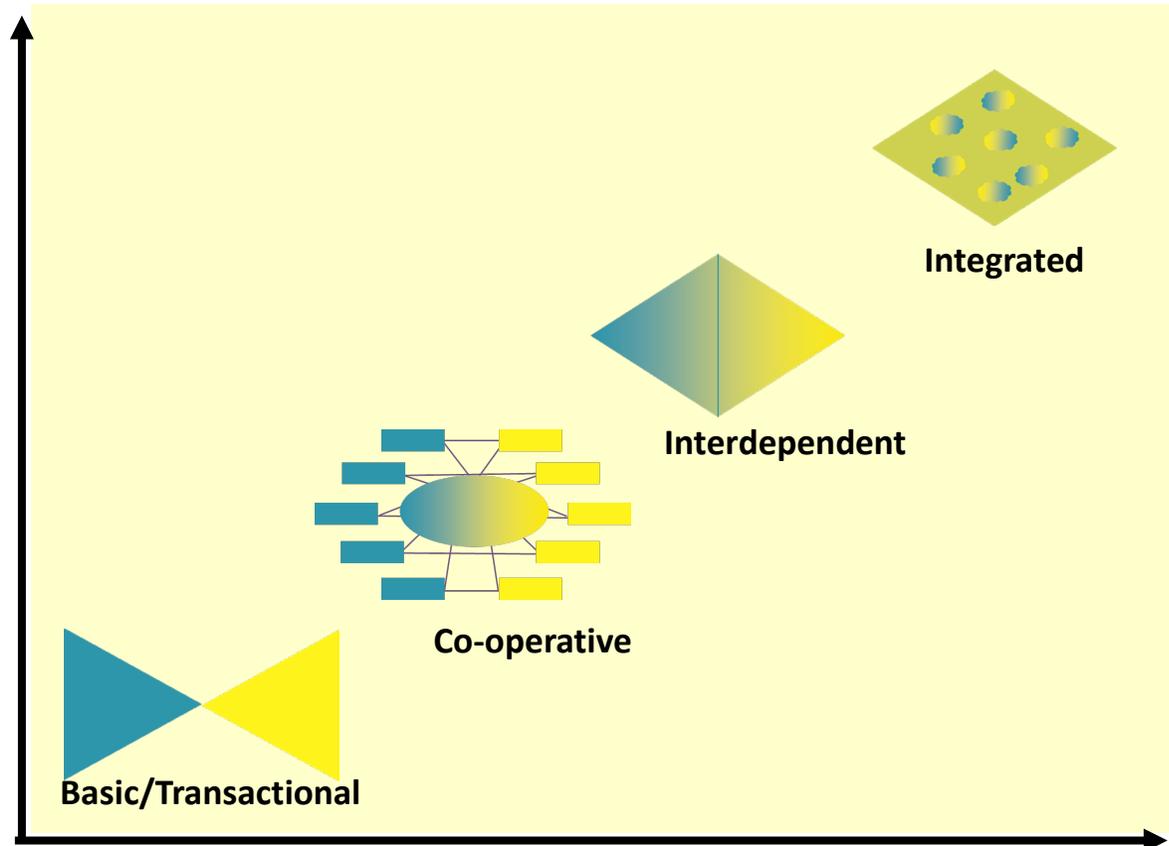
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- In work with KA all the above said is valid.
- However we have to look at every KA as a separate case:
 - Where it is in our KA map?
 - What kind of relationship we have with it now?
 - Do we need to “invest” in TRUST in particular KA?
 - Is our organization ready to build trustworthy relationship?
 - Is KA organization ready to do the same?
 - And many other questions to be answered and addressed.

Levels of trust vary with strategy/relationship



Supplier
strategic
intent



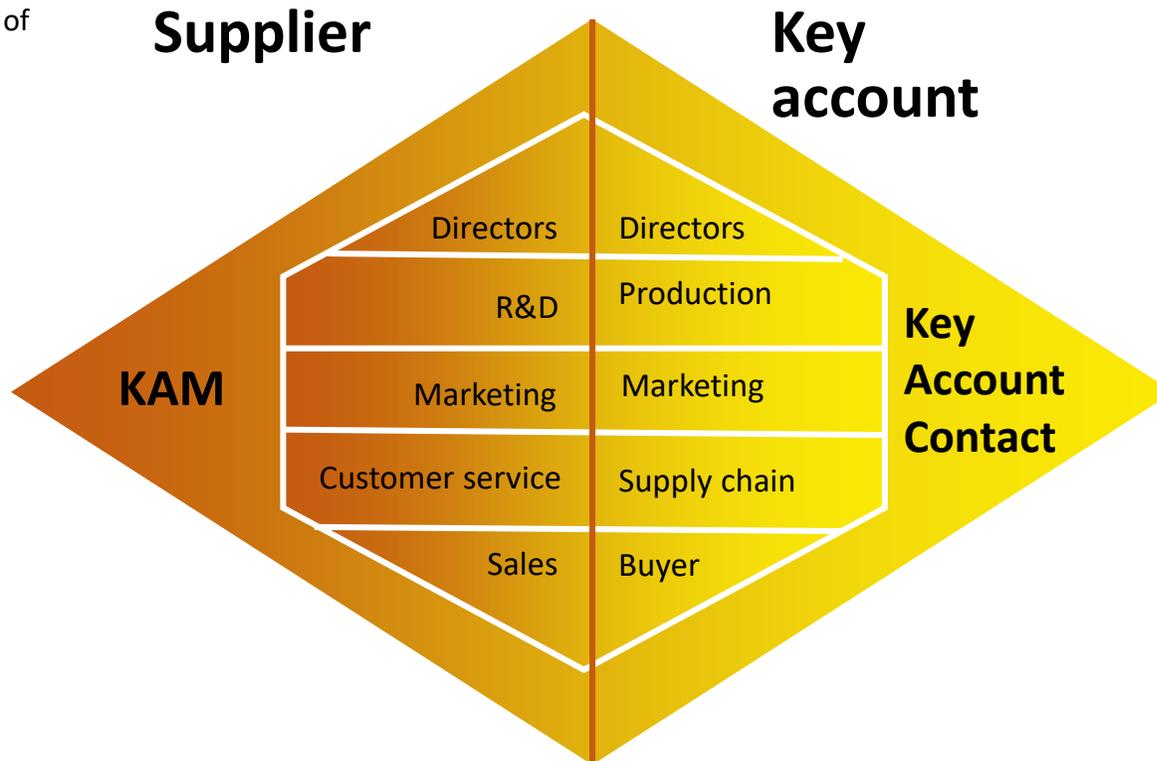
Supplier



Key account

Key account strategic intent

Adapted from Woodburn,
Cranfield University School of
Management 2000



'Interdependent' relationship description

- Wide range of functions and senior people consistently involved
- KAM positioned to manage entire relationship
- Sole supplier or major share of two
- Fully satisfactory access, including key people
- High level of information exchange, including sensitive business information
- Deep understanding of account and their business
- Pro-active, wider range of joint and innovative activity and projects, streamlined processes
- Joint strategic planning with a focus on the future
- **Increasingly seen as business partnership, both invest in relationship**
- **Both acknowledge mutual importance, exit difficult**
- **More diverse opportunities to improve and develop business**
- **TRUST ON BOTH SIDES**



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Everyone is engaged

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- The ultimate goal is to make sure that your company gains the TRUST from partners, customers and consumers.
- This needs effort from the whole organization, it should be part of the company's culture.
- There is a special role for top management, who must be role models both inside the company and outside the company.
- All business functions and their management have to take their share of responsibility to make sure the company is TRUSTWORTHY.



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It's everyone's duty to be trustworthy

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- **TOP management:**
the role model
- **HR:**
clearly describes and communicates the company values - TRUST and TRUSTWORTHINESS should be among them
- **Finance, Quality, Corporate affairs, Regulatory, Legal, Commerce, Marketing and any other back or front-line functions:**
ensure that they act according to the criteria, standards, certificates, processes, procedures to ensure a sustainable high level of service and way of operation so that customers, partners and consumers gain trust in the company, its product or service.
- **EVERYONE:**
this means everyone in the company has to contribute to build TRUST.



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Instead of Summary

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- **TRUST is a feeling, a faith;**
- **TRUST is a value in interpersonal relationship and in business relationship too;**
- **TRUST can be built;**
- **TRUST is built on values and core principles;**
- **Value of TRUST can be measured;**
- **TRUST is a key for open, fair and long-term relationship;**
- **The closer the relationship with KA the more TRUST lies in it;**
- **Everyone has to contribute to build the trust!**



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What happens now?

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Questions?

Comments?



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More webinars!

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More 'First Friday' webinars for AKAM members

5 th June	Value-based pricing	Richard Ilsley< SMCG, & Kedar Gharpure from McKinsey
3 rd July	Strategic account plans	Geoff Quinn, Pfizer Global
4 th September	Leading in a virtual workspace	Dr Colin Hughes, TUD